



# Cuyahoga County Western Reserve Fund

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## **Executive Summary**

Cuyahoga County's Western Reserve Fund (CCWRF or the "Fund") is a first-of-its-kind initiative designed to deliver jobs and prosperity to Greater Cleveland. The CCWRF is structured as a revolving loan fund that provides gap financing to job creating and job retaining projects in the county.

A year-long survey of the commercial landscape identified three vital components of progress: innovation, property development and business growth. It is a fundamental shift away from mega-projects and toward calculated and effective investments in human capital and quality place.

The overarching goal of the Fund is simple: make \$100 million dollars available to spur county job creation and economic growth.

The Cuyahoga County Western Reserve Fund will reinvigorate the urban fabric, nurturing the place-based values expounded in the Five Year Economic Development Plan. The Fund will be collaborative and inclusive, binding regional assets together to augment strengths, repair weaknesses and embrace economically isolated populations. All of this will be achieved with uppermost accountability and transparency.

Gleaned through making county operations more efficient, the means to make this critical investment are already in place—without increasing local taxes. The County is marshaling flexible, cost-effective and strategic funds to meet the demands—and customer service expectations—for those businesses poised to grow and add jobs.

## **Funding**

The County has committed to fund the CCWRF, initially, by using the savings generated from making county government more efficient. To ensure the most cost effective and productive use of public funds, the county will adjust the allocation of resources to meet private sector demand.

## **Administration, Approval Process and Public Engagement**

The County's Department of Development manages the CCWRF, relying mostly on staff already in place and resources available in other departments for oversight and Fund administration.

The Cuyahoga County Community Investment Corporate (CCCIC) is tasked with reviewing, troubleshooting and making funding recommendations. The County Council and County Executive have final authority over the Fund's investments consistent with the County's contracting and procurement ordinances. Transparency and reporting outcomes are critical priorities throughout county government, and especially for the Fund

Starting in January 2012, the Department of Development led a countywide Economic Development Fund Roadshow to engage the business community and development stakeholders directly, in concert with the County Council and partner Economic Development Organizations. Cuyahoga County leans heavily on its non-profit and for-profit partners both in the administration and promotion of the Fund.

## Investment Priorities

There are three priority areas for investment available countywide, each with distinct programs:



Innovation Development			
Micro Enterprise	Pre-Seed Fund	Next Stage Fund	Innovation Match
Finances Business Too Small or Unestablished for Traditional Lenders	Early Stage Funding to Accelerate Growth and Attract Investors	Invests in Companies Primed for Full Commercial Launch	Provides Local Match Required by Federal and State Innovation Grants

These four programs are designed to nourish early stage companies. By channeling capital to promising companies with a pipeline of inventive products and services, the county adds critical funding to the creative mixture of concepts, employees and management.

Commercial Property Reutilization, Expansion and Acquisition		
Redevelopment and Modernization	Site Expansion	Redevelopment Ready
Finances Existing Site Improvements, Including Modernization	Finances Environmental Cleanup of Sites Adjacent to Existing End-User	Finances Environmental Cleanup of Underutilized Sites With or Without End Users

Firms that are growing need to modernize and expand. These resources swiftly address that need for successful companies already in Cuyahoga County, and help them grow in place. Furthermore, local dollars present the opportunity to leverage federal and state grants already in place for remediation.

Business Growth, Commercialization and Attraction			
Small Business Growth	Incumbent Worker Training	Accelerated Growth	Large Scale Attraction
Increases Access to Traditional Lending Market	Reimburses 50% of Expenses for Retraining Workers	Capital for Expansion Via Acquisition, New Markets and Diversification	Gap Financing and Incentives for Large Scale Growth and Attraction

The greatest source of potential job growth lies in small business. The four program portfolio addresses needs gleaned from active engagement with loaned executives, economic development professionals and transition volunteers.

## **Introduction**

For the first time in its history, Cuyahoga County has established a Five Year Economic Development Plan that defines development priorities and strategies.

This plan identifies three vital components of growth—innovation, property development and business growth, commercialization and attraction (the “verticals”); these crucial priority areas are supported by 11 strategies. These strategies are the result of more than a year of engagement with the public, economic development stakeholders and loaned executives; the outcome is a funding source with the tools to make the County’s first Five Year Economic Development Plan a reality.

## **Purpose**

The purpose of the Cuyahoga County Western Reserve Fund is to strategically invest in economic development on a meaningful scale. The Fund is a key instrument of the Five Year Economic Development Plan and the means to implement a local strategy for growth. The Fund demonstrates a departure from spending on large scale projects in the name of economic development. Instead, the Fund supports an environment that fosters and attracts job growth, incentivizes collaboration in the name of human capital development and improved quality of life.

## **Goal and Objectives**

### **Goal: Invest \$100 million dollars to spur county job creation and economic growth.**

The bedrock of this plan is straightforward: deliver unprecedented resources for economic development and do so without raising taxes or fees.

The County crafted three objectives to ensure this Fund is implemented correctly.

### **Objective 1: Use evidence-based process for making the most strategic use of the Fund and the means for fulfilling the County's Five Year Economic Development Plan**

By strengthening areas already designated in the County's five year economic plan, the Fund works with current investments and initiatives.

### **Objective 2: Make the program as user friendly as possible, while maintaining rigorous attention to outcomes**

It is a common crutch for the public sector to be focused on process rather than outcomes. It is the County's commitment to build a Fund and commensurate tools that plug into the robust economic development ecosystem that already exists in our region. The system is comprised of partners from all sectors that represent myriad constituencies. The County's commitment is to make accessing the right county resources easy and deliver decision-making swiftly—not just to potential Fund users, but to the County's non-profit partners in economic development as well.

### **Objective 3: Challenge the private sector to share the public sector's risk by using available resources to accelerate business growth and add jobs.**

The County knows that the private sector is fully capable of producing worthwhile projects and challenges the business community to push outside its comfort zone to do just that. The private sector is expected to shoulder financial risk commensurate with the public risk. Similarly, it is the responsibility of the public sector to not compete with or interfere with the natural marketplace or displace investments that would occur without the County's partnership.

## **Investment Approach**

### **Leveraging Existing Assets**

Cuyahoga County's many assets are the foundation of the regional economy and its global competitiveness. The Fund will seek to leverage the assets we already have, not endeavor to build new ones.

### **Complement Place-Based Economic Development**

Quality of place is the cornerstone of the Five Year Economic Development Plan. Strong regions are driven by dynamic urban cores. To that end, the County will collaborate to reinvigorate areas well-served by existing infrastructure but challenged by disinvestment. The Fund will invest in order to create high-quality, well-connected places that provide residents with great communities to live, work, play, and learn.

### **Collaborative**

Collaboration augments strengths and rectifies weaknesses through smart partnerships. The County will forge a public, private and non-profit coalition centered on the tenet of letting these sectors perform in the functions in which they were bred to excel.

### **Inclusive**

For too long, the county has stood idle while pockets of economically isolated populations languished. Greater Cleveland cannot be an efficient economic engine while significant portions of the region's human capital remain trapped in silos of seclusion. The County will strategically invest in order to tear down these relics of the old paradigm and build jobs with a living wage. This new inclusivity will, in turn, signal to the best and brightest transplants and newcomers that Cuyahoga County is a welcoming place to do business.

### **Transparent and Accountable**

As Cuyahoga County attempts to strengthen its global competitiveness and economic vibrancy, it is essential to measure investment performance, assess economic progress, and examine industrial trends. The Cuyahoga County Western Reserve Fund's performance measures are based, when possible, on those used in the Five Year Economic Development Plan.

### **Sustainable**

The purpose of the Fund is to make investments in growth that will have the greatest impact, balanced with reasonable execution risk and degree of certainty for positive outcomes. By creating a dedicated fund, Cuyahoga County has established a funding priority in economic development that can be recapitalized as needed in the future. While Fund balances may fluctuate, its purpose is to spur growth elsewhere on the County's balance sheet, and most significantly among the household budgets of county residents as a result of public investment in growth.

## **Funding**

### **\$100 Million Available for Economic Development**

Using multiple sources of funding to generate capital for the Fund allows the county to diversify sources available for a variety of project uses. To ensure the most cost effective and productive use of public funds, the county will, under the direction of the County's Fiscal Officer, adjust the allocation of resources to meet private sector demand. Capital stacks, similar to those used in individual project financing, will be built by combining the diverse funding sources within an economic development fund and matching those sources of capital or liquidity with strategic economic development initiatives.

**Economic Development Revenue Bonds** – The initial share of funding can be raised through a bond issue. The proceeds flow into the funding pool as a source of funding for identified projects. Annual debt service for bonds shall be paid from a combination of project revenue and county operating revenue. At maximum, a \$100 million bond issue carries an approximate annual debt payment of \$8.5 million. The amount of development bonds used to generate proceeds for the Fund vary based on the use of the other fund sources. Capital from bond proceeds can make up the majority share of the funding that goes into the stack.

**Transfers of Economic Development Loan Repayments** – A portion of loan repayments from existing economic development loans can be directed and included as an equity investment in the fund pool. There is a high degree of flexibility on how this source can be applied towards project uses.

**Proceeds From Sale of Assets** – The County is evaluating its fixed assets, which may demonstrate opportunities for one-time funding through a sale. Proceeds' net liabilities can provide a secondary equity investment in the development fund capital stack. Revenue from this source would have a high degree of flexibility for project uses.

**County Portfolio Liquidity** – County reserves are held in a fixed asset investment portfolio managed by the County Treasurer. The county investment policy includes a provision that allows investment in unrated municipal obligations. In limited cases several local governments have relied on the county as a source of liquidity to borrow funds in the form of taxable municipal debt with the county being the investor. This aspect of the policy could be repurposed to include a source of liquidity in the Fund. The current investment policy allows for a more than adequate limit on this type of investment (10% of portfolio) that could be directed towards investments in local project financing. The purchase of taxable municipal debt would channel local project needs through the Fund and align the strategic investment aims of municipal partners with those of the county's fund. Based on the current policy the county could include close to \$75 million in local municipal investments in the portfolio.

**Economic Loan Guarantees** – The county could pledge a limited portion of its own balance sheet in the form of economic loan guarantees. Loan guarantees can be made available to projects that need a credit enhancement to attain other private financing. The guarantees require a pledge of General Fund resources and impact the county's ending balance. This tool increases capital diversity and can be coupled with other funding sources.

Aggregating these diverse sources into a unified pool of capital increases the options for matching funding sources with a potential investment needs. Combining these sources and leveraging outside dollars will prove to be an effective funding mechanism for achieving the strategic goals of the Fund.



## Uses of Funds

The Cuyahoga County Western Reserve Fund targets three funding areas, with its own set of programs. Detailed descriptions follow in subsequent pages.

### **Innovation Development**

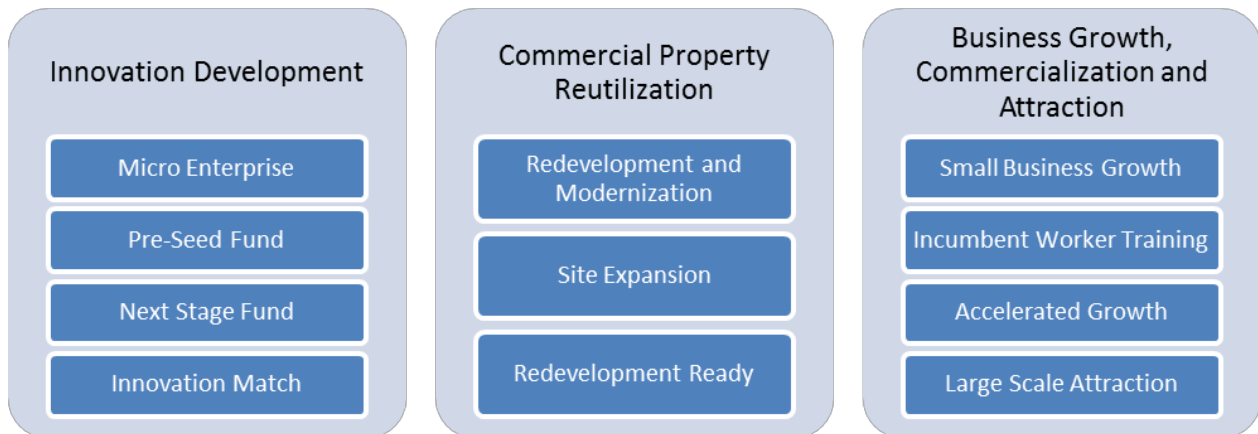
1. Micro Enterprise
2. Pre-Seed Fund
3. Next Stage Fund
4. Innovation Match

### **Commercial Property Reutilization**

1. Redevelopment and Modernization
2. Site Expansion
3. Redevelopment Ready

### **Business Growth, Commercialization and Attraction**

1. Small Business Growth
2. Incumbent Worker Training
3. Accelerated Growth
4. Large Scale Attraction



## \$100 Million Dollar Economic Development Fund

	Innovation Development				Commercial Property Reutilization, Expansion and Acquisition			Business Growth, Commercialization and Attraction			
	Micro Enterprise	North Coast Opportunities Technology Fund (Pre-Seed)	Next Stage Fund	Innovation Match	Redevelopment and Modernization	Site Expansion	Redevelopment Ready	Small Business Growth	Incumbent Worker Training	Accelerated Growth	Large Scale Attraction
<b>Summary</b>	Finances Business Too Small or Unestablished for Traditional Lenders	Early Stage Funding to Accelerate Growth and Attract Investors	Invests in Companies Primed for Full Commercial Launch	Provides Local Match Required by Federal and State Innovation Grants	Finances Existing Building Improvements and Modernization	Finances Environmental Cleanup of Sites Adjacent to Existing End User	Finances Environmental Cleanup of Abandoned or Underutilized Sites	Increases Access to Traditional Lending Market through Credit Enhancements	Reimburses up to 50% of Training Expenses for Retraining Workers	Capital for Expansion Via Acquisition, Equipment, New Markets and Diversification	Gap Financing and Incentives for Large Scale Growth and Attraction
<b>Funding Type</b>	Loan	Loan	Debt Investment	Grant	Loan	Loan	Loan	Loan Guarantee	Grant	Loan	Loan
<b>Amount</b>	\$10,000 - \$100,000	\$25,000 - \$125,000	\$400,000 - \$700,000	Up to \$300,000	Up to \$1 Million	Up to \$500,000	Up to \$1 Million	Up to \$500,000	Up to 50% of Training	\$150,000 - \$1.5 Million	\$200,000 - \$3 Million
<b>Interest</b>	7% - 12%	5% (Deferred for 5 years)	7% - 10%		4% (2 Years Interest Only)	0%	4% (2 Years Interest Only)			2% - 4%	1% - 7%
<b>Time Period</b>	3 - 7 Years	5 years	3 - 5 Years		10 Years	10 Years	10 Years			5 - 15 Years	1 - 15 Years
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Revenues less than \$500,000</li> <li>Credit Score Above 600</li> <li>Current on Taxes</li> <li>Personal Guarantee and Collateral</li> <li>Must Participate in Technical Assistance Program</li> </ul>	<ul style="list-style-type: none"> <li>High Growth Technology Company</li> <li>Jumpstart Registered and Supported</li> <li>Not Engaged in Due Diligence</li> <li>Have Not Received Investments Totalling More than \$1.5 Million</li> </ul>	<ul style="list-style-type: none"> <li>Entering Broad Market</li> <li>High Growth Technology Company</li> <li>Part of Northeast Ohio Entrepreneurial Network</li> <li>25% Minimum Contribution</li> <li>Create or Retain Jobs</li> </ul>	<ul style="list-style-type: none"> <li>Highly Competitive</li> <li>In Target Industry</li> <li>Focused on Research and Development</li> <li>Strong Potential For Marketable Products</li> <li>Seeking State or Federal Funds</li> </ul>	<ul style="list-style-type: none"> <li>For-Profit Borrower w/ Committed End User</li> <li>Abandoned, vacant or underutilized building</li> <li>Support From Local Municipality</li> <li>Must Oversee Remediation Project</li> <li>Own/Operate Site for 7 Years After Completion</li> </ul>	<ul style="list-style-type: none"> <li>For-Profit Borrower w/ Committed End User</li> <li>Support From Local Municipality</li> <li>Must Oversee Remediation</li> <li>Job Creation Requirement</li> <li>Own/Operate for 7 Years After Completion</li> </ul>	<ul style="list-style-type: none"> <li>For-Profit Borrower w/ Committed End User</li> <li>Support From Local Municipality</li> <li>Must Oversee Remediation</li> <li>Job Creation Requirement</li> <li>Own/Operate for 7 Years After Completion</li> </ul>	<ul style="list-style-type: none"> <li>Small Business</li> <li>Strong Pro-Forma</li> <li>Collateral Shortfall</li> <li>Referred to County by Bank</li> <li>In Target Industry</li> <li>Latitude of Potential Fund Uses</li> <li>Potential Use Must Create Jobs</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrated Aged Vacancy</li> <li>Must Provide Skill Training for an Incumbent Worker</li> <li>Must Document Job Creation/ Wage Increase</li> <li>Reimbursement Based</li> </ul>	<ul style="list-style-type: none"> <li>Small-to-Medium Size Business</li> <li>Established</li> <li>In Target Industry</li> <li>High Growth Potential</li> <li>Potential Idea Can Add at Least 1 Job for \$35,000</li> </ul>	<ul style="list-style-type: none"> <li>At Least 100 Jobs with Average Salary at or Above County Median</li> <li>In Target Industry</li> <li>Expanding or Relocating</li> <li>Demonstrated Ability to Repay Loan</li> <li>Adequate Collateral and Credit</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>Cleveland Foundation</li> <li>Huntington Bank</li> <li>City of Cleveland</li> <li>Federal Reserve Bank</li> <li>Jumpstart</li> </ul>	<ul style="list-style-type: none"> <li>Jumpstart</li> <li>BioEnterprise</li> <li>MAGNET</li> <li>Nortech</li> </ul>	<ul style="list-style-type: none"> <li>Jumpstart</li> </ul>	<ul style="list-style-type: none"> <li>Jumpstart</li> <li>BioEnterprise</li> <li>MAGNET</li> <li>Nortech</li> </ul>	<ul style="list-style-type: none"> <li>U.S. and Ohio EPA</li> <li>HUD</li> <li>JobsOhio</li> <li>Local Land Banks</li> <li>Municipalities</li> <li>CCCIC</li> <li>NEO Sewer District</li> </ul>	<ul style="list-style-type: none"> <li>U.S. and Ohio EPA</li> <li>HUD</li> <li>JobsOhio</li> <li>Local Land Banks</li> <li>Municipalities</li> <li>CCCIC</li> <li>NEO Sewer District</li> </ul>	<ul style="list-style-type: none"> <li>U.S. and Ohio EPA</li> <li>HUD</li> <li>JobsOhio</li> <li>Local Land Banks</li> <li>Municipalities</li> <li>CCCIC</li> <li>NEO Sewer District</li> </ul>	<ul style="list-style-type: none"> <li>Participating Lender Institutions</li> <li>Small Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>Employment Connection</li> <li>Area Employers</li> </ul>	<ul style="list-style-type: none"> <li>Team NEO/Jobs Ohio</li> <li>Greater Cleveland Partnership</li> <li>Jumpstart</li> <li>BioEnterprise</li> <li>MAGNET</li> <li>Nortech</li> <li>WIRE-Net</li> </ul>	<ul style="list-style-type: none"> <li>Team NEO/Jobs Ohio</li> <li>Greater Cleveland Partnership</li> <li>Fund for Our Economic Future</li> <li>City of Cleveland</li> <li>Cleveland - Cuyahoga Port</li> </ul>
<b>Performance Indicators</b>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Dollars Leveraged</li> <li>Follow-on Funding</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>Jobs Created</li> <li>Payroll Growth</li> <li>New Revenue Generated</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Dollars Leveraged</li> <li>Follow-on Funding</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>Jobs Created</li> <li>Job Placements</li> <li>Payroll Growth</li> <li>Patents Filed</li> <li>New Revenue Generated</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Dollars Leveraged</li> <li>Follow-on Funding</li> <li>Job Created</li> <li>Payroll Growth</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>Patents Filed</li> <li>New Revenue Generated</li> <li>Program Income</li> <li>Investment Exits</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Dollars Leveraged</li> <li>Patents Filed</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>Follow-on Funding</li> <li>Job Creation</li> <li>Job Placement</li> <li>Payroll Growth</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Loan Repayments</li> <li>Jobs Created</li> <li>Dollars Leveraged</li> <li>Acres/Square Feet Returned to Productivity</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Loan Repayments</li> <li>Jobs Created</li> <li>Dollars Leveraged</li> <li>Acres/Square Feet Returned to Productivity</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Loan Repayments</li> <li>Jobs Created</li> <li>Dollars Leveraged</li> <li>Acres/Square Feet Returned to Productivity</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Dollars Leveraged</li> <li>Jobs Created</li> <li>New Revenue Generated</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Job Retention of Trained Employees</li> <li>Wage Gain of Trained Employees</li> <li>Jobs Created</li> <li>Lay-off Aversion</li> <li>Skill Development</li> <li>Increase employee productivity</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Jobs Created</li> <li>Job Placement</li> <li>Dollars Leveraged</li> <li>Follow-on Funding</li> <li>Payroll Growth</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>New Revenue Generated</li> <li>Exports</li> <li>Patents Filed</li> <li>Program Income</li> <li>Tax Revenue</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>Job Creation</li> <li>Dollars Leveraged</li> <li>Follow-on Funding</li> <li>Payroll Growth</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>New Revenue Generated</li> <li>Exports</li> <li>Tax Revenue</li> </ul>

## Universal Terms

While each program in the Fund is different, there are certain criteria that span the 11 programs. These basic criteria focus the plan on its mission of providing jobs and prosperity to Cuyahoga County.

## Location in Cuyahoga County

Because the Fund is furnished by Cuyahoga County, all investments are aimed at the county's residents. Business and innovation related programs require the recipient to be either located or planning to locate in Cuyahoga County. Only real estate located in the county are eligible for land related programs. Further, recipients are required to remain in Cuyahoga County on penalty via monetary clawbacks.

## Job Creation

Creating jobs is at the foundation of the Fund. With that in mind, every program aims to put Cuyahoga residents to work, and each program's success or failure will be measured, in some degree, by job creation.

## Target Industries

In order to build a healthy economic ecosystem, the County is focusing its investments on innovative, progressive and growing industries. Investment in these industries not only produces high-paying jobs, it maximizes the potential for follow-on funding, spin-off innovation and the construction of tacit business networks that are the fabric of industry clusters.

With the exception of the Micro Enterprise program and the three programs that comprise the Commercial Property Reutilization, Expansion and Acquisition vertical, all programs will target industries that were identified in the County's five year plan:

- Bioscience & Medical Devices
- Advanced Materials
- Instruments Controls & Electronics
- Advanced Energy
- Aerospace, Power & Propulsion
- Advanced Manufacturing

## Innovation Development: Four Programs

1. Micro Enterprise
2. Pre-Seed Fund
3. Next Stage Fund
4. Innovation Match

	<b>Innovation Development</b>			
	<b>Micro Enterprise</b>	<b>North Coast Opportunitites Technology Fund</b>	<b>Next Stage Fund</b>	<b>Innovation Match</b>
<b>Summary</b>	Finances Business Too Small or Unestablished for Traditional Lenders	Early Stage Funding to Accelerate Growth and Attract Investors	Invests in Companies Primed for Full Commercial Launch	Provides Local Match Required by Federal and State Innovation Grants
<b>Funding Type</b>	Loan	Loan	Loan	Grant
<i>Amount</i>	\$10,000 - \$100,000	\$25,000 - \$125,000	\$400,000 - \$700,000	Up to \$300,000
<i>Forgivable</i>	No	No	No	
<i>Interest</i>	7% - 12%	5% (Deferred for 5 years)	7% - 10%	
<i>Time Period</i>	3 - 7 Years	5 years	3-5 Years	
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Revenues less than \$500,000</li> <li>• Credit Score Above 600</li> <li>• Current on Taxes</li> <li>• Personal Guarantee and Collateral</li> <li>• Must Participate in Technical Assistance Program</li> </ul>	<ul style="list-style-type: none"> <li>• High Growth Technology Company</li> <li>• Jumpstart Registered and Supported</li> <li>• Not Engaged in Due Diligence</li> <li>• Have Not Received Investments Totaling More than \$1.5 Million</li> </ul>	<ul style="list-style-type: none"> <li>• Entering Broad Market</li> <li>• High Growth Technology Company</li> <li>• Part of Northeast Ohio Entrepreneurial Network</li> <li>• 25% Minimum Contribution</li> <li>• Create or Retain Jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Highly Competitive</li> <li>• In Target Industry</li> <li>• Focused on Research and Development</li> <li>• Strong Potential For Marketable Products</li> <li>• Seeking State or Federal Funds</li> </ul>
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<b>Performance Indicators</b>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Dollars Leveraged</li> <li>• Follow-on Funding</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• Jobs Created</li> <li>• Payroll Growth</li> <li>• New Revenue Generated</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Dollars Leveraged</li> <li>• Follow-on Funding</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• Jobs Created</li> <li>• Job Placements</li> <li>• Payroll Growth</li> <li>• Patents Filed</li> <li>• New Revenue Generated</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Dollars Leveraged</li> <li>• Follow-on Funding</li> <li>• Job Created</li> <li>• Payroll Growth</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• Patents Filed</li> <li>• New Revenue Generated</li> <li>• Program Income</li> <li>• Investment Exits</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Dollars Leveraged</li> <li>• Patents Filed</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• Follow -on Funding</li> <li>• Job Creation</li> <li>• Job Placement</li> <li>• Payroll Growth</li> </ul>

## **Innovation Development: Micro Enterprise**

### **Overview: background, problem statement, rationale**

Small business is the backbone of the U.S. economy. According to the Congressional Budget Office, US small businesses represent 75 percent of all employer firms and employ just over half of all private sector employees. Not only do businesses constitute a large segment of the US economy, small businesses are a major source of economic growth and innovation.

The availability of capital for small businesses is tight. The SBA reported the number of small loans (less than \$1 million) from depository institutions fell by 15 percent between 2008 and 2009. The SBA's 7(a) loan guarantees and 504 loans followed the pattern, as their combined value was down 4.3 percent. As credit supply in the loan markets remained restricted, small firms needing credit find it difficult to raise the capital they need to grow.

Micro finance is a critical source of capital for small business seeking to grow and thrive. Access to micro finance resources is necessary to support micro enterprise businesses that have traditionally been under-banked. Conventional small business lending programs do not address the unique capital needs of micro enterprises which typically lack sufficient credit and collateral to access traditional loan programs. Additionally, conventional small business programs do not offer the type of capital and services micro enterprises need.

Micro enterprises tend to be service oriented businesses that range from landscaping to pet day care, and products ranging from specialty foods to designer jewelry. These types of businesses seldom have a need for large capital outlays for fixed asset equipment but rather need access to credit and working capital. Currently, the capital resources to support the local need of micro enterprises are insufficient. A study funded by the Cleveland Foundation estimated a \$38 million gap in unmet loan demand in Cuyahoga County for microenterprise businesses.

Micro finance not only helps financially underserved small businesses grow, but it is also an effective way to generate economic opportunity for low-income individuals or groups who have limited access to financial services. Micro enterprise development is an opportunity to become economically self-sufficient, improve credit, borrow money, and benefit the community. Micro finance seeks to help micro enterprises by loaning small amounts of capital to these businesses.

In 2010 Cuyahoga County established a Micro Enterprise Fund administered by WECO (now defunct). The demonstration program was created to provide funding to develop and support micro enterprises that are under-represented businesses in the US HUD defined Cuyahoga Urban County. In addition to financial assistance, the program provides intensive financial counseling for entrepreneurs unable to obtain traditional loans. Although the program has experienced marginal results, the need to provide micro financing for small businesses is well established.

In 2012, Cuyahoga County began collaborating with the Cleveland Foundation and other organizations to formalize a network of microenterprise and small business service providers. The Cleveland Foundation has facilitated a micro lending working group. The group advocates the importance of technical assistance and access to capital, and the need for a more coordinated system that will build upon the current intellectual, financial and leadership resources to increase small business growth.

### **Investment Strategy: program description, purpose, target industries**

The Microenterprise Revolving Loan Fund (MRLF) is a program specifically designed to assist small businesses and entrepreneurs that can be capitalized with modest loan and can attain traditional financing within three to five years. The goal of the program is to transform traditionally unbankable micro enterprises into bankable small businesses with positive cash flow. The MRLF program will provide both financing and technical assistance for entrepreneurs unable to obtain traditional loans.

Technical assistance is a key component to managing the county's micro lending program. Although access to capital is critical for growing small businesses, understanding how to manage and make sensible investments in the operations will greatly improve the ability of the small business to generate positive cash flow and pay back the loan. This assistance will not only benefit the small business but it also helps to mitigate the high risk involved in micro lending.

### **Partners: leveraged funds and technical assistance**

Cuyahoga County is collaborating with the Cleveland Foundation and other organizations to formalize a network of microenterprise and small business service providers. The Cleveland Foundation has facilitated a micro lending working group. The group advocates the importance of technical assistance and access to capital, and the need for a more coordinated system that will build upon the current intellectual, financial and leadership resources to increase small business growth.

The working group seeks to add capacity to the regional micro lending infrastructure in order to provide robust, diverse, and expansive capital and technical assistance. A successful micro enterprise development strategy requires that loan programs be seamlessly embedded in a comprehensive technical assistance systems approach. The County is working with a wide array of organizations dedicated to micro enterprise development:

- The Cleveland Foundation
- Federal Reserve Bank of Cleveland
- Huntington National Bank
- City of Cleveland
- Jumpstart, Inc.
- Economic and Community Development Institute
- U.S. Small Business Administration
- Commission on Economic Inclusion
- The Business of Good Foundation

Working with these organizations, the County has learned that integrating and formalizing the existing network of small business service providers within Cuyahoga County is the best way to ensure that businesses are effectively served. The County will ensure the MRLF is coordinated with organizations such as the Hispanic Business Chamber of Commerce, SCORE, SBDCs, and other organizations that provide technical assistance to small businesses. A network approach will efficiently allocate resources and maximize leverage from private, state and federal institutions. Through the MRLF, the County intends to work with other organizations to provide technical assistance, manage deal flow, vet applicants, and connect to traditional sources of capital to help companies grow.

### **Primary Activities: investment structure and process**

Cuyahoga County will contract with a micro finance organization for the purpose of administering the MRLF. The County will work with a certified Community Development Financial Institution (CDFI) that is well-qualified in providing micro-financing to entrepreneurs and small business. The intermediary will function on behalf of Cuyahoga County as the MRLF administrator and will provide microloans to entrepreneurs and small businesses that create and retain jobs in Cuyahoga County. The maximum loan amount is \$100,000, but the average micro loan is about \$20,000.

In addition to financial assistance, the MRLF administrator will provide technical assistance and financial counseling opportunities to help businesses optimize operations and improve the ability to generate cash flow and pay back the loan. Technical assistance includes but is not limited to seminars, training courses, on-going review and technical support to help businesses:

- Understand budgets, balance sheets, profit & loss statements, and cash flow statements at a practical, hands-on level to make important business decisions
- Perform market research, draft a business plan, create a marketing strategy, identify ownership structures, and develop a financing plan to fund growth

### ***MEF Loans***

- Loans from \$10,000 - \$100,000, typical loans in the \$20K - \$30K range
- 3 to 7 years
- Interest rate is 7.00% to 12.00%
- Loan proceeds must be used on a reimbursement basis and may be used for:
  - Purchase of equipment, machinery, supplies, inventory
  - Start-up operating expenses
  - Working capital
  - Other uses may be considered, but may be limited

### ***Eligibility***

- Must be a business located in or planning to move to Cuyahoga County and have revenues typically less than \$500,000
- Must have a credit score above 600 and be current with all taxes
- Must provide personal guarantee and sufficient collateral to secure the loan – although collateral will not be the sole determinant in approval of the loan, risk exposure is factored in the analysis
- Technical Assistance: the borrower is required to participate in business training and technical assistance programs associated with the loan. Applicants for micro loan financing may be required to fulfill training and/or planning requirements for loan considerations. Business training is designed to help launch or expand the small business

### ***Application***

Eligible, well qualified small businesses seeking funding will submit an application to the micro finance organization the County selects to administer the MRLF. The selected program administrator will review and select loan candidates from the applicants based on their established lending standards. Application information includes but is not limited to:

- Business plan
- Completed balance sheet and profit and loss statement (projection or actual)
- Monthly cash flow projections for the next two years of business operations showing ability to repay debt and maintain adequate level of permanent working capital
- A detailed sources and uses table for financing of the business or project
- Debt schedule showing existing business debts – creditor name, address, and acct #, interest rate, term, and collateral used to secure the debt
- Personal financial statements of all principals owning 20% or more of the business (SBA 412), past 2 years personal income tax returns, and equity position (current bank statement)
- Personal History Statement of all principals owning 20% or more of the business (SBA 913)
- Verification of costs/invoices in proposals (i.e. quotes, pricing lists, buy/sell agreements, etc.)
- Itemization and verification of collateral (i.e. appraisals, serial numbers, titles, insurance, etc.)
- Verification of customer base (i.e. lists of current customers; market survey summary, etc.)
- Verification of character (i.e. credit report, references, resumes, etc.)
- Adequate managerial and entrepreneurial capability exists

### **Performance Indicators: metrics, milestones**

There are two sets of performance measure for the loan program: Primary and Secondary. Metrics are also distinguished between those that are directly, and indirectly a consequence of County activity and programs.

#### ***Primary Metrics***

- Dollars Leveraged
- Follow-on Funding

#### ***Secondary Metrics***

- Job Creation and Job Placements
- Payroll Growth



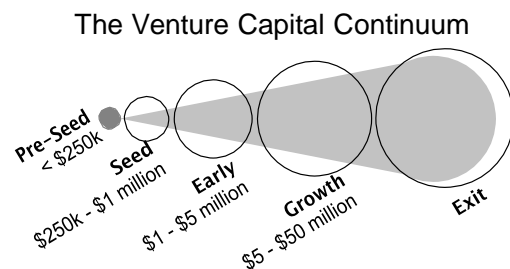
## Innovation Development: Pre-Seed Fund

### Overview: background, problem statement, rationale

Northeast Ohio has created an entrepreneurial ecosystem that is recognized as a national model. This ecosystem is made up of a robust network of entrepreneurial support organizations working together to help high-growth companies grow within the region. The network has created a diversity of capital resources along the venture capital continuum and is accelerating the commercialization of new technologies, products and services.

Despite a strong and expanding entrepreneurial infrastructure, high-growth entrepreneurial companies still face difficulties in raising the necessary capital to bridge the “valley of death”. According to the 2006 Greater Cleveland Venture Capital Report, it was estimated that Northeast Ohio needed \$375 million in early-stage capital to continue funding a stream of emerging companies.<sup>i</sup>

In 2008, Cuyahoga County created the North Coast Opportunities (NCO) Technology Fund to address the need for pre-seed capital within the venture capital continuum. The NCO Technology Fund provides access to critically-needed early-stage capital and enhances the deal flow within the entrepreneurial ecosystem. To date the NCO Fund has invested over \$2.4 million across 24 high-growth companies, created 72 jobs, added \$3.9 million in annual payroll, and attracted more than \$13 million in follow-on funding.



Source: 2006 Greater Cleveland Venture Capital Report

NCO Fund is part of a regional collaborative approach to entrepreneurial development. Early stage companies have progressed more rapidly along the venture capital continuum because of the County’s innovative fund. The NCO Fund increases access to pre-seed capital and helps position companies for later-stage funding, strengthening the regional entrepreneurial eco-system. Since 2006, over \$1 billion has been invested in 205 unique Northeast Ohio companies within the region’s entrepreneurial eco- system.<sup>ii</sup>

Although the NCO Fund plays an important role for early-stage companies, there remains a growing need for additional pre-seed capital. Cuyahoga County finds itself with a robust deal flow of companies seeking pre-seed investments. Ramping the NCO Fund up to scale will increase the availability of pre-seed funding to meet demand, increase the number companies reaching later-stage funding rounds, and enhance the overall pipeline of companies within the entrepreneurial network.

### Investment Strategy: program description, purpose, target industries

The goal of Cuyahoga County’s NCO Technology Fund is to invest in and accelerate the development of early-stage companies in Cuyahoga County, create high paying jobs, and increase the flow of private investment. In collaboration with JumpStart Inc., the County identifies and targets high growth companies that are excellent candidates for future capital investment. Companies that are selected receive a payment-deferred, low interest loan to fund a specific project that will make the company significantly more attractive to investors.

Eligible candidates must be high-growth technology companies based in or planning to move to Cuyahoga County and must be part of the Northeast Ohio Entrepreneurial Network (Network). Funded by the State of Ohio Third Frontier program, the Network is a formalized group of entrepreneurial support organizations (investors, advisors and incubators) across the 21 counties of Northeast Ohio. The Network functions as a one-stop-shop to help connect entrepreneurs with the right resources at the right time to grow their companies. The Network helps the county manage deal flow, vet applicants, and connect to additional sources of capital to help companies grow.

This unique public-private partnership has proven to be an effective model for accelerating entrepreneurial development. Early-stage companies have progressed more rapidly along the venture capital continuum because of the county's innovative partnership with JumpStart through the Network.

### **Primary Activities: investment structure and process**

The NCO Fund provides low interest loans to help growing technology companies finance a specific project that is expected to make the company significantly more attractive to follow-on funding. Companies submit a detailed application to a skilled investment specialist known as an Entrepreneurs- In-Residence (EIRs). The EIRs provide NCO applicants with technical assistance across five signature technology areas: advanced materials, biosciences, electronics, information and communication technologies, and advanced energy.

A selection committee comprised of the EIRs and the county analyzes the applications and identifies the candidate that has the greatest prospect for raising follow-on funding. After a company is select and approved, the County works with the company to define the project scope and deliverables, budget, and milestones for the loan. The loan is designed to mimic venture funding and prepare entrepreneurs for future equity investments.

### **Pre-Seed Fund Loans**

- Loans range from \$25K- \$125K, with typical loans in the \$50-75K range
- Typically the interest rate is 5.00% fixed for the term of the loan
- Payments deferred for 5 years or until a significant financing event - \$1.5 million or greater
- Loan proceeds must be used for a specific project or initiative that will bring the company closer to achieving follow-on funding

### **Eligibility**

- Must be a high growth, technology company judged to have excellent prospects for raising venture capital in the future
- Must be located in or planning to move to Cuyahoga County
- Must be a JumpStart Entrepreneurial Network registered and supported company ([www.jumpstartinc.org/Request](http://www.jumpstartinc.org/Request))
- Companies currently engaged in due diligence or have successfully received investment totaling more than \$1.5 million are not eligible

### **Application**

- Submit a brief description of the specific project that funding is being sought and illustrate how the project will bring the company closer to venture or seed stage funding

- Companies with the highest potential for attracting future venture capital investment will be ranked highest by the NCO Selection Committee and be invited to provide a short presentation about the proposed project
- The NCO Selection Committee consists of JumpStart Entrepreneurial Network Director and Entrepreneurs-in-Residence, the MAGNET Incubator Director and Entrepreneurial Expert, and a Cuyahoga County representative
- Recommendations are reviewed consistent with the county contracting process
- The county will draft loan documents based on the selected and approved project – the description must identify project milestones

### **Partners: leveraged funds and technical assistance**

The NCO Fund is an example how local governments can play an important role in supporting technology based entrepreneurship. The NCO Fund demonstrates that one of the most effective ways for local governments to support early-stage technology companies is to form strong collaborative partnerships with regional technology based economic development organizations.

Creating a dynamic partnership with Jumpstart and the regional entrepreneurial network is a major factor in the success of the NCO Fund. This collaboration enabled Cuyahoga County to maximize resources, access state-level program funding, leverage institutional core competencies, and develop a fully integrated systematic approach to entrepreneurial development. As the county focuses on growing the NCO Fund, strengthening this public-private partnership will be instrumental.

Rather than creating a new process apart from other regional efforts, the county works with key stakeholders. Working with Jumpstart, BioEnterprise, MAGNET, and Nortech, is an extremely efficient and effective strategy for the county to manage deal flow and identify promising companies with strong intellectual property.

### **Performance Indicators: metrics, milestones**

There are two sets of performance measures for the loan program: Primary and Secondary. Metrics are also distinguished between those that are directly, and indirectly a consequence of county activity and programs.

#### ***Primary Metrics***

- Dollars Leveraged
- Follow-on Funding

#### ***Secondary Metrics***

- Job Creation and Job Placements
- Payroll Growth
- Patents Filed
- New Revenue Generated

## **Innovation Development: Next Stage Fund**

### **Overview: background, problem statement, rationale**

Northeast Ohio has developed a robust entrepreneurial ecosystem with diverse early-stage funding sources that support innovative start-up companies primed for high-growth. The collaborative environment is composed of organizations that help dynamic businesses expand within the region: over \$1 billion has been invested in 205 companies since 2006.<sup>iii</sup>

Successful early-stage investments build a pipeline of opportunities that increasingly attracts later-stage venture capital funding. At the state level, the Third Frontier Pre-Seed Fund Capitalization Program helped funnel \$521 million in pre-seed funds to Northeast Ohio in the past five years. However, these state funds support companies that are gathering resources for incubating and demonstrating new technologies and products.

Many Northeast Ohio companies have graduated past early-stage investments and are ready to generate customers and sales in the broad market. Unfortunately, the availability of capital to fund the final stages of the commercialization process is limited.

With its strong entrepreneurial network and portfolios of developing businesses, the region needs next-stage funding to support these maturing high-growth companies. The Next Stage Fund targets companies on the cusp of full commercial launch, helping them reach scale while speeding return on investment and creating jobs.

### **Investment Strategy: Program Description, Purpose and Targeted Clusters**

The Next Stage Fund builds on the success of the NCO Technology Fund—a public-private pre-seed initiative—by providing capital to market-ready companies positioned to achieve rapid commercial sales. The goal of this evergreen fund is to transform innovative and high-growth commercial opportunities into viable businesses.

Next Stage will cultivate a deal flow by leveraging the pipeline of companies within the Northeast Ohio Entrepreneurial Network. There are a number of early-stage funds within the ecosystem that have created a dynamic portfolio of companies preparing to scale up and enter the market. Next Stage will rely on this existing expertise to channel its investments into thoroughly vetted early-stage companies. Selected companies will receive an investment to fund capitalized expenses in connection with a commercial launch.

Eligible candidates must be high growth technology companies based in or planning to move to Cuyahoga County and must be part of the Northeast Ohio Entrepreneurial Network. The Network is a formalized group of support organizations (investors, advisors and incubators) spanning the 21 counties of Northeast Ohio. This one-stop-shop connects entrepreneurs with resources critical to their company's development. The Network will help the county manage deal flow, vet applicants, and connect to additional sources of capital to help companies expand.

## Primary Activities: Investment Structure and Process

### *Eligibility*

- Must be a high growth, technology-oriented company with consistent revenue growth
- Must be within 12 to 18 months of positive cash
- Must be located in or commit to move to Cuyahoga County by loan closing
- Must be a ventured backed company that has successfully raised \$5 to \$7 million
  - Cuyahoga County seeks to provide follow on financing that leverages existing capital investments
- Must commit to creating 10 to 20 new jobs within three years

### *Allowable Project Costs/Uses*

Loan proceeds must be used for a specific project or initiative that will bring the company closer cash flow/breakeven within 12 to 18 months. Allowable costs include but are not limited to:

- Acquisition
- Land and/or building purchase; if the project involves the purchase of an existing building, the business must occupy at least 51% of the premises
- Machinery & equipment purchase
- Building construction and/or renovation costs; if the project involves new construction the business must occupy at least 60% of the premises
- Long-term leasehold improvements
- Software development
- Creating and protecting intellectual property including costs of securing appropriate patent, trademark, trade secret, trade dress, copyright or other forms of intellectual property protection for an eligible innovation project or related products or services
- Refinancing is ineligible

### *Funding*

- Investments ranging from \$400,000 to \$700,000 with typical investments averaging \$500,000
- Term: 3 years at 7% with two (2) one (1) year extension options to be granted based upon achieving defined project milestones and exercised at the sole discretion of the County.
  - After the first twelve (12) monthly loan payments, the Borrower may petition the County to exercise the first of two loan term-extension options, provided the Borrower is in good standing and the project milestones have been surpassed. After the second twelve (12) monthly loan payments, the Borrower may petition the County to exercise the second (2nd) of loan term-extension options, provided the Borrower is in good standing and project milestones have been surpassed.
- Job Creation/Retention: Development requires a commitment to create jobs. While there is not a specified dollar per job ratio, the number of jobs committed, as well as the annual payroll will be considered when determining the funding amount based on but not limited to SBA lending standards

- Applicant Contribution: Development requires a 25% minimum contribution in the allowable project costs/uses. The required contribution may be higher for early-stage companies and special purpose facilities. In-kind contributions of labor, equipment or similar items are not acceptable as the applicant's contribution

### *Security & Collateral*

Development requires a first and/or shared first priority mortgage and/or lien position on project costs/uses financed with the loan proceeds. Development may require the following additional collateral or credit enhancements:

- Personal guarantees from owners with more than 20% ownership in the company
- Corporate guarantees from related companies
- Full or partial letter of credit
- Life insurance on key business owners and/or managers
- Other types of credit enhancement, if necessary

### *Application Process*

- Non-refundable \$700 application fee is due upon submitting a completed Financial Assistance Application
- Success fee between 5% to 10% of the maximum drawn principal will be payable upon maturity of the loan. This fee is in lieu of Development's ability to take an equity position in the applicant company.
  - Upon achieving defined project milestones, a success fee equal to five (5.00%) percent of the maximum principal amount of the loan actually disbursed to the Borrower will be assessed. The success fee will increase to seven and half (7.50%) percent upon exercising the first loan term-extension option and ten (10.00%) percent upon exercising the second loan term-extension option.
- The application will be reviewed by a County selected external evaluator in concert through a due diligence process. The external evaluator and Development will review all applications received, and consider which applications to submit to the Cuyahoga County Community Improvement Corporation (CCCIC) for review
- A preliminary project term sheet will be provided by Development staff
- Loans will be presented to the CCCIC for review and recommendation
- Loans will be presented to the County approval process for final approval
- A loan approval, confirmation and commitment letter will be issued by Development upon County approval
- Loan closing documents are prepared upon receipt of a signed loan approval, confirmation and commitment letter and processing fee
  - The Borrower shall pay loan fees including, search fees, legal fees, survey fees, recording fees, etc. All legal counsel and the loan fees will be due at closing.
- Loan proceeds are normally disbursed after project completion and loan closing, interim financing may need to be arranged by the business

### *Evaluation Criteria*

Applications will be reviewed by a County selected external evaluator. The external evaluator will conduct a due diligence process and prepare an investment memo based on but not limited to factors such as:

- Number of high-value jobs above the county median annual wage to be created as a result of the successful commercialization of a new product
- Level of risk associated with the commercialization of the new product or service
- Degree to which the applicant has attracted or will be able to attract additional third party capital
- Degree to which the company's business plan identifies the market need and demonstrates a feasible plan for serving that need
- Level of financial risk and ability of the borrower to repay the loan

Upon completion, the investment memo will be reviewed by the Department of Development and presented to the CCCIC for a funding recommendation. The CCCIC recommendation will then be presented to the County and Executive for final approval.

### Due Diligence Information

- Corporate Materials
  - Operating Agreement / Articles of Incorporation / LLC Agreement
  - Assignment of Inventions / Non-Compete / Non-Disclosure Agreements
  - Summary biographies of senior management, including service history, years in current position and summaries of key employment agreements
- Financial Information
  - Annual Income Statement, Balance Sheet, Cash Flow Statement for past 3 years (or since inception if less than 3 years)
  - Sales projections (and actual results) by account for the past two years
  - Most recent balance sheet
  - List of shareholders/ownership table
- Intellectual Property
  - Any license agreements governing IP
  - Any patents or patent applications
- Customer and Market Information
  - Any market studies or relevant analyst reports completed in past 24 mos.
  - Any other information on competitors
  - Names and contact information for three current customers
  - List of existing sales contracts and one sample contract agreement
  - Major Customers Pipeline analysis: Status and trends of relationships, Prospects for future growth and development, Principal avenues for generating new business

### ***Preliminary Application Notification***

Potential applicants shall submit a short, Preliminary Application that Development will review to determine whether the applicant understands the intent and eligibility requirements of the Next Stage Fund and appears to have merit. Development requests that the document be a maximum of five pages plus financial statements. Potential applicants are asked to:

- Describe the company
  - The company's location, size and operating history
  - The products and/or services currently offered
- Describe the proposed project
  - The innovative product or service to be commercialized
  - Amount of Next Step funds requested and how the proceeds will be used
  - The economic impact, including employment (both direct and indirect) and revenue growth resulting from the project
  - The applicant's position that the uses of loan proceeds can be capitalized under GAAP
  - Total eligible project costs
  - Amount and source of matching funds
- Include three years reviewed and/or audited financials

Development will provide feedback to the potential applicant as to whether the company's planned application meets the eligibility requirements and intent of the Next Stage Fund. Development may also respond with a list of questions that can be answered either (1) before the potential applicant submits a formal application for additional feedback from Development or (2) in the formal application should the potential applicant feel confident the questions will be addressed. The Preliminary Application will not be considered in the evaluation of formal applications; rather, this is an opportunity for potential applicants to gain confidence that the full Financial Assistance Application will meet the intent of loan.

### **Partners: leveraged funds and technical assistance**

Cuyahoga County is working with numerous pre-seed, seed, and early-stage funds across Northeast Ohio to establish the Next Stage Fund. In particular, the County works closely with the JumpStart Entrepreneurial Network, which is funded by the State of Ohio Third Frontier through the Entrepreneurial Signature Program. Partnering with the Jumpstart Entrepreneurial Network gives the county access to a regional effort to build capacity and connect to an entrepreneur support infrastructure across the 21 counties of Northeast Ohio. This Network has evolved into an extremely efficient construct for developing and advancing entrepreneurs.

Creating a dynamic partnership with Jumpstart presents the county with the opportunity to collaborate with several organizations that have a well-established investment-making processes and a track record of raising funds for high-growth entrepreneurial companies. Partnering with Jumpstart, the county will double its investment capital, mitigate risk by co-investing with private funds, and access a pipeline of deal flow that will ensure greater economic returns and job growth.



### **Performance Indicators: metrics, milestones**

There are two sets of performance measures for the loan program: Primary and Secondary. Metrics are also distinguished between those that are directly, and indirectly a consequence of county activity and programs.

#### ***Primary Metrics***

- Dollars Leveraged
- Follow-on Funding
- Job Creation and Job Placements
- Payroll Growth

#### ***Secondary Metrics***

- Patents Filed
- New Revenue Generated
- Program Income
- Investment Exits

## **Innovation Development: Innovation Match**

### **Overview: background, problem statement, rationale**

Northeast Ohio possesses a wealth of world class research centers and institutions as well as cutting- edge industrial research lab facilities. Leveraging these assets is an important part of technology commercialization strategy. As Northeast Ohio strives to build, support, and advance innovation and develop its knowledge based economy, it is critical to take advantage of federal and state research and development programs and attract industrial research investment.

Programs and agencies at the state and federal level like the Ohio Third Frontier, the National Science Foundation and the US Department of Energy help fund basic and applied research, establish research facilities, and support technology demonstrations and transfer for development of new commercial products. Many state and federal innovation grant programs require cost share or local match. Support for business related research and development is also critical for accelerating technology transfer and commercialization.

Entities that need the initial match to leverage these external resources can rely on Cuyahoga County to provide matching funds to enhance research capacity and accelerate the time to commercial market entry of products. The Cuyahoga Innovation Match Fund will secure large scale research and development funding opportunities to establish new research centers of excellence and advance technology commercialization.

### **Investment Strategy: program description, purpose, and target industries**

The Cuyahoga Innovation Match Fund (CIMF) is a flexible source of funding to ensure that research and development efforts in Cuyahoga County result in commercial products that help drive economic growth. The goal of the CIMF is to attract large, nationally designated and highly visible corporate, non-profit, and federal research and development centers or laboratory facilities in Cuyahoga County. The objective is to accelerate the movement of new technology developed by county based institutions and businesses to the commercial market in sectors important to the county's economy.

The CIMF provides local match for the establishment of technology development centers of excellence that are part of a state or federal funding opportunity. The investment is made in the form of a grant and is conditioned on a funding award from the applicable state or federal program or RFP. The county anticipates that the CIMF will fund a maximum of \$300,000 per investment and will focus on the target industry clusters.

### **Application Criteria**

- Description of the funding organization, the purpose of the funding program/opportunity, award process for establishing the center of excellence, and evidence that local match cost share is an evaluation factor for the award
- Description of the purpose of the center and the management team that has been assembled to attract and implement the center in Cuyahoga County
  - The Center description should include purposes and activities, technological focus, duration of the award, integration and collaboration with County or Ohio based research institutions

- Description of the core competency, experience, skills, and unique factors of Cuyahoga County that make it a competitive location for the center
- Description of the economic and industrial impacts of the center being located in Cuyahoga County.
  - project likely success metrics and leverage beyond just the initial award – describe the anticipated leverage in the way of new business attraction, job creation, as well as other grant awards

### **Evaluation Criteria**

- Commitment to direct, near-term job creation by the center;
- Size of the opportunity and amount of the investment in the County
- Extent to which cost share is a formal evaluation requirement and a differentiating factor in the award
- Level of national relevance and visibility of the center designation;
- Ability of the center to attract future research, new business activity, and jobs;
- Degree to which the center includes industry-directed or industry-oriented problem solving;
- Degree to which the center includes collaboration with County based research institutions;
- Sustainability of the center beyond the initial award

### **Primary Activities: investment structure and process**

The CIMF will prioritize funding based on the availability of program income from investments made through the Cuyahoga Next Stage Fund. The CIMF provides local match for technology development efforts seeking state or federal funding.

Only the most meritorious proposals are sought for funding. Implicit in the evaluation criteria is the quality of the work plan, budget and cost share:

- Leverage existing research investments and core competencies
- Relevance for key regional industry clusters
- Degree of private industry responsiveness
- Degree of Sustainable Competitive Advantage
- Demonstrated Leadership Assets
- Identified Stage of Market Development
- Impact on Cuyahoga County
- Past Performance (if applicable)
- Potential for Leverage
- Potential for Products
- Size of Opportunity
- Vision for Success

A selection committee comprised of Jumpstart, BioEnterprise, Nortek, MAGNET and the County will analyze the applications and identify the candidate that has the greatest prospect for successfully commercializing technology. After an applicant is selected and approved, the County works with the applicant to define the project scope and deliverables, budget, and milestones for the investment.

### **Partners: leveraged funds and technical assistance**

Creating a dynamic partnership with Jumpstart and the regional entrepreneurial network is a major factor in the success of the NCO Fund. This collaboration enabled Cuyahoga County to maximize resources, access state-level program funding, leverage institutional core competencies, and develop a fully integrated systematic approach to entrepreneurial development. As the county focuses on growing the NCO Fund, strengthening this public-private partnership will be instrumental.

Rather than creating a new process apart from other regional efforts, the county works with key stakeholders. Working with Jumpstart, BioEnterprise, MAGNET, and Nortech, is an extremely efficient and effective strategy for the county to manage deal flow and identify promising companies with strong intellectual property.

### **Performance Indicators: metrics, milestones**

There are two sets of performance measures for the loan program: Primary and Secondary. Metrics are also distinguished between those that are directly, and indirectly a consequence of county activity and programs.

#### ***Primary Metrics***

- Dollars Leveraged
- Patents Filed

#### ***Secondary Metrics***

- Follow-on Funding
- Job Creation and Job Placements
- Payroll Growth

## Commercial Property Reutilization: Three Programs

1. Redevelopment and Modernization
2. Site Expansion
3. Redevelopment Ready

	<b>Commercial Property Reutilization, Expansion and Acquisition</b>		
	<b>Redevelopment and Modernization</b>	<b>Site Expansion</b>	<b>Redevelopment Ready</b>
<b>Summary</b>	Finances Existing Building Improvements and modernization	Finances Environmental Cleanup of Sites Adjacent to Existing End User	Finances Environmental Cleanup of Abandoned or Underutilized Sites
<b>Funding Type</b>	Loan	Loan	Loan
<i>Amount</i>	<i>Up to \$1 Million</i>	<i>Up to \$500,000</i>	<i>Up to \$1 Million</i>
<i>Interest</i>	<i>4% (2 Years Interest Only)</i>	<i>0%</i>	<i>4% (2 Years Interest Only)</i>
<i>Time Period</i>	<i>10 Years</i>	<i>10 Years</i>	<i>10 Years</i>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• For-Profit Borrower w/ Committed End User</li> <li>• Abandoned, vacant or underutilized building</li> <li>• Support From Local Municipality</li> <li>• Must Oversee Project</li> <li>• Own/Operate Site for 7 Years After Completion</li> </ul>	<ul style="list-style-type: none"> <li>• For-Profit Borrower w/ Committed End User</li> <li>• Support From Local Municipality</li> <li>• Must Oversee Remediation</li> <li>• Job Creation Requirement</li> <li>• Own/Operate for 7 Years After Completion</li> </ul>	<ul style="list-style-type: none"> <li>• For-Profit Borrower w/ Committed End User</li> <li>• Support From Local Municipality</li> <li>• Must Oversee Remediation</li> <li>• Job Creation Requirement</li> <li>• Own/Operate for 7 Years After Completion</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• U.S. and Ohio EPA</li> <li>• HUD</li> <li>• Jobs Ohio</li> <li>• Local Land Banks</li> <li>• Municipalities</li> <li>• CCCIC</li> <li>• NEO Sewer District</li> </ul>	<ul style="list-style-type: none"> <li>• U.S. and Ohio EPA</li> <li>• HUD</li> <li>• Jobs Ohio</li> <li>• Local Land Banks</li> <li>• Municipalities</li> <li>• CCCIC</li> <li>• NEO Sewer District</li> </ul>	<ul style="list-style-type: none"> <li>• U.S. and Ohio EPA</li> <li>• HUD</li> <li>• Jobs Ohio</li> <li>• Local Land Banks</li> <li>• Municipalities</li> <li>• CCCIC</li> <li>• NEO Sewer District</li> </ul>
<b>Performance Indicators</b>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Loan Repayments</li> <li>• Jobs Created</li> <li>• Dollars Leveraged</li> <li>• Acres/Square Feet Returned to Productivity</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Loan Repayments</li> <li>• Jobs Created</li> <li>• Dollars Leveraged</li> <li>• Acres/Square Feet Returned to Productivity</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Loan Repayments</li> <li>• Jobs Created</li> <li>• Dollars Leveraged</li> <li>• Acres/Square Feet Returned to Productivity</li> </ul>

## Overview: Background, Problem Statement and Rationale

The most fundamental asset of any economic development strategy that includes government participation is land. The challenge is to make the best use of land for maximum economic benefit.

The challenge is two-fold. Industrial development led to the region's periods of economic growth. Modernization, environmental requirements and market dynamics have forced many businesses to close or relocate, leaving behind vestiges of a historic economy marked by nonproductive and oftentimes environmentally hazardous land. Ironically, these parcels are among those that are best served by the needs of today's growing business: infrastructure and labor supply. The second challenge is meeting the growth and modernization needs of those businesses that have endured through the ages or capitalized on these resources. Where local businesses have the need to grow or modernize, resources should be available to swiftly meet these demands to keep prosperity and growth in place.

As such, the preparation of land for redevelopment and rapid response for the expansion and modernization of existing properties served by developed infrastructure is a key strategy to the County's place-based economic development plan.

## Investment Strategy: Program Description, Purpose and Targeted Clusters

The County is uniquely positioned to **marshal external resources** from the federal, state and local levels and to work across political subdivisions to position properties for redevelopment. The Department of Development has an award-winning, experienced and qualified team to assemble the necessary public-private partnerships that **get these properties back to productivity** with responsible owners and jobs producers.

The myriad of strategies and variables in land redevelopment, which incorporate multiple public and private funding sources, will require a comprehensive and **centrally managed approach**. The County will oversee three partially-forgivable loan programs for property reutilization, expansion, acquisition and improvement.

The key to the public-private partnership for land reutilization and redevelopment is to provide applicable, attractive and relevant programs **that provide swift and clear opportunities for companies seeking to locate, expand or modernize** in areas served by existing infrastructure and transportation networks. Complementing this strategy with the County's demonstrated ability to **leverage existing external programs** (e.g. NEORS's Green Infrastructure Program, Clean Ohio, JobsOhio, Historic Tax Credits, New Market Tax Credits, USEPA grants, and HUD) adds value and velocity to public and private development dollars in Cuyahoga County.

## Universal Requirements

### *Eligibility Requirements*

- The project property must be abandoned, vacant or otherwise underutilized
- The project will require a resolution of support from the local municipality
- The borrower must oversee the remediation or project
- The borrower must own/operate at the project property for at least 7 years after completion

- The borrower must demonstrate that funding commitments to finance the total project have been secured
- The borrower must have at least 10% equity in the project
- The borrower must be current on all Cuyahoga County tax obligations

### *Application Process*

- Complete application and meet underwriting criteria
- Recommendation for funding from Cuyahoga County Community Improvement Corporation (CCCIC) Economic Development Loan Committee
- County approval process

### *Terms*

- The county will require a second-position mortgage with up to a 90% LTV, minimum DCR of 1.1 and personal and/or corporate guarantees
- Borrower will be required to execute a County Workforce Agreement
- Project will be subject to payment of State of Ohio prevailing wages
- Borrowers could be required to repay the full amount of County loan if it moves, sells, fails to complete the project, obtain an NFA (if applicable), or fails to create the requisite jobs

Fees: \$250 application fee, 1% loan commitment and origination fee, legal costs, and 1% annual servicing fee

***For the County to participate in New Markets Tax Credit projects, the County's loan must be to the Leverage Lender and the corporate guaranty must be outside the structure.***

## Property Reutilization: Redevelopment and Modernization Loan

This partially-forgivable loan program will provide financing to for-profit entities with committed commercial and/or industrial end users for existing building improvements, including asbestos abatement and tenant improvements, as well as the modernization of buildings located in Cuyahoga County.

### *Eligibility Requirements*

- The project building must be abandoned, vacant or otherwise underutilized, and at least 40 years old.
- The borrower must own and operate at the project location for a minimum of 7 years after the completion of remediation
- The borrower must have a completed Phase I Environmental Site Assessment and Asbestos and/or Lead-based Paint Survey, if applicable, at the time of application
- Borrower must execute County Workforce Agreement
- Borrower must pay State of Ohio prevailing wages
- Borrower must contribute 10% of total project cost
- Up to 25% of the funding may be utilized for acquisition

### *Eligible Uses of Funds*

- Costs associated with building modernization and renovation
- Asbestos and/or lead-based paint abatement
- Demolition and site clearance
- Up to 25% of the requested loan amount may be utilized for acquisition

### *Terms*

- Loans of up to \$1 million at 4% interest
- Maximum 2-year interest only period and maximum loan term of 10 years
- Second priority mortgage with loan to value of 90% or better
- Debt coverage ratio of 1.1 or better
- Corporate and/or personal guaranty
- The forgivable portion of the loan will be reduced in equal amounts over 7 years after project completion
- Loan Forgiveness (up to 35%):
  - Percentage of funds spent on vendors located in the county (10%)
  - Project location in Business Attraction Agreement Community or identified area of economic growth (compatible with place based economics) (10%)
  - Job creation credit of 1% per new to Cuyahoga County full time equivalent job created with salary above median average county wage (up to 15%)



## **Property Reutilization: Site Expansion**

This fully-forgivable loan program will provide financing to for-profit entities with committed commercial and/or industrial end users for the environmental cleanup and/or demolition of abandoned, vacant and otherwise underutilized properties that are adjacent to the existing committed end user in Cuyahoga County.

### ***Eligibility Requirements***

- The borrower cannot be a Responsible Party or Potentially Responsible Party for contamination at the site
- The borrower must have a completed Ohio EPA VAP Phase I Property Assessment, Phase II Property Assessment and Remedial Action Plan at the time of application
- The borrower must obtain an Ohio EPA VAP No Further Action Letter (NFA) within two years of project initiation
- The borrower must own and operate at the project location for a minimum of 7 years after the completion of remediation
- Borrower must contribute at least 10% of total project cost.
- The borrower must create a minimum of 15 new to Cuyahoga County full time equivalent jobs with annual salaries that exceed the County's median average salary within three years of receipt of NFA letter; 75% of which must be Cuyahoga County residents and/or local college graduates. 1 job per \$25,000 loaned
- 50% of requested loan amount must be spent with vendors in Cuyahoga County
- Gas stations and solid waste facilities are ineligible for County assistance
- Redevelopment of adjacent sites into parking lots does not qualify for funding
- Borrower must execute County Workforce Agreement
- Borrower must pay State of Ohio prevailing wages, if applicable

### ***Eligible Uses of Funds***

- Costs associated with environmental cleanup and attainment of NFA Letter
- Demolition and site clearance
- Up to 25% of the requested loan amount may be utilized for acquisition

### ***Terms***

- Loans up to \$500,000 at 0% interest with a two-year project completion period
- Second priority mortgage with loan to value of 90% or better
- Debt coverage ratio of 1.1 or better
- Corporate and/or personal guaranty
- The forgivable portion of the loan will be reduced in equal amounts over 7 years after the VAP NFA has been issued and the requisite jobs are created
- Failure to meet job creation requirements will trigger recapture provisions in an amount proportional to 1 job per \$25,000

## Property Reutilization: Redevelopment Ready Loan

This partially-forgivable loan program will provide financing to for-profit entities with or without end users for the environmental cleanup and demolition of abandoned, vacant and otherwise underutilized properties in Cuyahoga County.

### *Eligibility Requirements*

- Borrower cannot be Responsible Party or Potentially Responsible Party for contamination at site.
- Borrower must have a completed Ohio EPA VAP Phase I Property Assessment, Phase II Property Assessment and a Remedial Action Plan at the time of application
- The borrower must obtain an Ohio EPA VAP No Further Action Letter (NFA) within two years of project initiation
- The borrower must own/operate at the site for 7 years after project completion, if there is a committed commercial/industrial end user
- Projects without a committed end user will be subject to repayment of the County loan upon a sale or transfer of the property
- Borrower must contribute at least 10% of total project cost
- Gas stations and solid waste facilities are ineligible for County assistance
- Borrower must pay State of Ohio prevailing wages, if applicable
- Borrower must sign County Workforce Agreement, if there is a committed end user

### *Eligible Uses of Funds*

- Costs associated with environmental cleanup and attainment of NFA Letter
- Demolition and site clearance
- Up to 35% of the requested loan amount may be utilized for acquisition
- Up to 15% of the requested loan amount may be utilized for infrastructure

### *Terms*

- Loans of up to \$1 million at 4% interest
- Maximum 2-year interest only period and maximum loan term of 10 years
- Second priority mortgage with loan to value of 90% or better
- Debt coverage ratio of 1.1 or better
- Corporate and/or personal guaranty
- The forgivable portion of the loan will be reduced in equal amounts over 7 years after the VAP NFA has been issued
- Up to 40% of the loan may be forgiven.
  - Attainment of Ohio EPA VAP NFA Letter (15%)
  - 50% of County loan funds that are spent with vendors located in the county (up to 10%)
  - Job creation credit of 1% per new to Cuyahoga County full time equivalent job with salary exceeding median County average (up to 15%)

## Business Growth, Commercialization and Attraction: Four Programs

1. Small Business Growth
2. Incumbent Worker Training
3. Accelerated Growth
4. Large Scale Attraction

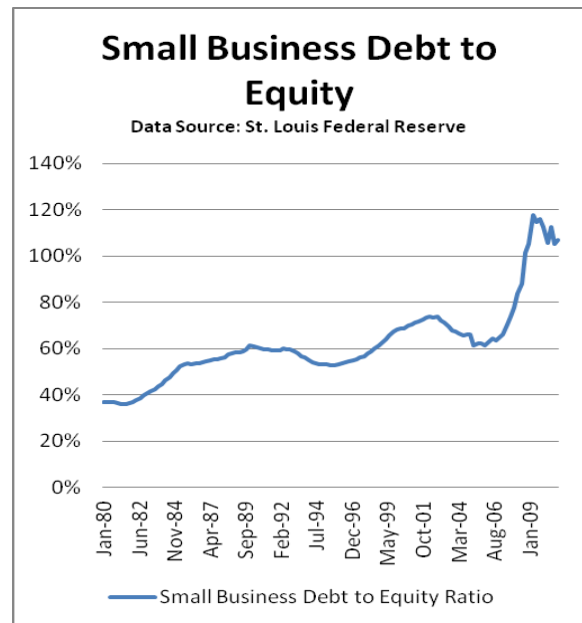
	<b>Business Growth, Commercialization and Attraction</b>			
	<b>Small Business Growth</b>	<b>Incumbent Worker Training</b>	<b>Accelerated Growth</b>	<b>Large Scale Attraction</b>
<b>Summary</b>	Increases Access to Traditional Lending Market through Credit Enhancements	Reimburses up to 50% of Training Expenses for Retraining Workers	Capital for Expansion Via Acquisition, Equipment, New Markets and Diversification	Gap Financing and Incentives for Large Scale Growth and Attraction
<b>Funding Type</b>	Loan Guarantee	Grant	Loan	Loan
<i>Amount</i>	<i>Up to \$500,000</i>	<i>Up to 50% of Costs</i>	<i>\$150,000 - \$1.5 Million</i>	<i>\$200,000 - \$3 Million</i>
<i>Interest</i>			<i>2% - 4%</i>	<i>1% - 7%</i>
<i>Time Period</i>			<i>5 - 15 Years</i>	<i>1 - 15 Years</i>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Small Business</li> <li>• Strong Pro-Forma</li> <li>• Collateral Shortfall</li> <li>• Referred to County by Bank</li> <li>• In Target Industry</li> <li>• Latitude of Potential Fund Uses</li> <li>• Potential Use Must Create Jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrated Aged Vacancy</li> <li>• Must Provide Skill Training for an Incumbent Worker</li> <li>• In Target Industry</li> <li>• Must Document Job Creation/wage increase</li> <li>• Reimbursement Based</li> </ul>	<ul style="list-style-type: none"> <li>• Small-to-Medium Size Business</li> <li>• Established</li> <li>• In Target Industry</li> <li>• High Growth Potential</li> <li>• Potential Idea Can Add at Least 1 Job per \$35,000</li> </ul>	<ul style="list-style-type: none"> <li>• At Least 100 Jobs w/ Average Salary at or Above County Median</li> <li>• In Target Industry</li> <li>• Expanding or Relocating</li> <li>• Demonstrated Ability to Repay Loan</li> <li>• Adequate Collateral and Credit</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Participating Lender Institutions</li> <li>• Small Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Employment Connection</li> <li>• Area Employers</li> </ul>	<ul style="list-style-type: none"> <li>• Team NEO/Jobs Ohio</li> <li>• Greater Cleveland Partnership</li> <li>• Jumpstart</li> <li>• BioEnterprise</li> <li>• MAGNET</li> <li>• Nortech</li> <li>• WIRE-Net</li> </ul>	<ul style="list-style-type: none"> <li>• Team NEO/Jobs Ohio</li> <li>• Greater Cleveland Partnership</li> <li>• Fund For Our Economic Future</li> <li>• City of Cleveland</li> <li>• Cleveland - Cuyahoga Port</li> </ul>
<b>Performance Indicators</b>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Dollars Leveraged</li> <li>• Jobs Created</li> <li>• New Revenue Generated</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Job Retention of Trained Employees</li> <li>• Wage Gain of Trained Employees</li> <li>• Jobs Created</li> <li>• Lay-off aversion</li> <li>• Skill Development</li> <li>• Increase employee productivity</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Jobs Created</li> <li>• Job Placement</li> <li>• Dollars Leveraged</li> <li>• Follow-on Funding</li> <li>• Payroll Growth</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• New Revenue Generated</li> <li>• Exports</li> <li>• Patents Filed</li> <li>• Skilled Workforce</li> <li>• Program Income</li> <li>• Tax Revenue</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• Job Creation</li> <li>• Dollars Leveraged</li> <li>• Follow-on Funding</li> <li>• Payroll Growth</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• New Revenue Generated</li> <li>• Exports</li> <li>• Tax Revenue</li> </ul>

## Business Growth: Small Business Growth

### Overview: Background, Problem Statement and Rationale

Small business is the prime generator for local job growth. Small businesses are the most nimble of job producers. Unlike larger entities who grow and profit through increased efficiency, they grow by adding jobs. However, small businesses that are poised to grow report difficulty borrowing essential cash. Growing businesses assert that banks are not lending. Businesses' cash crunch is exacerbated by tightening credit lines and lending policies. Without capital, these businesses cannot grow.

Banks are lending, but a tougher regulatory environment matched with a decline in the value of borrowers' collateral (property, machinery and equipment, etc.) makes it difficult to lend to all but the strongest of borrowers. In fact, the average small business is overleveraged for the first time in American history. Since 2008, small businesses, on average, have more debt than their ability pay those debts. Lenders risk being overexposed. Both banks and small business want to do deals, but they can't: market failure. Government partners, including the state and the SBA, have been working to modernize existing programs and create new ones to address today's small business lending climate. But these efforts don't fully address borrowers' collateral shortfall when applying for credit.



Businesses also report – through interviews with loaned executives, business leaders, business organizations and lenders themselves – that they need new loans for working capital. Maturing short term debt met with limited ability to refinance those debts (because of more strict lending) constricts firms' ability to operate at its previous scale. Even in more robust times, lenders have been loathe to lend for working capital, even to meet the needs of a borrower seeking capital to fulfill current and new contracts.

### Investment Strategy: Program Description, Purpose and Targeted Clusters

The County is partnering with banks to provide a credit enhancement that improves borrowers' credit requests in a way that meets banks' underwriting criteria. The Small Business Growth program creates a key link between the banks' community development and small business lending strategies and their desire for greater deal flow and credit-worthy borrowers.

The County is proposing a loan guarantee program: When a bank makes an approved loan outside its lending policies (but within the county's guidelines), the County will assist in guaranteeing that the borrower will repay the loan. If the borrower defaults on the loan, the county will reimburse the bank a certain percentage of the loss. The result is that "tough" loans get made with private funds. Based largely on the Small Business Administration's 7a and 8a lending programs, this approach ensures that public dollars are not replacing private capital, while the County benefits from banks' underwriting

criteria and expertise through integrating public and private efforts. The approach leverages the County's low cost of capital and multiplies the impact of dollars earmarked for economic development by guaranteeing a loan delivered by traditional lenders rather than lending hard dollars.

The Small Business Loan Guarantee Program guarantees a portion of loans made by traditional lenders to those borrowers who would have otherwise been unable to access capital needed to grow. The outcome is a larger local pool of borrowers eligible for loans that foster growth and job creation in Cuyahoga County, while leveraging the expertise, systems, and infrastructure of traditional lenders.

The County and a network of participating lenders has developed a specific set of criteria for culling through declined applications, which are referred to the county's small business loan guarantee application process. For applicants who meet the banks' underwriting standards, and reinforced by the county's additional due diligence, credit may be extended to the borrower, contingent on securing traditional financing.

### *Eligibility*

- Businesses with sales of \$500,000 - \$15 million in Cuyahoga County
- Businesses with at least a Three-Year track record
- No bankruptcies
- Pro-forma cash flow covers payment demonstrated
- Target industries in Five Year Economic Development Plan preferred (i.e. advanced manufacturing, energy, materials, devices, aerospace, controls, etc.)
- Ineligible business include firms involved in real estate investment, marketing and pyramid cooperatives, charitable organizations, religious institutions, and other non-profits.

### *Enhancement Amount*

- Enhancement amount not to exceed \$500,000
- No ceiling on the bank loan amount
- Enhancement of up to 50% of the unguaranteed loan amount, but must be lower than the lender's risk.
- The enhancement is determined in part by a collateral shortfall analysis.

### *Enhancement Terms*

- Up to 5 years – Owner Occupied (greater than 50%) Real Estate
- Up to 5 years – Equipment
- Personal guarantee required from any Borrower owner with greater than 20% ownership
- County establishes a reserve account for the guarantee
- Upon approval, the guarantee will commence 30 days from the date of that approval; however, closing may take place prior to guarantee.
- The lender shall make quarterly portfolio reports on the loan status (balance, delinquency, etc.) and any default immediately
- Lender must exhaust all collection efforts before making a claim on the guarantee.
- Lender supplies a claim form to access guarantee funds.

### ***Eligible Uses***

- Pilot Loans: Owner occupied Commercial Real Estate, expansion renovation
- Machinery and equipment, Working Capital and other uses will be considered as appropriate after initial pilot.
- Enhancing the unguaranteed portion of a Small Business Administration or other federally guaranteed loan.
- Loans cannot be used as part of a project that results in a reduction in employment (e.g. may not use proceeds to buy equipment which results in fewer employees)

### ***Application Process***

- Origination through bank/lenders' intake: loan terms negotiated between borrower and lender
- Borrowers complete lenders' standard loan application
- Additional County forms may be included in application (e.g. acknowledgement of County participation, program requirements, permissions, etc.)
- Lenders underwrite the requested loans. Lender does due diligence adhering to pre-approved joint (County-Lender) funding policy.
- Eligible applications are forwarded from bank underwriting teams after structuring, credit write-up and loan review to the County for review and approval.

### ***Requirements***

- Loan approval commitment documents from lender
- County approval is subject to potential for job creation and investment leverage
- Borrower will be required to execute a County Workforce Agreement
- 3% guarantee fee of the County's outstanding guarantee at close. Lender will assess its own fees.
- Upon guarantee approval, County sends lender notification and closing documents

### ***Partners***

- Participating lending institutions in Cuyahoga County
- The Small Business Administration

### ***Performance Indicators***

#### ***Dollars leveraged***

\$10 (private) to \$1 (county) guarantee

#### ***Jobs Created***

Total jobs added

Jobs added that are greater than county average salary

#### ***Revenue Generated***

Annual assessment of new revenue created

## Business Growth: Incumbent Worker Training

### Overview: Background, Problem Statement and Rationale

Employers report that there are thousands of jobs in the county that go unfilled because of disconnect between the skills employers need and the skills job seekers possess.

Employment Connection is the pioneering workforce development collaboration between Cuyahoga County and the City of Cleveland. In recent years, it has received national acclaim for its effective delivery of federally funded job placement and occupational training by implementing an employer-driven strategy for workforce development. Federal funding limits Employment Connection's ability to implement some effective strategies, despite proven local need.

The workforce component of the Cuyahoga County Western Reserve Fund will provide employer-led training and education that enhances the skills of full-time incumbent workers, raising earnings for workers and revenues of businesses by increasing productivity and the quality of services.

### Investment Strategy: Program Description, Purpose and Targeted Clusters

Incumbent Worker Training (IWT) is an employer-driven business service designed to develop a highly skilled workforce which will result in increased financial viability, stability and competitiveness.

Successful Incumbent Worker Strategies fill positions or skill set demand to meet employer need, and create a new job vacancy that can be filled by Employment Connections' existing federally funded strategies. The outcome is a higher skilled, better compensated employee, a newly employed non-incumbent, and a business better positioned to meet its strategic growth goals.

The strategy also has significant job retention and business retention benefits. IWT:

- **Improves employee performance** in quality, quantity, speed, safety, problem solving, attitude, ethics, motivation, leadership, and communication
- **Saves labor** by reducing duplication of effort, time spent on problem solving, and time spent on correcting mistakes
- **Saves money** by creating a higher skilled workforce. A better skilled workforce means fewer machine breakdowns, lower maintenance costs, lower staff turnover, lower recruitment costs, fewer bad debts, fewer customer support calls, fewer help desk calls, less need for supervision, reduced downtime, and increased worker productivity
- **Improves a company's competitive edge** because it is employer driven IWT can respond quickly to market trends and conditions as well as introduce new technology into the workplace
- **Improves customer satisfaction:** Better-quality work translates to improved products and services
- **Improves employee satisfaction and retention** of staff whose skill sets are enhanced as a result of their employer's investment in them are more likely to stay put. Their self-esteem improves, which in turn improves their morale in the workplace and their loyalty to their employer

## **Approach**

Working within the context of the Fund, the County will partner with Employment Connection to deploy a competitive process for awarding IWT grants to successful company applicants. Companies applying for training grants must complete an application providing the following information:

- Specific strategies that will benefit workers and the local economy including but not limited to wage gains, attainment of credentials, retention and recruitment improvement
- How training supports competitiveness in the industry
- How are training needs assessed within the company
- Types of training to be delivered
- How training providers will be selected and how are they qualified to provide the training
- How workers are recruited and selected for training
- Activities supporting individuals in completing, utilizing and/or building upon the training being provided

## **Eligibility Requirements**

- Businesses must be located in Cuyahoga County
- The business must be current on all Cuyahoga County tax obligations
- The business must register with the Cuyahoga County Inspector General's office
- Reimbursable training expenses include instructors' salaries, tuition, textbooks / manuals, materials and supplies

## **Terms**

- Reimbursement based (must have approved application prior to training and reimbursement)
- 50% employer match
- Borrower must document job creation
- Borrower must execute County Workforce Agreement

## **Partners**

- Employment Connection
- Area employers

## **Performance Measures**

- Job retention of trained employees
- Wage gain of trained employees
- Number of new jobs created in Cuyahoga County



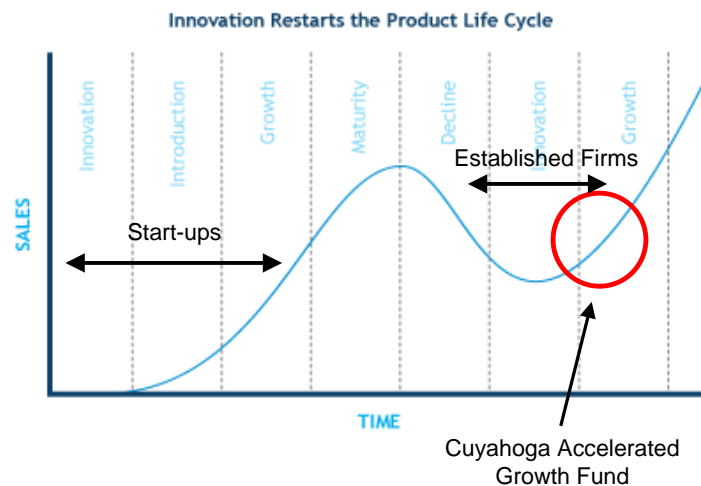
## Business Growth: Accelerated Growth

### Overview: background, problem statement, rationale

Northeast Ohio is an economic region in transition. Several industry sectors have undergone major restructuring as the result of new technologies and globalization. Despite lackluster economic performance, the region maintains a strong, innovative industrial base well positioned for economic growth and industry transformation. The region's rich asset base and continued industrial strength presents Cuyahoga County with a unique opportunity to revitalize its economy.

The foundational strengths of the Northeast Ohio industrial economy must evolve and adapt to new market realities. Companies must integrate new technologies and develop new competencies to remain competitive. Deploying innovations in precision manufacturing, material science, and chemical and mechanical engineering will foster a new paradigm for the region and drive economic growth.

Many industry sectors have responded and have begun to reinvigorate their innovative capacity. Across the region, innovative industry clusters such as the biosciences, advanced energy, instruments controls and electronics, and advanced materials have begun applying new technologies to streamline production and develop cutting edge, high value-adding products. This industrial evolution is transforming the regional economy and creating the conditions for growing the economy.



Advanced manufacturing will play a critical role in transitioning the regional economy. Small and medium sized manufacturers in particular are well positioned to deploy new technologies, adapt to new supply chains, and enter new growing markets. Achieving this transformation at a meaningful scale will require sophisticated and deliberate support systems and resources. Many manufacturing firms need help identifying specific market opportunities. Connecting companies to the appropriate business development and financial resources will enable them to move more rapidly into and advance the emerging clusters.

Cuyahoga County seeks to accelerate this growth and maximize the potential of businesses and industries already in the region. There are myriad organizations and initiatives that seek to build the networks that foster innovation and identify opportunities for growth. Businesses still need the means to take the critical next step. To that end, the county will fill a gap in the region's economic development ecosystem. The Fund will provide access to growth capital to those businesses that want to expand through acquisition, capturing new markets or diversifying their products and services.

### **Investment Strategy: program description, purpose, target customer-cluster industries**

Companies seek growth capital to finance a transformational event in their life cycle. These companies are typically established businesses, able to generate revenue and operating profits but unable to generate sufficient cash to fund major expansions, acquisitions or other investments. These companies generally find few alternative conduits to secure capital for growth, so access to growth capital is critical to pursue necessary facility expansion, sales and marketing initiatives, equipment purchases, and new product development.

### **Financing Program**

Candidates must be established small-to-medium sized (SMSs) businesses with growth potential. A company must complete an application detailing a description of the specific project. The application should also illustrate how the project will enhance growth, retain and create jobs. Companies will be assessed based on current operations, business development borrowing capacity, potential, product pipeline, commercialization process, management team, and compatibility with county industry clusters.

### **Use of Funds**

#### ***Fixed Asset Financing***

- Land & Building Acquisition
- Building Improvements/Renovations
- New Construction
- Purchase of Machinery & Equipment

#### ***Eligible Businesses***

- Business Net Worth Less Than \$15 Million
- Business Profit After Tax Less Than \$5 Million
- Businesses must be located in Cuyahoga County
- The business must be current on all Cuyahoga County tax obligations
- The business must register with the Cuyahoga County Inspector General's office

#### ***Funding Terms***

- Up to 40% of Total Project Cost may be financed
- Minimum Equity Requirement of 10% of total project cost
- Loan Sizes from \$150,000 to \$1,500,000
- 5 - 10 years leasehold improvements
- 7 - 10 on machinery and equipment
- Up to 15 years on land and building
- Below market rate financing (2% to 4%)
- Job Creation Requirement of 1 New Job for each \$35,000 of funding
  
- Reimbursable training expenses include instructors' salaries, tuition, textbooks / manuals, materials and supplies

## **Business Growth: Large Scale Attraction**

### **Overview: background, problem statement, rationale**

Cuyahoga County is fortunate to possess a highly sophisticated regional economic development system. There are several economic development organizations within Cuyahoga County focused on business attraction and expansion. However, navigating this system is time consuming and often frustrating for businesses that are seeking to locate or expand in Cuyahoga County. Moreover, to be a partner in this ecosystem, the County must have predictable resources to respond quickly when opportunity arises.

Economic development projects are funded primarily through owner equity and private bank financing, with public economic development funds available for “gap financing”. Oftentimes owner equity and conventional bank financing do not provide all of the funding that is needed for projects with significant economic development benefit. Meanwhile, companies seeking to grow or relocate are coveted: as regions work to retain their best employers, they are in competition with other regions seeking to attract those businesses that are poised to move.

Economic development financing tools exist to help fill this funding “gap” and provide incentives to attract and retain those businesses with dramatic economic impact and community benefit to the region. To respond to large scale attraction and retention opportunities that arise from marketing and participation in large scale growth and attraction efforts, gap financing and incentives must be predictably deployed.

### **Investment Strategy: program description, purpose, target industries**

The Large Scale Attraction Loan Program provides businesses with financial assistance to support their job creation in Cuyahoga County. The Program is available to provide gap financing and incentives for large scale growth and attraction opportunities for communities within Cuyahoga County.

The program targets businesses in select industry clusters that create at least 100, new to Cuyahoga County, full time equivalent jobs with an average annual salary at or above the County median annual wage. Projects that create at least 100, new to Cuyahoga County, full time equivalent jobs with an average annual salary 1.5 times above the County median annual wage OR create at least 300, new to Cuyahoga County, full time equivalent jobs AND are willing to utilize 50% of the loan proceeds with vendors located in Cuyahoga County may be eligible for additional incentivization.

### **Primary Activities: investment structure and process**

The program provides long term, fixed-rate financing at interest rates lower than conventional financing. Loans generally range from a minimum of \$200,000 to a maximum of \$3,000,000, up to forty percent (40%) of total project cost. Non-traditional repayment arrangements will be considered for the most catalytic and large scale opportunities. Loan terms are typically 1-3 years on working capital, 5-10 on leasehold improvements, 7 years on equipment and up to 15 years on land and building acquisition. The interest rate is typically between 1% and 7%.

### **Eligibility**

- At least 100, new to the County, full time equivalent jobs with an average annual salary at or above the County median annual wage
- Businesses within the targeted industry clusters
- For-profit commercial, industrial or service businesses that expand or relocate to the County

- Demonstrated ability to repay the loan, maintain adequate collateral and acceptable credit
- County loan cannot exceed 40% of total project cost
- Evidence of other funding commitments must be provided

### **Terms**

- Businesses must provide a minimum of ten percent (10%) equity
- The County will require a second-position mortgage with up to a 90% LTV, minimum DCR of 1.1 and personal and/or corporate guarantees
- Business Hazard insurance in the amount of the loan, naming Cuyahoga County as a loss payee

### **Requirements**

- Borrower will be required to execute a County Workforce Agreement
- Project may be subject to payment of State of Ohio prevailing wages
- Borrowers could be required to repay the full amount of County loan if it moves, sells, fails to complete the project, or fails to create the requisite jobs

***For the County to participate in New Market Tax Credit projects, the County's loan must be to the Leverage Lender and the corporate and/or personal guaranty must be outside the structure.***

Fees: \$250 application fee, 1% loan commitment and origination fee, legal costs, and 1% annual servicing fee

### **Eligible Uses**

Loan proceeds may be used for any legitimate business purpose, including working capital, machinery and equipment, acquisition of land and building, construction, renovations and tenant improvements. Loans cannot be used to refinance debt, purchase inventory or pay other non-capital costs. The County does not finance speculative real estate projects or projects without a committed end user.

### **Partners: leveraged funds and technical assistance**

It is critical for the County to clearly identify its role within the regional economic development system, coordinate deal flow, and leverage regional and state resources in a highly efficient manner. This new county structure for economic development will help to align local efforts within the region, engage partners and coordination with the state. Developing strong collaborative partnerships with other economic development organizations will help the county to leverage its investments and ensure greater success. Within this new regional and statewide collaborative deal flow management system, the county has established a local Deal Team approach. Partners included:

- Team Neo (JobsOhio Partner)
- The Greater Cleveland Partnership
- The Fund for Our Economic Future
- The City of Cleveland
- The Cleveland-Cuyahoga County Port Authority

### **Performance Indicators: metrics, milestones**

There are two sets of performance measures for the loan program: Primary and Secondary. Metrics are also distinguished between those that are directly, and indirectly a consequence of county activity and programs.

### *Primary Metrics*

- Job Creation and Job Placements
- Business Leads Generated into Deals
- Dollars Leveraged
- Follow-on Funding
- Payroll Growth

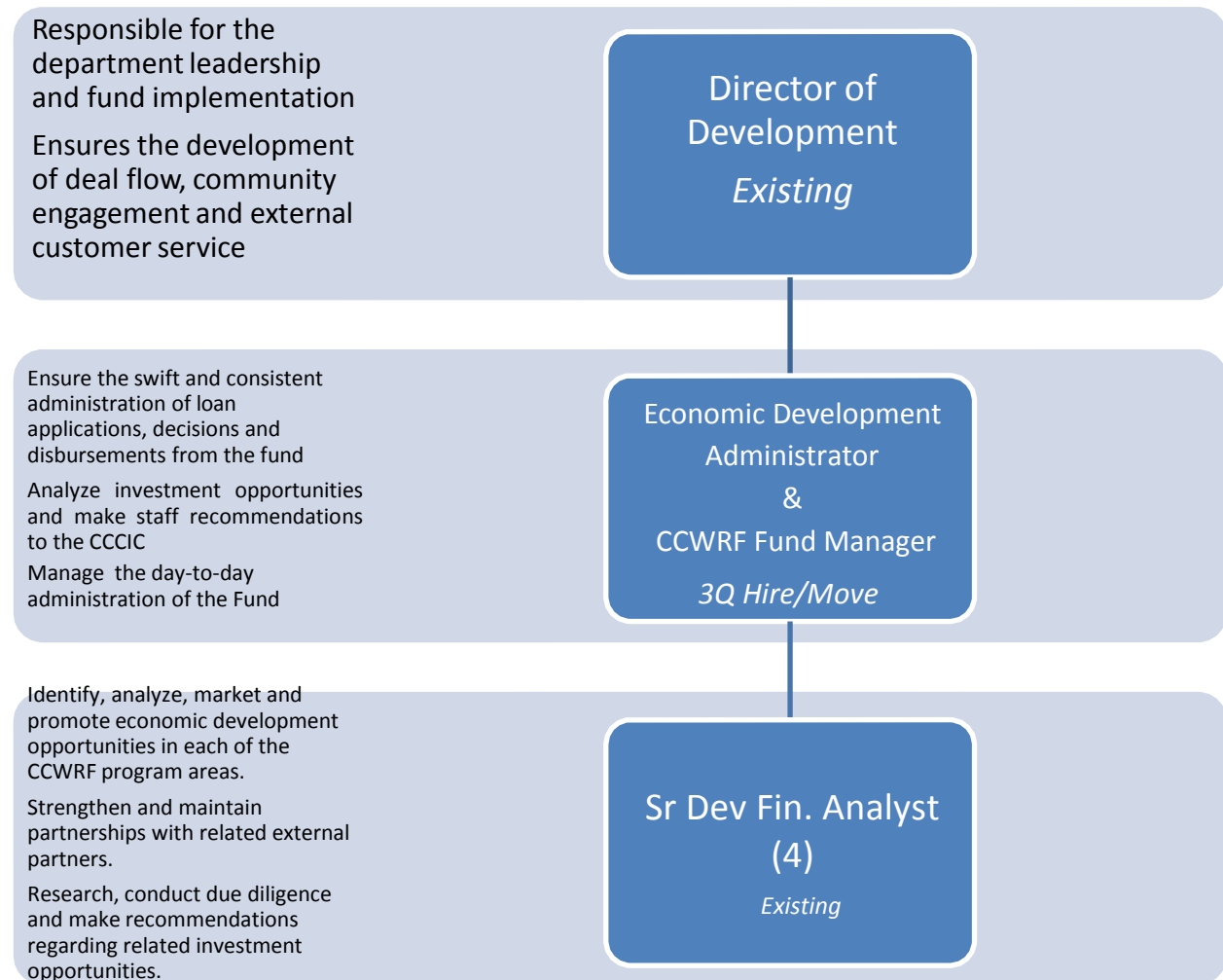
### *Secondary Metrics*

- New Revenue Generated
- Tax Revenue: Sales, Property & Commercial Activity
- Exports
- Skilled Workforce

## Management and Organization

### County Staffing and Administration

The Department of Development will manage the Fund with budgeted staff resources. With internal moves and one new hire in 3Q 2012, the department has the staff in place to implement and administer the CCWRF.



### **Third Party Investment Review: Cuyahoga County Community Improvement Corporation (CCCIC)**

The Cuyahoga County Community Improvement Corporation has been tasked with reviewing and making final funding recommendations for the Fund. Following their external review, applications are subject to the county contracting process.

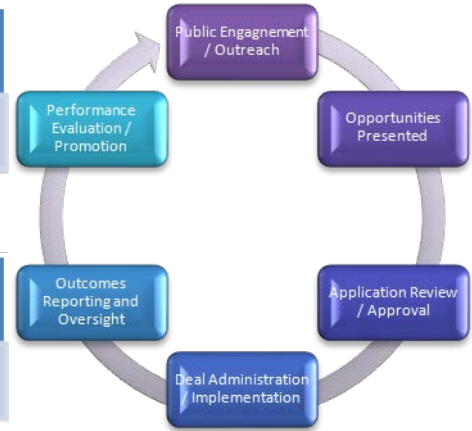
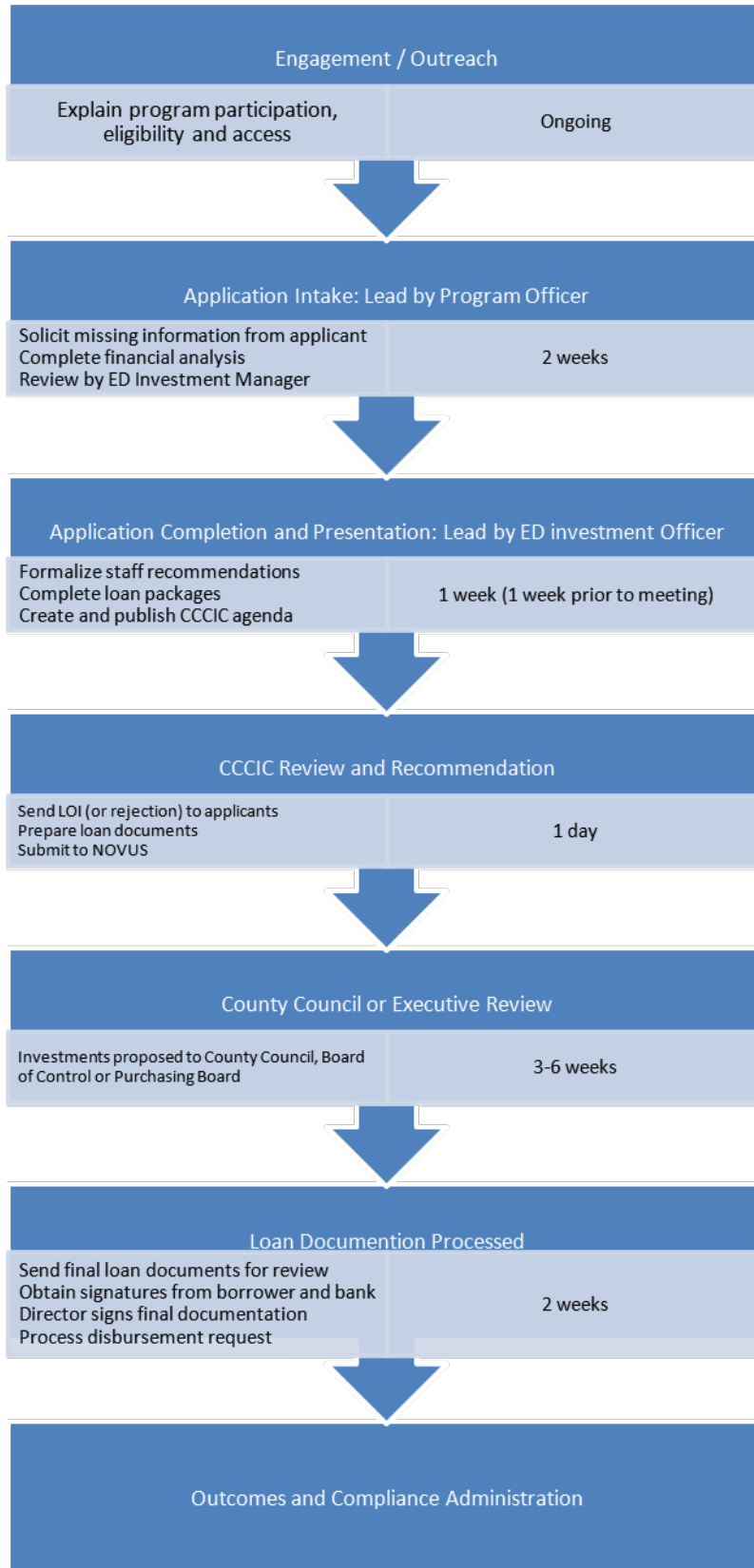
The Cuyahoga County Community Improvement Corporation (CCCIC) is an existing Community Improvement Corporation authorized by O.R.C. Title XVII, §1724 and §1702 for the sole purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development Cuyahoga County. The CCCIC board is Cuyahoga County's formal review agent for certain economic development loan financing requests. It meets in regular meetings open to the public. Consistent with Cuyahoga County Resolution #237321 (July 29, 1982), the CCCIC is composed of eleven Trustees. The CCCIC meets at least monthly (the chair has the ability to call special meetings if needed).

<i>Current Composition</i>	
<b>Name</b>	<b>Affiliation – Expertise</b>
Lenora Lockett	County – Office of Procurement and Diversity
Matt Rubino	County – Budget Director
Larry Benders	County – Economic Development Director
Wade Steen	County – Fiscal Officer
Dave Reines	County – Workforce Investment Board
Vacant	Private –
Jeffrey Bechtel	Private – Banking
Renee Richard	Private – Law
Vacant	Private –
Kirk Jacobson	Private – Banking
Richik Sarkar	Private – Attorney

State law requires that the five County nominations be elected or appointed officials within the county. Current vacancies have provided the opportunity for a change from the six private sector appointments being made directly by the Greater Cleveland Partnership to them being nominated by the Cuyahoga County Executive, in consultation with GCP, and approved by the Cuyahoga County Council. Further, the Trustees will now serve for three-year staggered terms.

The CCCIC is amending its Code of Regulations to reflect the County Charter, the board of Trustees composition recommended above, and to add appointment terms and term limits.

# Application Review and Approval Process





## Evaluation Criteria

Distribution of the Cuyahoga County Western Reserve Fund will be evaluated consistent with the tenets outlined in Investment Approach (p. 7). Because each program has different uses and users, universal application criteria do not exist. Since applications will be accepted on a rolling basis, they will not be scored against one another. Rather, investment opportunities will be evaluated for their impact. However, some programs may be competitive or have minimum qualification criteria before they are evaluated. Potential evaluation criteria include:

- Potential for Follow-on Funding
- Job Creation/Retention
- Exports Expected
- Potential for Patents Files
- Expected Program Income
- Expected Payroll Growth
- Skilled Workforce Growth
- Tax Revenue Increase
- Leverage
- Potential for Catalytic Results
- Potential for Place Creation
- Community's participation in Business Collaboration Agreement
- Credit
- Acres/Square Footage Returned to Productivity
- Impacted Residents
- Reuse of Existing Public Infrastructure
- Export Potential
- Workforce Development

The following score sheet is utilized by DoD staff, in conjunction with the application, to provide an early, quantitative measure of a project's strategic fit, eligibility, quality, community benefit and financial feasibility.

# Cuyahoga County Western Reserve Fund Project Review Form

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**Project Name:** \_\_\_\_\_

**Fund Vertical:** \_\_\_\_\_

**Vertical Program:** \_\_\_\_\_

**Reviewer:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Council District:** \_\_\_\_\_

This document reflects the review of a project's application to the Fund. Its purpose is to provide the DoD, across all verticals, programs and applications, with a uniform set of measures to ensure that each project is fully and fairly reviewed. It is to be used by DoD staff, in conjunction with the application, to provide an early, quantitative measure of a project's strategic fit, eligibility, quality, community benefit and financial feasibility.

**Reviewer:** Complete only one "Project Specific Measures" section.

# CCWRF Project Review Form

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**Strategic Fit:**

**( \_\_\_ of 15 points)**

*Narrative that describes how the project comports with our mission, the CCWRF and County ED Plan.*

**Universal Measures:**

**( \_\_\_ of 5 points)**

Is the project located or to be located in Cuyahoga County? (If Not , explain and justify)	
--	--

Taxes Current?	
----------------	--

Ethics statement signatory?	
-----------------------------	--

Workforce Agreement	
---------------------	--

Municipal Resolution of Support	
---------------------------------	--

Duly Organized in OH?	
-----------------------	--

Other Considerations?	
-----------------------	--

## Project Specific Measures

( \_\_\_ of 35 points)

### Pre-Seed Program: North Coast Opportunities Technology Fund

<b>Company Qualifications (0 - 11 points)</b>	Industry	Is the applicant a high growth, technology company within a targeted industry sector (advance materials, biosciences, electronics, IT, advanced energy)? Is the company a JumpStart Entrepreneurial Network registered and supported company?
	Deal Stage	Does the company's fund raising to date exceed \$1.5 million? Has the company been selected for due diligence with any equity investors? Has the company successfully received funding from Jumpstart Ventures?
	Job Creation	Has the company identified key positions that need to be hired to sustain the growth of the business? Does the company appear to possess a feasible strategy for hiring essential personnel? Are the five-year employment projection in-line with the company's overall growth trajectory?
<b>Score:</b>	Other	
<b>Company/ Opportunity (0 - 12 points)</b>	Product	Breakthrough potential (vs. "a better mousetrap")? Protectable through patent, trade secret, or highly differentiated business model? Features and benefits clearly articulated?
	Market	Is the market well defined? Is there an urgent market need? Could the market grow to \$1B+ in 3-5 years? Is it a high-growth/hot market? If not currently hot or high growth, is there some fundamental change in the market that could help it become high growth? Does the entrepreneur have a feasible (if not yet perfectly formed) idea on how to go to market?
	Management	Is management experienced in the industry in question, committed to the business at hand (through working full time at the business), and apparently interested in growing the business rapidly through issuing equity/getting outside investors? Have they grown a company before and/or raised outside capital before?
	Venturability	Is the company likely to be able to attract venture capital investment in the future? Is it in a space that the venture community tends towards. Is the market and story compelling enough to attract future investors? Do they fit for the next stage (pre-seed)?
<b>Score:</b>	Other	
<b>Project (0 – 12 points)</b>	Will lead to funding	Will the completion of the project truly make the company more attractive to VC and pre-seed investors? Does it fill a very apparent gap for the company? Has a funding organization told the company that doing the project will make them more interesting for funding?
	Well planned and described	Does the description indicate that the company can plan and execute?
	Feasible	Given the company's resources, the availability of NCO funds and the time allotted, does the project appear to be feasible and likely to be completed successfully?
	Efficient and effective use of funds	Is the proposed project and associated project cost effective and efficient. (a project that costs half as much as an equivalently effective project should score higher)
<b>Score:</b>	Other	
Comments:		

## Project Specific Measures

( \_\_\_ of 35 points)

### Next Stage Fund

<b>Company Qualifications (0 - 9 points)</b>	Industry	Is the applicant a high growth, technology company within a targeted industry sector (advance materials, biosciences, electronics, IT, advanced energy)?
	Deal Stage	Is the company a ventured backed company that has successfully raised \$5 to \$7 million? Is the company generating revenue? Are sales growing? Is the company within 12 to 18 months of cash flow positive?
	Job Creation	Has the company identified key positions that need to be hired to sustain the growth of the business? Does the company appear to possess a feasible strategy for hiring essential personnel? Are the five-year employment projection in-line with the company's overall growth trajectory?
<b>Score:</b>	Other	
<b>Company/ Opportunity (0 - 14 points)</b>	Product Intellectual Property	Breakthrough potential (vs. "a better mousetrap")? Protectable through patent, trade secret, or highly differentiated business model? Features and benefits clearly articulated? Does the company possess any patents, patent applications, or license agreements governing IP?
	Market	Is the market well defined? Is there an urgent market need? Could the market grow to \$1B+ in 3-5 years? Is it a high-growth/hot market? If not currently hot or high growth, is there some fundamental change in the market that could help it become high growth? Does the entrepreneur have a feasible (if not yet perfectly formed) idea on how to go to market?
	Financials/ Revenue	Are sale growing? Does the company have positive net worth? Does the company possess a positive cash balance? Does the company possess a sales pipeline that demonstrates feasible income projections? Does the company possess a strong sales forecast visibility?
	Management	Is management experienced in the industry in question, committed to the business at hand (through working full time at the business), and apparently interested in growing the business rapidly through issuing equity/getting outside investors? Have they grown a company before and/or raised outside capital before?
	Venturability	Is the company likely to be able to attract venture capital investment in the future? Is it in a space that the venture community tends towards. Is the market and story compelling enough to attract future investors? Do they fit for the next stage?
<b>Score:</b>	Other	
<b>Project (0 – 12 points)</b>	Will lead to funding or revenue	Will the completion of the project generate more revenue or make the company more attractive to follow-on investors? Does it fill a very apparent gap for the company? Has a funding organization indicated the project will make the company more fundable?
	Well planned and feasible	Does the description indicate that the company can plan and execute? Given the company's resources, the availability of funds and the time allotted, does the project appear to be feasible and likely to be completed successfully?
	Effective use of funds	Is the proposed project and associated project cost effective and efficient. (a project that costs half as much as an equivalently effective project should score higher)
<b>Score:</b>	Other	
Comments:		

## Project Specific Measures

( \_\_\_ of 35 points)

### Commercial Property

#### Property Reutilization / Redevelopment and Modernization

Automatic Ineligibility	Yes/ No	
End Use Commercial or Industrial	If not, then ineligible	
Commitment from End User?	Lease or Letter of Intent If not, then ineligible	
Is applicant responsible for the contamination of the site (PRP)?	If so, then ineligible	
Other		
Company Qualifications	(0 – 11 points)	
Does applicant own or control property for project?	If not, explain	
Other		
Company/Opportunity	(0 – 12 points)	
Targeted Industry Sector	List industry sector	
Is this an existing business located in Cuyahoga County?	Is Business Expanding? Is Business relocating to Cuyahoga County?	
Other		
Project	(0 – 12 points)	
Have environmental assessments been completed?	Phase I ESA? Asbestos Survey?	
Is project located in targeted area?	CRA Improvement Zone ED Innovation Zone Disadvantaged Census Tract	
How long will project take to complete?		
For what purpose will County Assistance be used?	Environmental cleanup Demolition Acquisition (Not to exceed 25% of loan request) Infrastructure Site Clearance	
What is the total project cost?		
What is the % of County participation?		
Are any green/sustainable techniques being utilized in the redevelopment project?		
Other (add comments on additional pages)		

## Project Specific Measures

( \_\_\_ of 35 points)

### Commercial Property

#### Property Reutilization / Site Expansion

Automatic Ineligibility	Yes/ No	
End Use Commercial or Industrial (Parking lots are ineligible)	If not, then ineligible	
Will project create at least 15 jobs within three years of completion? Will 75% of new jobs go to County residents or local college graduates?	If not, then ineligible If not, then ineligible	
Is applicant responsible for the contamination of the site (PRP)?	If so, then ineligible	
Is property currently or formerly a gas station, solid waste facility or greenspace?	If so, then ineligible	
Is property eligible for the Ohio EPA's Voluntary Action Program?	If not, then ineligible	
Commitment from End User in place?	Lease or Letter of Intent? If not, then ineligible	
Other		
Company Qualifications	(0 – 11 points)	
Does applicant own or control property for project?		
Other		
Company/ Opportunity	(0 – 12 points)	
Targeted Industry Sector?		
Other		
Project	(0 – 12 points)	
Have environmental assessments been completed?	Phase I ESA Phase II ESA Remedial Action Plan Asbestos Survey	
Is project located in targeted area?	CRA Improvement Zone ED Innovation Zone Disadvantaged Census Tract	
How long will project take to complete?		
For what purpose will County Assistance be used?	Environmental cleanup Demolition Acquisition (Not to exceed 25% of loan request) Infrastructure Site Clearance	
What is the total project cost?		
What is the % of County participation?		
Are any green/sustainable techniques being utilized in the redevelopment project?		
Other (add comments on additional pages)		

## Project Specific Measures

( \_\_\_ of 35 points)

### Commercial Property:

#### Property Reutilization / Redevelopment Ready

Automatic Ineligibility	Yes/No	
End Use Commercial or Industrial	If not, then ineligible	
Is applicant responsible for the contamination of the site (PRP)?	If so, then ineligible	
Is property currently or formerly a gas station, solid waste facility or green space?	If so, then ineligible	
Is property eligible for the Ohio EPA's Voluntary Action Program?	If not, then ineligible	
Other		
Company Qualifications	(0 – 11 points)	
Commitment from End User?	Lease or Letter of Intent	
Does applicant own or control property?	If not, explain	
Other		
Company/ Opportunity	(0 – 12 points)	
Targeted Industry Sector	List industry sector	
Is End User is existing business in Cuyahoga County	Is Business Expanding? Is Business relocating to Cuyahoga County?	
Other		
Project	(0 – 12 points)	
Have environmental assessments been completed?	Phase I ESA Phase II ESA Remedial Action Plan Asbestos Survey	
Is project located in targeted area?	CRA Improvement Zone ED Innovation Zone Disadvantaged Census Tract	
How long will project take to complete?		
For what purpose will County Assistance be used?	Environmental cleanup, Demolition Acquisition (Not to exceed 35% of loan request) Infrastructure (Not to exceed 15% of loan request) Site Clearance	
What is the total project cost?		
What is the % of County participation?		
Are any green/sustainable techniques being utilized in the redevelopment project?		
Other (add comments on additional pages)		



# Project Specific Measures

( \_\_\_ of 35 points)

## Incumbent Worker Training

Projected Employer Outcomes		
The introduction of new technologies/ new production or service		
Improve the occupational skills of the employers' workforce		
Raise the skill level of workers that leads to promotion, increased earnings, transferability and mobility of skills		
Reduction in employee turnover or layoffs		
Increase production, productivity, efficiencies, and effectiveness for employer		
<b>TRAINING ASSESSMENT</b>	<b>(0 – 11 points)</b>	
How are training needs assessed in the company?		
How are workers recruited and selected for training?		
How will the training support competitiveness in your industry?		
<b>TRAINING CURRICULUM</b>	<b>(0 – 12 points)</b>	
Type of Training		
Training curriculum and process identifies the following: description of what is being taught, # of hours/day, total length of training and supporting activities		
How will the training provider be selected / How are they qualified to provide the training?		
Summary of need for training		
<b>EMPLOYER EXPECTATIONS</b>	<b>(0 – 12 points)</b>	
Training will create opportunity for "backfilling" positions (new jobs)		
Employer will offer promotions or wage increases as a result of training and career advancement		
Employer agreed to list all jobs & future openings with Employment Connection		
Company requires training to remain competitive in industry		
Employees will receive a certification and /or credential as a result of the training		
Other (add comments on additional pages)		

## Project Specific Measures

( \_\_\_ of 35 points)

### Business Growth

#### Accelerated Growth

Automatic Ineligibility	Yes/ No	
End Use: Commercial or Industrial	If not, then ineligible	
Will project create one job per \$35,000 of requested loan	If not, then ineligible	
Other		
Company Qualifications	(0 – 11 points)	
Commitment from End User	Lease or Letter of Intent	
Does Applicant own or control property?	If not, explain	
Other		
Company/Opportunity	(0 – 12 points)	
Is business currently located in Cuyahoga County?	Is this an expansion? Are they relocating to Cuyahoga County?	
Targeted Industry Sector	What sector?: (aerospace, automotive, bioscience, healthcare, energy, R&D, steel, food processing, IT, financial, plastic, etc.)	
Other		
Project	(0 – 12 points)	
Is project located in targeted area?	CRA, Improvement Zone, ED Innovation Zone, Disadvantaged Census Tract?	
How long will project take to complete?		
For what purpose will County Assistance be used?	Working capital, Leasehold improvements, Building renovations, Acquisition, Machinery & Equipment	
What is the total project cost?		
What is the % of County participation?		
Other		

#### Comments:

## Project Specific Measures

( \_\_\_ of 35 points)

### Business Attraction

#### Large Scale Attraction

Automatic Ineligibility	Yes/ No	
End Use: Commercial or Industrial	If not, then ineligible	
Will project create 100 jobs with salaries at or above average County wage?	If not, then ineligible	
Other		
Company Qualifications	(0 – 11 points)	
Commitment from End User	Lease or Letter of Intent	
Does Applicant own or control property?	If not, explain	
Other		
Company/Opportunity	(0 – 12 points)	
Is business currently located in Cuyahoga County?	Is this an expansion? Are they relocating to Cuyahoga County?	
Targeted Industry Sector	What sector?: (aerospace, automotive, bioscience, healthcare, energy, R&D, steel, food processing, IT, financial, plastic, etc.)	
Other		
Project	(0 – 12 points)	
Is project located in targeted area?	CRA, Improvement Zone, ED Innovation Zone, Disadvantaged Census Tract?	
How long will project take to complete?		
For what purpose will County Assistance be used?	Working capital, Leasehold improvements, Building renovations, Acquisition, Machinery & Equipment	
What is the total project cost?		
What is the % of County participation?		
Other		

#### Comments:

<b>Community Benefits:</b>		<b>( ___ of 30 points)</b>	
<b>Job Impact</b>		<b>(0 – 15 points)</b>	
Jobs created			
Jobs retained			
Wages relative to County average			
Connectivity – Is project located along public transportation?			
Is project located in an area experiencing greater than avg. unemployment?			
Willing to use County employment resources (e.g. Veterans, WIA, TANF, MRDD)			
Jobs Other			
<b>Funding</b>		<b>(0 – 7 points)</b>	
% of County incentive to be used to “buy local/regional”			
% participation by DBE/SBE			
Project leverages adjacent projects/investments?			
Funding Other			
<b>Neighborhood Impact</b>		<b>(0 – 8 points)</b>	
Acres and/or square feet returned to reuse			
Has property been vacant or abandoned greater than five years?			
Diversity/Inclusion			
Community Need			
Smart Growth – Mixed use?			
Compact building design?			
Redevelopment in existing community?			
LEED/Green/Sustainability			
Neighborhood Impact Other			
Comments:			

<b>Collaboration</b>		<b>( ___ of 10 points)</b>	
<b>Participation</b>			
Protocol-Signatory Community (5 points)			
Municipal financial/program participation (3 points)			
State or Federal financial/program participation (2 points)			
Comments :			

**Financial Feasibility:****( \_\_\_ of 10 points)**

Financial Statements (3 years)	
3-year Proforma (real estate only)	
Sources and Uses	
% of Owner investment in the project	
Loan to Value (LTV)	
Debt Coverage Ratio (DCR)	
Corporate guarantee(s)	
Personal guarantee(s)	
% Equity	
Evidence of other funding commitments	
Net worth of company	
Sales Growth and/or Industry outlook	

Other Considerations?

**TOTAL:****( \_\_\_ of 105 points)**