



**AGENDA**  
**CUYAHOGA COUNTY ECONOMIC DEVELOPMENT & PLANNING COMMITTEE MEETING**  
**WEDNESDAY, JULY 17, 2013**  
**CUYAHOGA COUNTY JUSTICE CENTER**  
**COUNCIL CHAMBERS – 1<sup>ST</sup> FLOOR**  
**4:00 P.M.**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PUBLIC COMMENT RELATED TO THE AGENDA**
- 4. APPROVAL OF MINUTES FROM JULY 2, 2013 MEETING**
- 5. MATTERS REFERRED TO COMMITTEE**
  - a) R2013-0121: A Resolution adopting the 2013 Economic Development Plan in accordance with Section 7.05 of the Cuyahoga County Charter and Section 801.01 of the Cuyahoga County Code, and declaring the necessity that this Resolution become immediately effective.
- 6. MISCELLANEOUS BUSINESS**
- 7. OTHER PUBLIC COMMENT**
- 8. ADJOURNMENT**

\*In accordance with Ordinance No. O2011-0020, as amended, complimentary parking in the Huntington Park Garage will be available for the public on any day when the Council or any of its committees holds meetings. Please see the Clerk to obtain a parking pass.



## MINUTES

CUYAHOGA COUNTY ECONOMIC DEVELOPMENT & PLANNING COMMITTEE MEETING  
TUESDAY, JULY 2, 2013  
CUYAHOGA COUNTY JUSTICE CENTER  
COUNCIL CHAMBERS – 1<sup>ST</sup> FLOOR  
2:00 P.M.

1. CALL TO ORDER

**Chairman Schron called the meeting to order at 2:10 p.m.**

2. ROLL CALL

**Mr. Schron asked Deputy Clerk Muller to call the roll. Committee members Schron, Jones, Greenspan, Rogers and Simon were in attendance and a quorum was determined.**

3. PUBLIC COMMENT RELATED TO THE AGENDA

**Mr. Larry Benders, Director of Development, addressed the Committee regarding issues of concern to him relating to Resolution No. R2013-0092, A Resolution authorizing a Casino Revenue Fund Loan in the amount not-to-exceed \$4,000,000.00 to Playhouse Square District Development Corporation for streetscape improvements.**

4. APPROVAL OF MINUTES FROM JUNE 17, 2013 MEETING

**A motion was made by Mr. Greenspan, seconded by Mr. Rogers and approved by unanimous vote to approve the minutes of the June 17, 2013 meeting.**

5. MATTERS REFERRED TO COMMITTEE

- a) R2013-0090: A Resolution authorizing a Casino Revenue Fund Loan in the amount not-to-exceed \$1,500,000.00 to 1717 East 9<sup>th</sup> LLC for acquisition, renovation, construction and conversion of the East Ohio Gas Building and parking garage to a mixed-use residential complex; authorizing the Deputy Chief of Staff of Development or Director of

Development to execute all documents consistent with said loan and this Resolution; and declaring the necessity that this Resolution become immediately effective.

**Mr. Larry Benders, Director of Development, and Mr. Nate Kelly, Deputy Chief of Staff for Development; addressed the Committee regarding Resolution No. R2013-0090. Discussion ensued.**

**Committee members and Councilmembers asked questions of Mr. Benders and Mr. Kelly pertaining to the item, which they answered accordingly.**

**Mr. Greenspan introduced an amendment to Resolution R2013-0090 to replace “a Casino Revenue Fund Loan” with “an Economic Development Fund Loan” in the title, in the first whereas clause and in Section 1 of the Resolution and to replace “Casino Tax Revenue Funds” with “the Economic Development Fund” in the second whereas clause of the Resolution. Discussion ensued.**

**A motion was then made by Mr. Greenspan and seconded by Mr. Schron to approve the amendment to Resolution No. R2013-0090. The motion failed with a on a vote of 2 yeas and 3 nays with Committee members Greenspan and Schron voting in the affirmative and Committee members Jones, Rogers and Simon casting dissenting votes.**

**On a motion by Mr. Schron with a second by Ms. Simon, Resolution No. R2013-0090 was considered and approved by unanimous vote to be referred to the full Council agenda with a recommendation for passage under third reading.**

- b) R2013-0091: A Resolution authorizing a Casino Revenue Fund Loan in the amount not-to-exceed \$1,500,000.00 to Flats East Development, LLC for construction of residential and retail components of the Flats East Bank Neighborhood Project – Phase II; authorizing the Deputy Chief of Staff of Development or Director of Development to execute all documents consistent with said loan and this Resolution; and declaring the necessity that this Resolution become immediately effective.

**Mr. Benders and Mr. Kelly addressed the Committee regarding Resolution No. R2013-0091. Discussion ensued.**

**Committee members and Councilmembers asked questions of Mr. Benders and Mr. Kelly pertaining to the item, which they answered accordingly.**

**Mr. Greenspan introduced an amendment to Resolution R2013-0091 to replace “a Casino Revenue Fund Loan” with “an Economic Development Fund Loan” in the title, in the first whereas clause and in Section 1 of the Resolution and to replace “Gross Casino Tax Revenue Funds” with “the Economic Development Fund” in the third whereas clause of the Resolution. Discussion ensued.**

**A motion was then made by Mr. Greenspan and seconded by Mr. Schron to**

**approve the amendment to Resolution No. R2013-0091. The motion failed with a on a vote of 2 yeas and 3 nays with Committee members Greenspan and Schron voting in the affirmative and Committee members Jones, Rogers and Simon casting dissenting votes.**

**On a motion by Mr. Schron with a second by Mr. Rogers, Resolution No. R2013-0091 was considered and approved by unanimous vote to be referred to the full Council agenda with a recommendation for passage under third reading.**

- c) R2013-0092: A Resolution authorizing a Casino Revenue Fund Loan in the amount not-to-exceed \$4,000,000.00 to Playhouse Square District Development Corporation for streetscape improvements; authorizing the Deputy Chief of Staff of Development or Director of Development to execute all documents consistent with said grant and this Resolution; and declaring the necessity that this Resolution become immediately effective.

**A motion was made by Mr. Schron, seconded by Mr. Greenspan and approved by unanimous vote to table Resolution No. R2013-0092.**

- d) R2013-0121: A Resolution adopting the 2013 Economic Development Plan in accordance with Section 7.05 of the Cuyahoga County Charter and Section 801.01 of the Cuyahoga County Code, and declaring the necessity that this Resolution become immediately effective.

**Mr. Benders addressed the Committee regarding Resolution No. R2013-0121. Discussion ensued.**

**Committee members asked questions of Mr. Benders pertaining to the item, which he answered accordingly.**

**No legislative action was taken on Resolution No. R2013-0121 at this time.**

#### 6. MISCELLANEOUS BUSINESS

**There was no miscellaneous business.**

#### 7. OTHER PUBLIC COMMENT

**No other public comments were given.**

#### 8. ADJOURNMENT

**With no further business to discuss, Chairman Schron adjourned the meeting at 3:43 p.m., without objection.**

# County Council of Cuyahoga County, Ohio

## Resolution No. R2013-0121

Sponsored by: <b>County Executive FitzGerald/Department of Development</b>	<b>A Resolution</b> adopting the 2013 Economic Development Plan in accordance with Section 7.05 of the Cuyahoga County Charter and Section 801.01 of the Cuyahoga County Code, and declaring the necessity that this Resolution become immediately effective.
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WHEREAS, Section 7.05 of the Cuyahoga County Charter requires the Director of Development, in conjunction with the County Executive and in consultation with the Economic Development Commission, to prepare and present to the Council by the first day of June of each year a proposed five-year economic development plan for the County, for actions to be carried out by the County itself, and in cooperation with other public and private agencies and organizations, for the purpose of enhancing the prosperity and well-being of the County and its residents and communities; and

WHEREAS, it is necessary that this Resolution become immediately effective in order that critical services provided by Cuyahoga County can commence and continue on behalf of the various municipalities within the County's jurisdiction.

### **NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:**

**SECTION 1.** The County's 2013 five-year economic development plan, including all changes thereto approved by Council, is hereby adopted in accordance with Section 7.05 of the Cuyahoga County Charter and Section 801.01 of the Cuyahoga County Code. The final adopted plan is attached hereto as Exhibit A and incorporated herein by reference.

**SECTION 2.** It is necessary that this Resolution become immediately effective for the usual daily operation of the County and the reasons set forth in the preamble. Provided that this Resolution receives the affirmative vote of at least eight members of Council, it shall take effect and be in force immediately upon the earliest occurrence of any of the following: (1) its approval by the County Executive through signature, (2) the expiration of the time during which it may be disapproved by the County Executive under Section 3.10(6) of the Cuyahoga County Charter, or (3) its passage by at least eight members of Council after disapproval pursuant to Section 3.10(7) of the Cuyahoga County Charter. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.



**CUYAHOGA COUNTY**  
**ECONOMIC DEVELOPMENT PLAN - YEAR III**  
**5/30/13**

**Executive Summary**

Cuyahoga County annually updates the Five Year Economic Development Plan, initially created in 2011, to define and prioritize its development goals and strategies. The inaugural Plan set forth a new model and charge for making strategic investments across the County that would foster strong, economically sound communities, drive business growth and create jobs and opportunity for residents.

The Five Year Economic Development Plan adopts an investment approach that fosters economic growth and prosperity for Cuyahoga County and our region. The goal of the plan is to create an environment that supports business and job growth, attracts capital, leverages private investment, fosters innovation, incentivizes collaboration, enhances human capital development, and improves the quality of life for all residents.

***Mission: Improve the County's global competitiveness through strategic investments that foster economic growth and create vibrant, healthy and welcoming places for businesses and residents to prosper.***

To fulfill the mission and realize the vision, the plan has an integrated investment strategy that identifies two fundamental economic development priorities

- Business Development – thriving, competitive, growing businesses
- Place-based Development – vibrant, dynamic, quality places

By utilizing this investment approach in place-based business development, the County is achieving the mission of the Plan and making real progress towards revitalizing the Cuyahoga County economy. Implementing this strategy is helping to establish a vibrant, economically competitive region, creating jobs, opportunity and prosperity for all residents.

***Vision: Cuyahoga County is a vibrant, economically competitive region, creating jobs, wealth, opportunity, and prosperity for businesses and residents.***

The plan incorporates a seamless strategy that supports economic development initiatives within a geographic context. The objective is to create high-quality, well-connected places with a critical mass of economic activity that provide businesses and residents the opportunity to thrive.

The County is making its strategic investments incorporating the following key principles:

## **Investment Principles**

- Collaboration – The County partners with the public, private and nonprofit sectors throughout Northeast Ohio to maximize the amount of resources being deployed to support initiatives, maximize the effectiveness of those investments, and learn what works.
- Inclusiveness – The County makes investments that create opportunity for all county residents, with a particular emphasis on racially and economically isolated populations. The economic competitiveness of the County is inextricably tied to the success of historically isolated populations. In order to become a transformative region, the County must strive to be a welcoming place to both transplant and immigrant populations. To that end, this plan fully embraces the work of the Cuyahoga County Equity Committee, reflected in their October 26, 2010 report).
- Innovation – The County is ensuring that the overall plan fosters an entrepreneurial culture of innovation. The County seeks creative solutions that operate outside the box. Its investments are structured to support dynamic industry sectors or clusters that are transformational and at a scale sufficient to grow the economic base of the County.
- Sustainability – The County is fostering economic transformation in a manner that promotes economic growth, social well being, and environmental stewardship that is systemic and sustainable into the future.
- Accountability – This plan is being implemented using a carefully devised set of metrics which enable the County to continuously monitor progress being made toward achieving our goals and to make data-driven adjustments to the plan, as needed.
- Transparency – The residents of the county can easily track where our public resources are being invested and the returns being generated by those investments.

The Year III Plan Update herein represents the County’s continued work toward the Plan’s basic mission and priorities, progress achieved within its programmatic objectives, and changes, if any, made in its strategic economic development approaches.

## **PART 1: Overview**

The inaugural Five Year Economic Development Plan began with the following words:

*The place is here. The time is now. We can no longer wait for, nor rely upon largesse from Washington or Columbus to direct our future. We cannot wait for incremental resources or another stimulus to save the day. We must decide what we want our county to be and how we are going to*



*get it there.*

*The time is right and Cuyahoga County is the right place for an aggressive, focused economic development plan that will leverage regional assets, build off of long-standing strengths, and take advantage of global changes to drive growth in jobs, incomes and property values.*

While the Five Year Plan represented the first comprehensive effort by the government of Cuyahoga County to drive economic growth, economic development activity was not a new endeavor to the County or the broader Northeast Ohio region. The plan was built upon many successes, experiences and programs of the County and its valued economic development partners in the public, private and philanthropic sectors. Moreover, the plan reflected the reality that successful economic development in Cuyahoga County is not determined solely by what occurs within our county's borders.

Our county is part of a larger, \$170 billion regional economy that encompasses 15 sister counties. In the past decade, guided by work of the business community, led by the Greater Cleveland Partnership, Team NEO and the Fund for Our Economic Future, the region has become very aware that economic development is a team sport, with no one player able to make much impact without partnerships, alignment and collaboration. To maximize the County's economic growth, the plan has been aligned to take advantage of the regional economic strategies embodied in Advance Northeast Ohio, the region's current economic competitiveness plan. As the new Northeast Ohio Regional Economic Competitiveness Strategy (RECS) is being fully developed, the County is actively participating in this process, and will be aligned with this critical strategy upgrade as well.

**Time right for the plan.** Our county's residents issued a clear mandate under the new charter "job creation and economic growth as a fundamental government purpose." The global economy is undergoing a fundamental restructuring in the wake of the Great Recession. As the Brookings Institution recently noted: "We need to rebalance the American economy and cultivate the fundamentals that can bring prosperity back: robust exports, low-carbon technology, continuous innovation, and opportunity for all."

The fundamental rebalancing of the economy – globally, nationally and regionally – presented Cuyahoga County with an ideal opportunity to develop a strategy that takes advantage of those changes, rather than simply reacting to them. The time was right for Cuyahoga County to prepare to benefit from the "next economy."

**The right place for the plan.** The ongoing rebalancing of the economy is good news for Cuyahoga County. The last economy – rooted in consumption and housing booms turned bust – did not play to the County's strengths in manufacturing, materials, and medicine. But the next economy does, as it will be powered by the production of innovative products sold in growing global markets. The development of those products is dependent on innovation assets – such as research institutions like

NASA Glenn, the Cleveland Clinic, and University Hospitals and higher education institutions such as Cleveland State University Case Western Reserve University and John Carroll University that proudly call our county home.

Those local assets are well connected with regional resources – ranging from new industry cluster development guided by NorTech, to venture capital attracted by JumpStart, to manufacturing innovation advanced by MAGNET – that are boosting our companies’ (both established and new) ability to develop those products.

## **PART 2: Economic Development Plan – Year III**

On July 26, 2011 the County Council approved the first Five Year Plan through Ordinance O2011-0026. As we enter Year III, the County has moved effectively from the establishment of policies and building critical capacity in Years I and II to fully implementing its portfolio of economic development programs and creating jobs. Much has been accomplished through Year II and the momentum will continue in Year III.

### **Economic Development Priorities**

With the City of Cleveland as its “capitol”, Cuyahoga County is the hub of the Northeast Ohio regional economy and is well positioned to grow and lead our region in the next iteration of the global economy. The County is part of a vibrant, economically competitive region with a rich asset base upon which to build and grow.

***Mission: Improve the County’s global competitiveness through strategic investments that foster economic growth and create vibrant, healthy and welcoming places for businesses and residents to prosper.***

Spurring economic growth and revitalizing our regional economy requires an innovative and transformative investment strategy. Fostering robust economic growth requires an integrated approach that combines two fundamental economic development priorities:

- Business Development – thriving, competitive, growing businesses
- Place-based Development – vibrant, dynamic, quality places

Business development and place-based development investments are designed to:

1. Create high-quality, well-connected places that provide our residents with great communities to live, work, play and learn.
2. Prepare our residents for the jobs and careers of today and tomorrow.
3. Accelerate business growth by connecting existing and new companies to regional resources that will help them invent, commercialize, make and sell new products to growing global markets.

## **Assets Meet Opportunity**

Cuyahoga County has many assets that are the foundation of the regional economy and drive the global competitiveness of the region. These assets include: charitable foundations and a history of philanthropy; some of the world's greatest medical institutions; unparalleled federal, state, regional and local park systems; robust physical infrastructure and high speed broadband connectivity; artists and cultural institutions; world-class museums, orchestra and theatres; universities, research organizations, a national lab and intellectual capital; the earth's 12<sup>th</sup> largest freshwater lake fed by rivers and streams that offer miles of lake and river fronts; locational advantages that give us access to the heart of the North American economy coupled with one of the nation's best business logistics systems; industrial capacity and a rich history of innovation, and manufacturing and entrepreneurship.

Moreover, the County has features that are not often categorized as assets, but are assets when viewed through the lens of opportunity. These include thousands of acres of underperforming land, underutilized infrastructure, underperforming human potential and the beauty provided by the County's natural systems.

The County certainly has much upon which to build to improve economic competitiveness and prosperity if we can be more effective at thinking, planning and acting like an interdependent part of a dynamic local, regional and global economy.

## **Building on our assets to achieve our mission defines our vision**

***Vision: Cuyahoga County is a vibrant, economically competitive region, creating jobs, wealth, opportunity, and prosperity for businesses and residents.***

## **Strategic Theme**

Cuyahoga County is well positioned to become a dynamic economic hub of opportunity for businesses to prosper and for residents to have meaningful, gainful employment, and to live healthy lives. Through innovation, education, strategic investments, and collaboration, the County can improve its global economic competitiveness.

### **Innovation**

- Ensure that the overall plan and specific investments support a culture of innovation in products, processes, and services that are transformational and at a scale sufficient to grow the economic base of the County.
- Encourage universities, businesses, non-profit organizations and governments to work closely together to commercialize market-ready research.
- Foster innovative use of public, private and philanthropic sector dollars to achieve the vision and evaluation of results.

- Promote green and sustainable technologies and solutions to address market and environmental failures and create new economic development opportunities.

### **Education**

- Instill a culture of and commitment to continuous learning, recognizing that learning begins at the earliest stages of childhood through primary, secondary and post-secondary education, and throughout one's life.
- Ensure education and training opportunities which prepare individuals to compete for meaningful jobs with sustainable wages are made available for all able citizens.
- Encourage educators, trainers, businesses and public sector agencies to work together closely to identify and train the workforce needed by tomorrow's growth sectors, to retain today's workers, and attract the next generation of workers.

### **Collaboration**

- Design and articulate a shared vision for the County, construct a strategic framework, establish systems and structures to support it, and then collaborate with the County's communities and within the region to achieve the vision.
- Create a state and federal advocacy strategy that articulates our mutually supportive regional top priorities and recognizes the distinct role of each governmental entity, non-profit organization, and business leader in carrying out that vision.
- Encourage, public, private and civic organizations and individuals to partner and collaborate in the creation and implementation of the Plan.

### **Investment**

- Make investments within a strategic, asset-based framework following a philosophy of capitalizing strategies, not just funding individual projects.
- Provide additional resources for investment by eliminating costs, leveraging current revenues and introducing new revenue sources.
- Invest resources stating specific goals for returns on investments over time, recognizing short-term milestones achieved and exercising patience with respect to long-term goals.
- Leverage additional county, municipal, state, federal, private, civic and philanthropic funds to make available enough resources to significantly move the needle on the County's economy as measured by relevant indicators over the next five to ten years.
- Invest in high performance county economic development management capacity.
- Expand access to investment opportunities for historically economic isolated populations. Increase economic access and opportunities for all residents; strive to be a welcoming place to minority and economically isolated populations as well as new transplants and immigrants.

## **Economic Development Plan Implementation**

Implementation of the Plan has been geared to achieve the following objectives:

- **Align County Economic Development Efforts** – All of our efforts reflect the transformation needed to fulfill Article 7, Section 1 of the Cuyahoga County Charter that "the County shall have as a primary responsibility the promotion and enhancement of the economic well-being and prosperity of the County and all of its residents." This requires a large increase in overall effort and commitment of resources and an alignment of all of the County's activities with this primary responsibility for economic well-being.
- **Focus Investments** – The County has reorganized its investment activities so that they follow from a strategic, asset-based framework built around the overall mission and vision, rather than just funding individual projects.
- **Define the County Role** – There are hundreds of organizations--public, private, and non-profit--in Cuyahoga County that have economic development as part of their mission. The County has been determining what roles it can best play to ensure that investment, innovation, education, and collaboration are implemented according to a shared vision and direction.
- **Eliminate Barriers** – The County's economic development plan includes efforts to eliminate or reduce barriers to success, such as duplicative or poorly coordinated regulatory requirements, and inefficient governmental operations.

## **Achieving the Vision and fulfilling our Mission: The Cuyahoga County Western Reserve Fund**

Fostering a robust, globally-competitive economy with opportunities and access available to all citizens requires an integrated approach that combines business development and place-based development seamlessly. That is, we must support economic development opportunities within place-based geographic environments that are attractive to residents, skilled workers, entrepreneurs, businesses, professionals, immigrants and investment capital. The following investment strategy addresses the priorities of the plan by determining the optimum investment role for the County and defining actions that will support economic growth.

## **PART 3: Investment Strategy**

Economic development is the process of enhancing and maximizing the inputs of production (land, labor, innovation, and capital) to improve the economic competitiveness of the region and create economic opportunities for businesses and individuals. Implementing an integrated investment strategy that emphasizes business development and place-based development establishes a vibrant, economically competitive region, creating jobs, opportunity and prosperity for all businesses and residents.

## **1. Economic Development Approach**

Cuyahoga County's approach to economic growth has shifted from project driven investments towards a calculated and strategic investment approach. In 2011, the County underwent a yearlong effort to develop a plan to strategically invest in economic development on a meaningful scale. The County engaged with the public, economic development professionals, industry leaders, and community stakeholders to define development priorities and strategies that will deliver job creation and prosperity for Greater Cleveland. This effort was recommended by the initial Five Year Economic Development Plan. The Five Year Plan called for the creation of an economic development fund to drive outcomes, foster collaboration and partnerships, and leverage expertise and invest dollars. The economic development fund was and is envisioned as the mechanism to implement the strategies most essential to fulfilling the mission of economic well-being.

In January 2012, Cuyahoga County Council and the Executive approved the creation of the Cuyahoga County Western Reserve Fund and adopted a detailed investment business plan (Appendix I). The Fund Business Plan is the embodiment of the Five Year Economic Development Plan. The Fund Business Plan laid out detailed programs that drive economic growth and job creation and enable the County to fulfill the mission and vision of the Five Year Economic Development Plan. The economic development investment strategy identifies three vital components of growth:

### **Innovation & Entrepreneurship**

Innovation is the life blood of any healthy economy. The ability to create better or more effective products, processes, services, technologies, or ideas that are accepted by markets, governments, and society is a direct indicator of an economy's ability to add value and grow. It is vital for the County to facilitate and accelerate innovation development in order to create an environment conducive for economic growth. 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.

Supporting entrepreneurship not only helps drive economic growth, but it is also an effective way to generate economic opportunity for low-income individuals or groups that have traditionally been economically isolated. Entrepreneurial development creates opportunities to achieve economic self-sufficiency, create wealth, and transform underserved neighborhoods.

The County identified four key aspects of innovation development that are designed to cultivate innovation and nourish early stage companies along the capital formation continuum and product life-cycle.

1. **Micro Enterprise:** finances business too small or unestablished for traditional lenders
2. **Pre-Seed Fund:** early stage funding to accelerate growth and attract investors

3. **Next Stage Fund:** invests in companies primed for full commercial launch
4. **Innovation Match:** provides local match required by federal and state innovation grants

#### Business Growth, Commercialization and Attraction

Business growth, commercialization, and attraction are a critical source of job creation and economic growth. Creating a globally competitive economic environment for businesses to grow and thrive requires a development approach that attracts entrepreneurs, businesses, professionals, and investment capital to locate, expand, and remain in Cuyahoga County. Creating access to flexible, dynamic sources of capital that address the growth needs of businesses will stimulate private investment and improve the economic landscape.

The County has identified four business development strategies to reinvigorate our economic competitiveness, encourage private investment and business growth, and create high value jobs. These four strategies address the fundamental gaps that often stifle growth and hinder investment.

1. **Small Business Growth:** increase access to traditional lending markets
2. **Incumbent Worker Training:** reimburse expenses for retraining workers
3. **Accelerated Growth:** capital for expansion, acquisition for new markets and diversification
4. **Large Scale Attraction:** gap financing and incentives for large scale growth and attraction

#### Commercial Property Reutilization, Expansion and Acquisition

Firms that are growing need to modernize and expand. Having development sites ready to meet the expansion and relocation plans of companies is essential. When companies are growing and require more space, they seek properties that can be available in a timely manner. Sites that are complicated by potential environmental issues or by functionally obsolete space or by vacant buildings that require demolition, possess significant cost disadvantage.

Our legacy industries have left vacant buildings and contaminated land in the core city and many inner-ring suburbs. The challenge facing older commercial and industrial land is often reinforcing and contributes to continued disinvestment. Growing businesses lack the additional capital and expertise necessary to address these redevelopment issues.

The key to reutilizing and redeveloping land is to provide applicable, attractive and relevant programs that provide swift and clear opportunities for companies to address complicated redevelopment issues. The County is actively engaging with companies seeking to locate, expand, or modernize in areas already served by existing infrastructure and transportation networks. As

such, the preparation of land for redevelopment and the rapid response for the modernization of existing properties is a key piece in the County's place-based economic development plan. The County has devised a strategy to address the property needs for successful companies already in Cuyahoga County, and help them grow in place.

1. **Redevelopment and Modernization:** finances existing site improvements, including modernization
2. **Site Expansion:** finances environmental cleanup of sites adjacent to existing end-user
3. **Redevelopment Ready:** finances environmental cleanup of underutilized sites with or without end-users

## **2. Quality Place-Based Development**

Leveraging and harmonizing unique place-based assets is critical to creating an environment for a competitive economic landscape. Increasingly, studies have shown that business leaders consider the quality of place when determining where to start or relocate. Businesses must consider how location will affect the organizations ability to operate and grow.

Cuyahoga County is striving to leverage the region's human capital, infrastructure, community and neighborhood assets, institutional and industrial strengths, and cultural resources in a manner that supports and fosters economic growth. The County's economic growth strategy is to maximize core assets and anchor institutions and improve the quality of life. This approach helps to ensure fiscal and economic sustainability and future economic growth. Implementing a place-based development strategy to complement a business development strategy provides a framework for attracting and retaining businesses and high skilled, talented workers.

It is paramount to continue addressing these foundational elements of our economy and the community that define the place of Cuyahoga County.

### **Cuyahoga County Western Reserve Plan**

In order to effectuate real progress and transform our regional economy requires a strategic approach that addresses the foundational elements of our economy and our community. In March of 2012 County Executive Edward FitzGerald presented a practical, 12-point plan for creating a vibrant, dynamic, attractive place that is economically competitive. The Western Reserve Plan is a placed-based development strategy that calls for investing in the core aspects of the economy that will establish a community that offers economic opportunity and provides an enduring place to live, work and thrive. The Western Reserve Plan serves as roadmap for investing in place.

The Western Reserve Plan pinpoints investments in five key areas:

#### *Education:*

- Identifying education, from early childhood forward, as the central factor in individual and



community success.

- Honoring the service of our veterans by giving them priority in hiring, training and education.

#### *Government*

- Implementing a practical strategy for creating a functioning, county-wide metropolitan government.
- Creating a culture within county government which implements on a continual basis nationally recognized good government practices and innovations.

#### *Health and Safety*

- Aligning and coordinating both public and private resources around our most pressing human service needs.
- Embracing a health and wellness culture which mirrors the excellence of our major medical institutions.
- Protecting our county by leading a county-wide public safety initiative.

#### *Economic Opportunity*

- Establishing Greater Cleveland as a center of entrepreneurship and job growth.
- Incorporating economic inclusion as a guiding principle in our economic development strategy.
- Branding our metropolitan area as an international city which harnesses the energy of our younger generations.

#### *Built Environment*

- Designing a place-based development strategy which recognizes the centrality of downtown Cleveland to the region as a whole.
- Adopting a collaborative approach to the foreclosure crisis- from prevention to restoration.

Supporting economic development opportunities within a place-based geographic context is an effective way to foster a vibrant, dynamic, and attractive economy. The value-add proposition of place-based development is achieved by creating a critical mass of economic activity and leveraging assets and investments within a defined place to drive growth. Successfully implementing a place-based development strategy requires focusing investments in selected geographic places that respond to the unique qualities and assets of the place.

The Department of Development is addressing this objective by focusing early investment from new casino tax revenue toward the asset rich geography of the Cleveland Downtown District, defined as the area from West 25<sup>th</sup> east to CSU and from the Lake south to the Innerbelt Bridge.

This geography represents the core of the County and the region and possesses a wealth of anchor institutions and assets. This approach is designed to establish business-friendly environments and foster enduring networks of place that are attractive to entrepreneurs, businesses, residents, and investment.

### **Housing Strategy**

Housing is a major piece in place-based development. Creating high-quality, well connected places that offer diverse housing choices and provide access to enduring networks to live, work, and play is vital. Housing plays a critical role in defining a place. Therefore a housing strategy is an important aspect for the County's place-based development efforts.

A wide range of stakeholders including academics, local governments, community development corporations, nonprofit housing agencies, and private developers, are engaged in a housing policy development and refinement process with County professional staff.

Overview: Cuyahoga County's actions and expenditures affecting its housing stock should be directed towards three key desired outcomes:

1. Attract new residents who will contribute to the county's economic growth by starting businesses and filling unmet staffing needs in existing businesses, and
2. Retain existing residents who will continue to support the county's economic well being through the taxes they pay and goods and services they purchase within the county, and
3. Conserve limited resources by using appropriate housing interventions to prevent more costly demands on publicly funded emergency, social service, medical, and justice systems.

Constraints: Ohio Home Rule leaves Cuyahoga County with little direct control over where and what type of new housing may be constructed. Federal funds available for housing development always come with income limits attached. A backlog of delinquent mortgages headed towards foreclosure filing in 2012 forces our attention to foreclosure prevention and recovery programs.

Resources: Traditional financial resources include federal housing development funds, energy-efficiency grant financing for housing renovations, authority to issue tax-exempt housing bonds, and linked deposits to encourage below-market housing renovation lending by local banks. Innovative financial resources include loss reserves to support private lending, equity participation in housing developments with appreciation potential, and tax increment financing.

Other resources include the county's capacity to make infrastructure improvements in support of housing, the county's legal authority to direct the work of its Planning Commission, and the county's well-financed Land Reutilization Corporation

Allocation Principles: Demand for housing development subsidy will always exceed its supply.

Competing funding opportunities must be evaluated to direct limited resources towards projects and programs with the greatest desired outcomes relative to the amount of county investment.

Program Examples: Subject to further development in consultation with our stakeholders, examples of county level programs to support each of the county's desired outcomes are:

1) Attract New Residents:

- a) On a competitive basis, provide significant funding to catalytic housing development projects that will attract large numbers of well educated, highly skilled, workers and entrepreneurs currently living outside Cuyahoga County. Evaluate each project in terms of the number of new residents it will bring for each county dollar invested and for its contribution to positioning Cuyahoga County as a desirable place to choose to live.
- b) Research national best practices in repositioning older, traditionally developed urban neighborhoods and inner ring suburbs as desirable places for families to choose to locate. Identify the housing components of these practices and offer significant funding to neighborhoods and suburbs able to carry out both housing and non-housing components. The goal of this program is to attract well-off families to purchase homes in these areas.

County funds will support at least one downtown rental housing project of scale; and federal Neighborhood Stabilization Program funds passed through the County are supporting renovation and resale of vacant houses in concentrated and targeted areas of inner ring suburbs.

2) Retain Existing Residents:

- a) Identify gaps in existing financing for home repairs and improvements, such as lack of equity to support traditional secured loans due to market value decline, and develop financing tools to fill these gaps. Private financing is preferred, with public support if truly needed, while public financing may be required for limited income homeowners.
- b) On a competitive basis, provide "gap" funding to well-planned and well-sited housing development projects that meet the housing needs and preferences of older residents.
- c) On a competitive basis, provide funding to innovative housing redevelopment projects that adapt existing housing stock to offer amenities otherwise found outside the county.
- d) Research national best practices for keeping financially distressed homeowners living in their homes, either as owners or renters, and provide public financial incentives for private and nonprofit partners to operate programs with proven track records in this area.

Linked deposits of county funds in support of bank home repair lending were re-authorized by County Council. New bank agreements were signed to increase lending for both general home repairs and also historically accurate repairs to historically significant houses.

3) Conserve Public Resources:

- a) Direct our County Planning Commission to analyze neighborhood housing markets on a countywide basis, in order to rationally determine which types of housing investments are most appropriate in various neighborhoods. Funding for demolitions, existing housing repairs, and new housing development would be guided by this analysis. Since market conditions are changing, the analysis would be updated on a regular basis.
- b) Continue support for low-income housing assistance programs that minimize cost to other public systems. For example, permanent supportive housing for the chronically homeless is known to drastically reduce their medical and criminal justice system costs.
- c) Continue support for operating proven housing-related social services, such as foreclosure prevention counseling, while studying and evaluating national best practices in the rapidly changing mortgage servicing and troubled mortgage workout systems.

County is funding to develop permanent supportive housing for the homeless, and to provide foreclosure prevention counseling to financially distressed homeowners, continues.

**PART 4: Investment Principles**

The County's investments incorporate the following qualities and principles:

**1. Collaboration and Determination of the County Role**

This plan works to coordinate the economic development efforts of the County and the region. The County must work with local civic leaders, non-profit institutions, and the private sector to foster constructive regional cooperation that looks beyond political or institutional boundaries. Collectively we must articulate our regional top priorities with one voice and unite to advocate our vision with state and federal leaders. We are stronger when Northeast Ohio shares a mutually supportive vision for economic development, and realizes the distinct role of each governmental entity, non-profit organization, and business leader in carrying out that vision.

The realization that Cuyahoga County, encompassing its core city of Cleveland and 58 additional municipalities, is part of a broader economic development system must be reflected in the County's investment decision making process. Consequently, the County has taken major steps to understand the current landscape of potential economic development partners and to determine how the County can best leverage and collaborate with those partners, bringing its unique programs and assets to the collective effort.

To this end, the County initiated The Protocol project to create a process for aggregating data and information of use to the ED system and the County's municipalities. Signed by all 59 communities DOD is now perfecting and utilizing this important collaborative tool.

The most important collaboration to determine our ultimate success is strong public-private-non-profit sector interaction, beginning with each sector doing what it does best: the public sector

creating the environment for economic growth and filling market gaps with programs for the general welfare of its citizens, the private sector creating economic value that supports job creation, and the non-profit sector creating knowledge, providing resources and in other ways creating social value. This effort involves coordination with a myriad of current economic development players in Cuyahoga County and their respective roles.

### NEO Regional Economic Development System



Ned Hill, Dean, Levin College of Urban Affairs  
Cleveland State University

Themes of collaboration:

- **Single Access Point** - Creating a much needed single location for businesses to access all information relevant to their decision to locate or expand. The County recognizes that in order to improve the competitiveness of the region and create opportunities for businesses and individuals, it is critical to collaborate with the various economic development organizations, institutions, and local government to streamline and standardize how economic development incentives are accessed and delivered. This helps businesses locating in and moving to Cuyahoga County more easily navigate information regarding incentives and strategic investment areas.
- **Regional Network** - The County has been developing strong collaborative partnerships with JobsOhio, GCP, TeamNeo and other economic development organizations to help leverage its investments and ensure greater success. Within this new regional and statewide collaborative deal flow management system, the County has reconstituted the local Deal Team approach and its regular meetings have yielded several large and successful deals.
- **Commercialization** – Defining the County role in accelerating technology transfer and commercialization. Northeast Ohio has developed a robust entrepreneurial ecosystem with a

diversity of early-stage sources, supporting innovative start-up companies with high-growth potential. The ecosystem is comprised of a network of entrepreneurial support organizations that actively work together to help high-growth companies grow within the region. Simultaneously, the region possesses some of the highest ranked research and educational institutions in the nation.

Combined, the entrepreneurial network and research institutions have helped to accelerate much of the innovation and commercialization activity in Northeast Ohio. Not only have early-stage companies benefited from this ecosystem, but so too have major corporations that have partnered with these entities to introduce new products into the market. In the past two years The County has successfully funded the commercialization of large and small operations.

## **2. Inclusion**

Inclusiveness is a major component in determining the economic competitiveness of a region. According to research by the Cuyahoga County Economic Inclusion Task Force, per capita income across the Cleveland metropolitan area is \$40,849, while in the City of Cleveland, per capita income stands at \$15,540. Economic disparities such as per capita income threaten the vitality of our economy.

In order to become a transformative region, the County is striving to be an economically welcoming place, providing opportunity to economically isolated populations as well as to new comers, both transplants and immigrants. The success of the County is inextricably tied to the success of historically isolated populations. As part of business growth, the County is working to grow the number and size of minority-owned enterprises, expand access for minority and economically isolated residents to educational training and business opportunities, and sustain a system that generates economic access and opportunities for all residents, particularly historically isolated populations.

It is of utmost importance that any plan for the area generally, and for this county in particular, fully embrace the diversity of our region in the broadest sense. We aspire to experience economic growth and quality of place that fosters inclusion and addresses disparities at every step. This plan fully embraces the work of the Cuyahoga County Equity Committee, reflected in their October 26, 2010 report. Central to the success of the Department of Development will be its ability to serve the diverse constituents, geographies and municipalities of our county in an equitable fashion.

We are doing this by utilizing our current efforts of serving low-moderate income families, targeting areas of greatest need in our local municipalities, providing economic opportunities for minority based businesses, and tracking the demographics of those we serve as a baseline for future measurement in all of our programs and functions. To the extent allowable by law, the County is working to measure and evaluate programs and investments on their ability to deliver the outcomes espoused in this plan including diversity of suppliers, contracting and employment. Funding

source or compliance requirements are not solely the driving force behind what and how we measure; good measurement regarding diversity will be done as a matter of course. We seek to measure “who” received the investment, who benefited, and “where” that investment took place.

Furthermore, the Department of Development is working closely with the County Executive’s Economic Inclusion Task Force. The Executive created the task force in March of 2012 to study the issues of economic diversity and create a Framework Action Plan for Economic Inclusion that enhances economic vitality across the County by enhancing opportunity for all. The framework of the Task Force’s plan focused on four areas:

- 1) Human Resources and inclusion in hiring
- 2) Procurement and Contracting
- 3) Inclusion in Construction
- 4) Workforce Development

These impact areas of Workforce Development, Human Resources, Hiring and Inclusion in Construction projects, Procurement and Contracting are the cornerstones of the inclusion plan and will shape policy recommendations for the County Executive, his departments, and the County Council. These basic areas can move the needle at the County and in the community as the County stands to lead with a new model for inclusion. The outcomes of the inclusion plan will be intentionally designed for replication.

This provides the Department of Development with a tool to determine our future successes, and is serving as a guideline to where improvements may need to be made. In addition to our current efforts, we are expanding our programs by creating additional partnerships and outreach efforts to ensure that all of our available resources are distributed county-wide to all socio-economic and cultural areas in accordance with the law. We will keep uppermost in mind that fairness and justice are paramount.

### **3. Innovation**

While “Cluster” theories and their applicability are an ongoing debate in the field of economic development, the theory serves as a useful concept to guide innovation development investments. As defined by The Brookings Institution, clusters are “geographic concentrations of interconnected businesses, suppliers, service providers, and associated institutions in a particular sector.” Brookings further notes that: “Cluster strategies provide a direct route to economic renewal because they build on existing assets to promote growth in regions by enhancing the interactions by which firms complete transactions, share ideas, start new enterprises, and create jobs. In this fashion, industry clusters have the power not just to revitalize regions, but also to improve states’ standing in the emerging “next” economy that will likely be more export-oriented, lower carbon, and innovation-driven.”

Regions across the country, with Northeast Ohio being no exception, have been focusing economic development initiatives around the development and support of industry clusters for several years. In addition, the Obama Administration and several federal government agencies like the Economic Development Administration have made clusters of innovation a target area of support.

Through a series of studies by Battelle, Deloitte, McKinsey and CSU, the state and region have identified key industry clusters that represent major drivers of economic growth. The table below outlines core industry clusters that have dedicated organizations to promote and facilitate growth.

Important Industry Clusters Identified by the State of Ohio

Medical Devices/Health Care Equipment	Information Technology/Broadband
Materials (metals, polymers, composites, nanomaterials, etc.)	Manufacturing Competitiveness and Innovation
Advanced Energy	Automotive
Aerospace	Instruments & Controls; Flexible Electronics

Our region’s inherent strengths in medical research, healthcare, manufacturing and materials (metals, plastics, rubber, and coatings) have enabled us to participate in multiple industries that have changed over time – primarily due to technology and innovation. These include: automotive, aerospace, biomedical and advanced energy. The Department of Development is taking the opportunity to examine relationships with current cluster-focused organizations to review, renew and redefine collaborative relationships, provide support and foster the growth of industry clusters.

In addition to the clusters mentioned above there are a number of emerging clusters that have the potential to add jobs, bolster entrepreneurship and spark innovation – building on theory in the Brookings-Rockefeller Project on State and Metropolitan Innovation. In a January 2011 paper it was reported that support for local/metro clusters also has the potential to change the dynamics of economic development providing the disciplines of cluster management are used – i.e. data, analysis and performance tracking. These clusters should build on place-based assets and support should be predicated on the cluster initiatives meeting a set of rigorous requirements.

**4. Sustainability**

Sustainability is the responsible management and allocation of resources. The concept is comprehensive. Investments that are sustainable are an efficient and effective use of resources that generate long-term benefits and produce economic prosperity, increased quality of life, and improved environmental quality. Sustainable investments utilize resources in a manner that ensures lasting economic growth that maintain the integrity of the social, environmental, and economic quality of the region.

Cuyahoga County investments have been modeling this approach and encourage land use patterns and promote economic development strategies that address region-wide economic prosperity and housing equity; support sustainable multimodal transportation; redevelop and revitalize the region’s built environments; and promote cost-effective investment in the region’s core industry



sectors. The County's investments reflect sustainability principals and work with associated communities of practice among local governments and non-profit organizations to improve the region's economic competitiveness.

In accordance with the principles of this regional sustainability effort, County investments promote an integrated regional land use, housing, transportation, and capital investment strategy that enhances the region's economic competitiveness and resilience and help its citizens gain better access to decent, affordable housing, more and better transportation choices.

## **5. Accountability and Metrics**

As the County strives to strengthen its global competitiveness and economic vibrancy, it is essential to measure investment performance, assess economic progress, and examine industrial trends. This analysis has helped the County evaluate investments, monitor program outcomes, and study the overall performance of the economy to determine trends and best practices. The key measures are tracked in the Economic Development Dashboard published quarterly by the Department of Development (Appendix III).

### Primary Metrics:

- Job Creation
- Jobs Retained
- Dollars Leveraged
- Follow-on Funding
- Property Assembled
- Revenue Generated
- Payroll Growth
- Patents Filed

It is also important to select and monitor metrics that indicate the outcome of County programs and reflect the economic competitiveness of the County over time. These metrics tend to be lagging indicators, but are widely accepted as indicators of economic growth:

### Long term Metrics:

- Per-capita Income Growth
- Employment Growth – identify key industry segments
- Gross Metropolitan Product
- Productivity Growth
- Population Growth
- Poverty Rate
- Exports
- Tax Revenue

The selected indicators and metrics reflect what is believed to be most important to the county's

economic prosperity. Many of these key metrics are also tracked by the Dashboard of Economic Indicators which is a product of the Council of Regional Economic Policy Advisors. These advisors counsel the Fund for Our Economic Future (FFE) on what indicators matter most to achieve improved economic outcomes.

Measuring the County’s economic development performance is a very important analytical tool. Not only do these measures help guide the County’s economic development plan; but it they also align with the CountyStat process (a governmental performance measurement system) and indicate how county resources should be allocated. These measures enable the county to determine the most effective way to realize this plan's vision and mission, ensure strategic investment, enable collaboration, and produce positive economic growth and prosperity.

Although these actions of Cuyahoga County can’t alone impact many of these indicators and metrics, and there is no silver bullet to move the needle short-term on most of these, we believe these are the best measures of opportunity and prosperity for all residents of Cuyahoga County.

**6. Transparency: Review and Approval**

In order to ensure the economic development plan put forth in this document is implemented successfully, the County has put a process in place for monitoring decision making and measuring performance. The Department of Development is managing the process through its reorganization, relying mostly on staff already in place and resources available in other departments has and creating a few new positions. In addition, outside input from industry leaders, community stakeholders, investors, and residents is utilized.

The Cuyahoga County Community Improvement Corporation (CCCIC) has been tasked with reviewing, troubleshooting and making recommendations as it relates to various investment decisions. The CCCIC is an outside body comprised of industry, county and community leaders. The CCCIC’s ability to make objective and uncompromised recommendations consistent with the County’s economic goals and objectives is vital. The County Council and County Executive have final authority over investments consistent with the County’s contracting and procurement ordinances. Transparency and reporting outcomes are critical priorities throughout county government, and especially for economic development. The following diagram outlines the approval process.



The process for reviewing, recommending and approving investments has been evaluated consistent with the investment principles outlined in this plan. To ensure this adherence, the County devised a methodology for analyzing investment projects:

1. Strategic fit – consistent with the goals and objectives of the economic development plan
2. Universal measures – located in the County and creating jobs
3. Project specific measures – adheres to specific program investment parameters
4. Community benefit – promotes vibrant, dynamic, quality places and economic opportunity
5. Financial feasibility – aids thriving, competitive, growing businesses
6. Collaboration – promotes regional economic development principles

The analytical process is used to provide an early measure of a project’s strategic fit, eligibility, quality, community benefit and financial feasibility. The analysis reflects an initial review of an investment opportunity and represents a uniform process for vetting. However, because each economic development opportunity has different qualities and characteristics, universal application criteria do not exist. Since economic development opportunities present themselves in an unpredictable fashion, they are not ranked against one another. Rather, investment opportunities are evaluated monadically for their impact.

**Part 5: Accomplishments in Year II of the Plan**

In Year II, the Plan successfully achieved transition from the establishment of policies and building County implementation capacity to the full roll-out of all Year I proposed programs and initiatives. With the completion of the Year I Key Actions below, including the launching of all of the Cuyahoga County Western Reserve Fund’s eleven lending and grant programs, the County is now offering a broad spectrum of critical local loan and funding products for strategic project and business investment.

The Year I Plan identified five Key Action items to be completed as the main infrastructure for effective economic development activity in the County. These actions were fully completed in Year II as described below:

**1. Reorganize the Department of Development to support the Vision and Mission of the Plan.**

Restructuring of the department is complete. The reorganization focuses the department's efforts directly on the economic development activities articulated in the Plan as opposed to a focus on grant management, direct resident assistance and the County Airport. The Department was restructured first through a tailored reduction in staff with involuntary and voluntary action. A new organization chart was approved that, among other improvements, created discrete *Economic* Development, *Regulatory* Compliance and *Community* Development divisions and placed Housing within Community Development. New classifications were created and approved through the new governmental approval process and all new hiring was completed.

**2. Improve intra-county government coordination and collaboration and determine its best role to play in the community.**

The Department of Development created a partnership with Employment Connection and its successful Business Service model for understanding employer needs and expanding it to include DOD programs.

Regular reviews of economic development plans and priorities take place with the Director of Public Works to ensure coordination and alignment on issues of infrastructure and investment.

Work with the Planning Commission and the County Land Bank has created a unified approach to land inventory and assembly. Meetings are regularly held with the Planning Commission and Land Bank to coordinate activities involving land inventory and assembly.

**3. Determine how the County can best contribute (align, coordinate, fund) to the success of the network of numerous economic development players in the region.**

Progress continued over course of the Year II. A "Deal Team", comprised of the City of Cleveland, Greater Cleveland Partnership, Team NEO/JobsOhio and Cuyahoga County DOD meets regularly every other month to discuss current opportunities for the County, its 59 municipalities, and the region. Unlike in years past, DOD is now often an early participant in most deal negotiations and is frequently consulted with before the "eleventh hour". Moreover, the DOD Director, the Deputy Chief, and various DOD staff continue to be actively engaged in outreach to local communities, business groups, trade associations and chambers of commerce, spreading the word about DOD's various programs and services.

**4. Create an Economic Development Fund (EDF) to invest strategically.**

On October 25, 2011 the \$100 Million Economic Development Fund was introduced to County Council. On January 24, 2012 it was passed as Ordinance O2011-0049. The Fund was later renamed the "Cuyahoga County Western Reserve Fund" (i.e. CCWRF) to better align with the

County Executive's Western Reserve Plan. In Year II of the Plan all of the economic development programs associated with the Fund were fully launched and operational.

**5. Review and evaluate existing county programs (loans, grants) and funding streams (NSP, CDBG, Brownfield) to determine their application and value then add/ delete/modify as needed.**

This is an ongoing process, particularly as State and Federal funding sources have become more constrained. DOD has modified the Housing Rehabilitation program, transferred in control of the HELP and HERITAGE programs from the Treasurer, initiated an owner funding "match" requirement in the Lead Safe program, added funding stream flexibility to the Storefront Renovation Rebate program, significantly overhauled the CDBG Municipal Grant program, made a shift to multi-units in the Weatherization Assistance program, transferred non-economic development functions to the County Airport to Public Works, and created the Cuyahoga County Western Reserve Fund and its various economic development funding programs.

With DOD having been restructured and its capacity expanded, and with the Cuyahoga County Western Reserve Fund up and running, Year II of the Plan experienced many successes. The County continues to refine its role and has matured into a respected regional economic development partner. It pivoted from planning to action and some of the results are illustrated below.

**Year II - Action Step 1:** Complete the roll out of the Economic Development Fund's remaining 6 programs by 12/31/12

County Council was variously briefed in Year II regarding all details and terms of the 6 remaining Cuyahoga County Western Reserve programs ready for launch. All 11 CCWRF have been formally launched and are fully operational at the Department. A DOD booklet describing all 11 economic development lending/grant programs has been created, is available to the public, and is being actively distributed (see Appendix II).

**Year II - Action Step 2:** Review the CCWRF's 5 launched programs and modify key elements as needed by 9/30/12

A review of the initially launched 5 CCWRF economic development programs was conducted and no substantial modifications were required at this time. Upon further use of the programs through Year III, additional review will be performed to make modifications, if necessary.

**Year II - Action Step 3:** Create a DOD Economic Development Loan program dashboard that shows lending activity by applicant and funding source and update quarterly.

DOD has created a comprehensive Economic Development Dashboard to track all economic development based investments (see Appendix III for Dashboard Snapshot)). The Dashboard records all investment activity and indexes the multiple funding sources for the various programs and projects. Additionally, the Dashboard categorizes each investment in accordance with the Cuyahoga County Western Reserve Fund. The Dashboard systemizes DOD's investment strategy and creates alignment across various programs and funding streams.

The Dashboard is an invaluable tool for reporting and measuring performance. The Dashboard is updated on a quarterly basis and a report is provided regularly through the County Executive's CountyStat process, the data-driven accountability system that is used as a decision-making and communications strategy.

#### **Year II - Action Step 4**

Create/retain 2,000 jobs

As illustrated within the DOD Economic Development Dashboard Snapshot, 2,282 jobs were created/retained.

### **PART 5: Key Action Steps for Year III**

- **Year III - Action Step 1**

Create at least 1,000 jobs  
Retain at least 2,000 jobs.

- **Year III - Action Step 2**

Lever at least \$100 Million in tandem investment from private and local, state and federal sources from the DOD's economic development funding programs, loans and grants activity.

- **Year III - Action Step 3**

Commit \$1 Million of incumbent and on-the-job training capital, through the Employment Connection partnership, to the training of up to 500 employees.

- **Year III - Action Step 4**

Contract for 15 Environmental Certified Professional Assessments of contaminated/brownfield properties in Cuyahoga County.

As we enter Year III, the County has moved effectively from the establishment of policies and building critical capacity in Years I and II to fully implementing its portfolio of economic development programs, creating jobs, and improving our community as a great place to live, work, play and learn. Much has been accomplished through Year II and the momentum will continue in Year III.

The original Five Year Economic Development Plan concluded with the following words:

*While we are in challenging times we have an opportunity to prosper and realize aspirations framed in the Charter. By thinking strategically, acting in concert and measuring our progress, the future of Cuyahoga County can indeed be bright.*

The words are still true today.

## **Appendices**

Appendix I – Cuyahoga County Western Reserve Fund Business Plan (Updated November, 2012)

Appendix II – CCWRF Economic Development Programs Booklet

Appendix III – DOD - Economic Development Dashboard



# Appendix I



## Cuyahoga County Western Reserve Fund

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### Business Plan

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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**

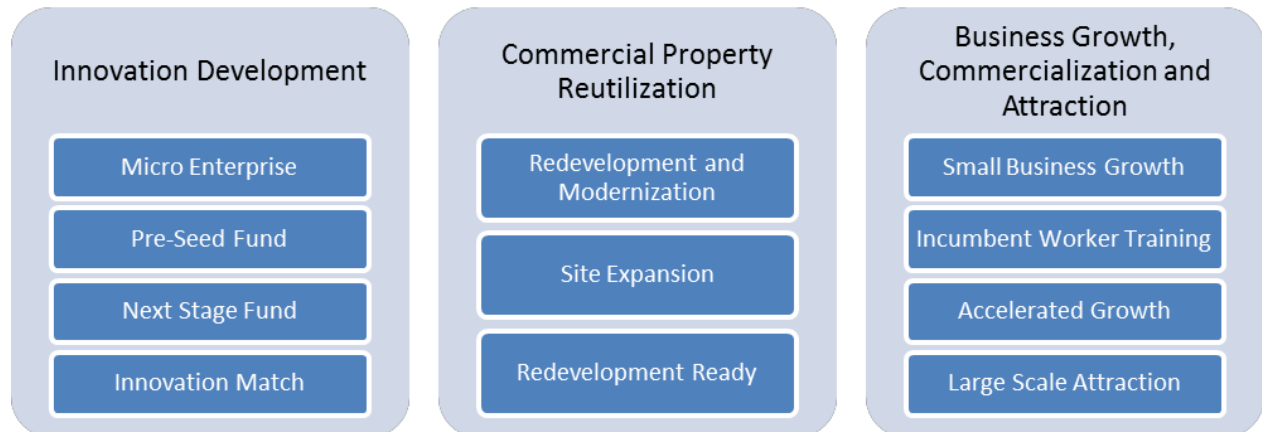
1. Micro Enterprise
2. Pre-Seed Fund
3. Next Stage Fund
4. Innovation Match

### **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



## Cuyahoga County Western Reserve 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 Attraction	Scale
<b>Summary</b>	Finances Businesses 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 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>	<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>	<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>Skills 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 Opportinites 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>	<i>\$10,000 - \$100,000</i>	<i>\$25,000 - \$125,000</i>	<i>\$400,000 - \$700,000</i>	<i>Up to \$300,000</i>
<i>Forgivable</i>	<i>No</i>	<i>No</i>	<i>No</i>	
<i>Interest</i>	<i>7% - 12%</i>	<i>5% (Deferred for 5 years)</i>	<i>7% - 10%</i>	
<i>Time Period</i>	<i>3 - 7 Years</i>	<i>5 years</i>	<i>3-5 Years</i>	
<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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## **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



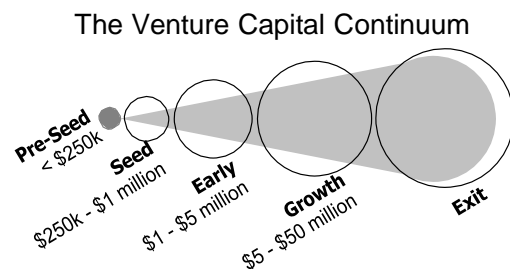
## Innovation Development: Pre-Seed Fund

### 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. NEORSD'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

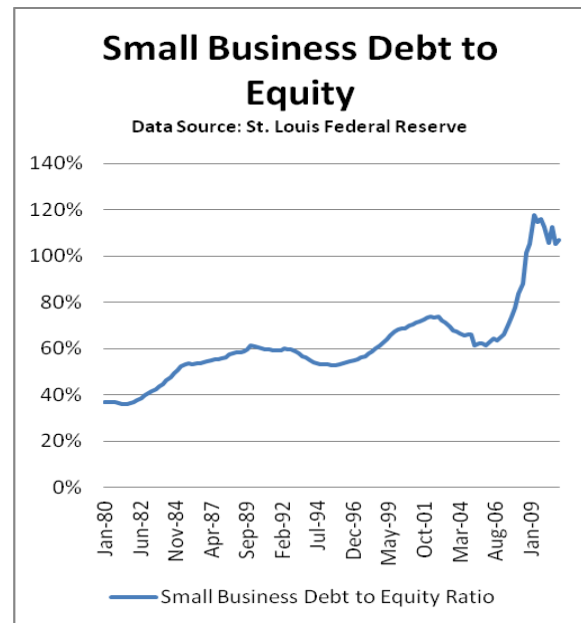
	<b>Business Growth, Commercialization and Attraction</b>			
	<b>Small Business Growth</b>	<b>Incumbent Worker Training</b>	<b>Accelerated Growth</b>	<b>Large Scale Attraction</b>
<b>Summary</b>	Increases Access to Traditional Lending Market through Credit Enhancements	Reimburses up to 50% of Training 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



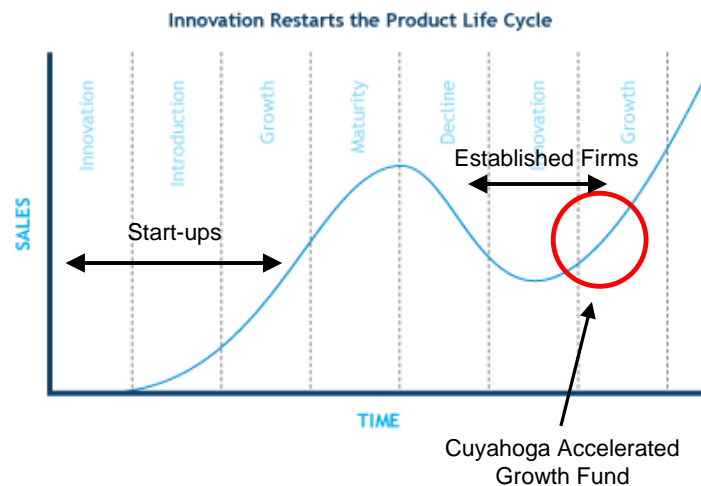
## Business Growth: Accelerated Growth

### 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

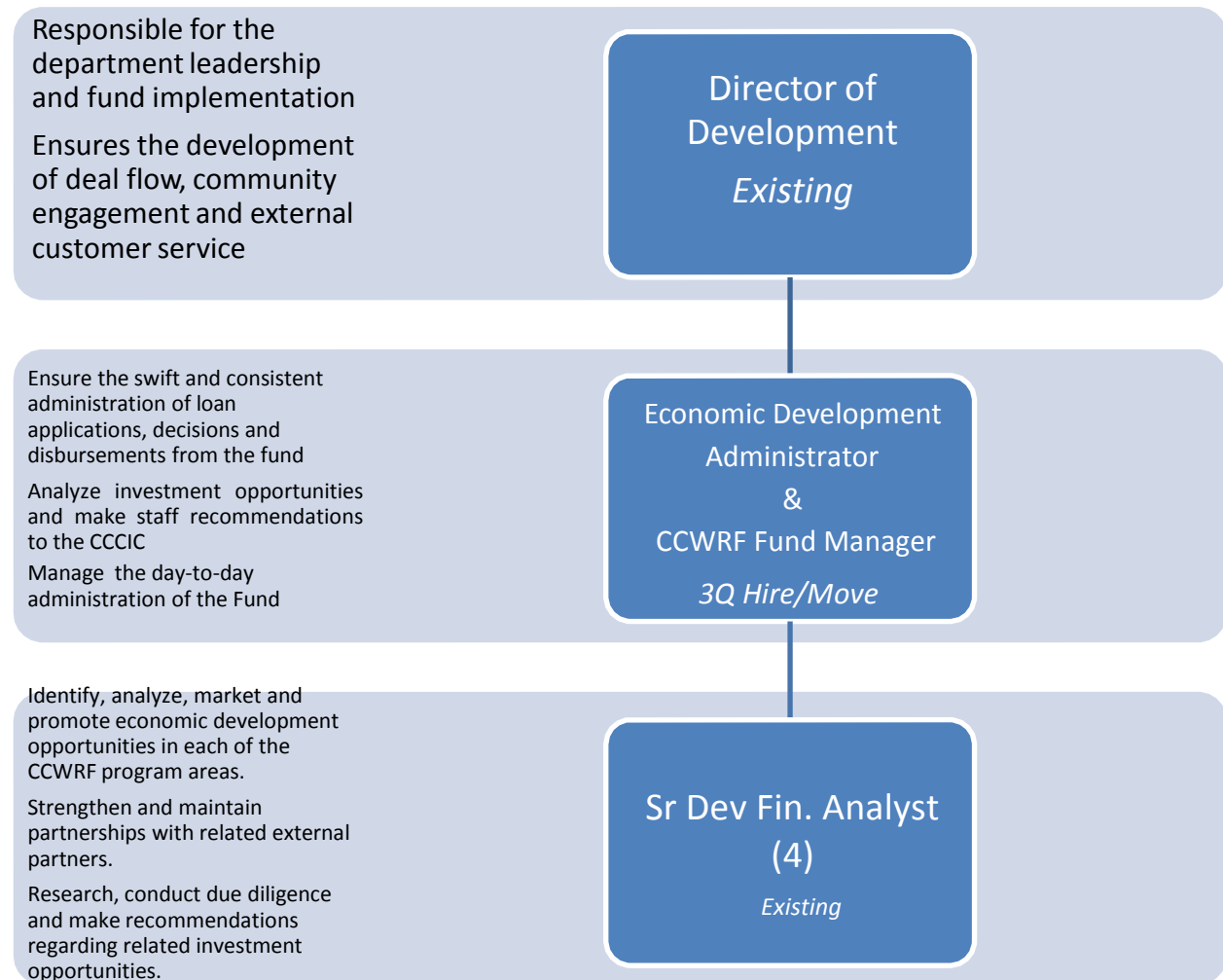
### *Secondary Metrics*

- 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.

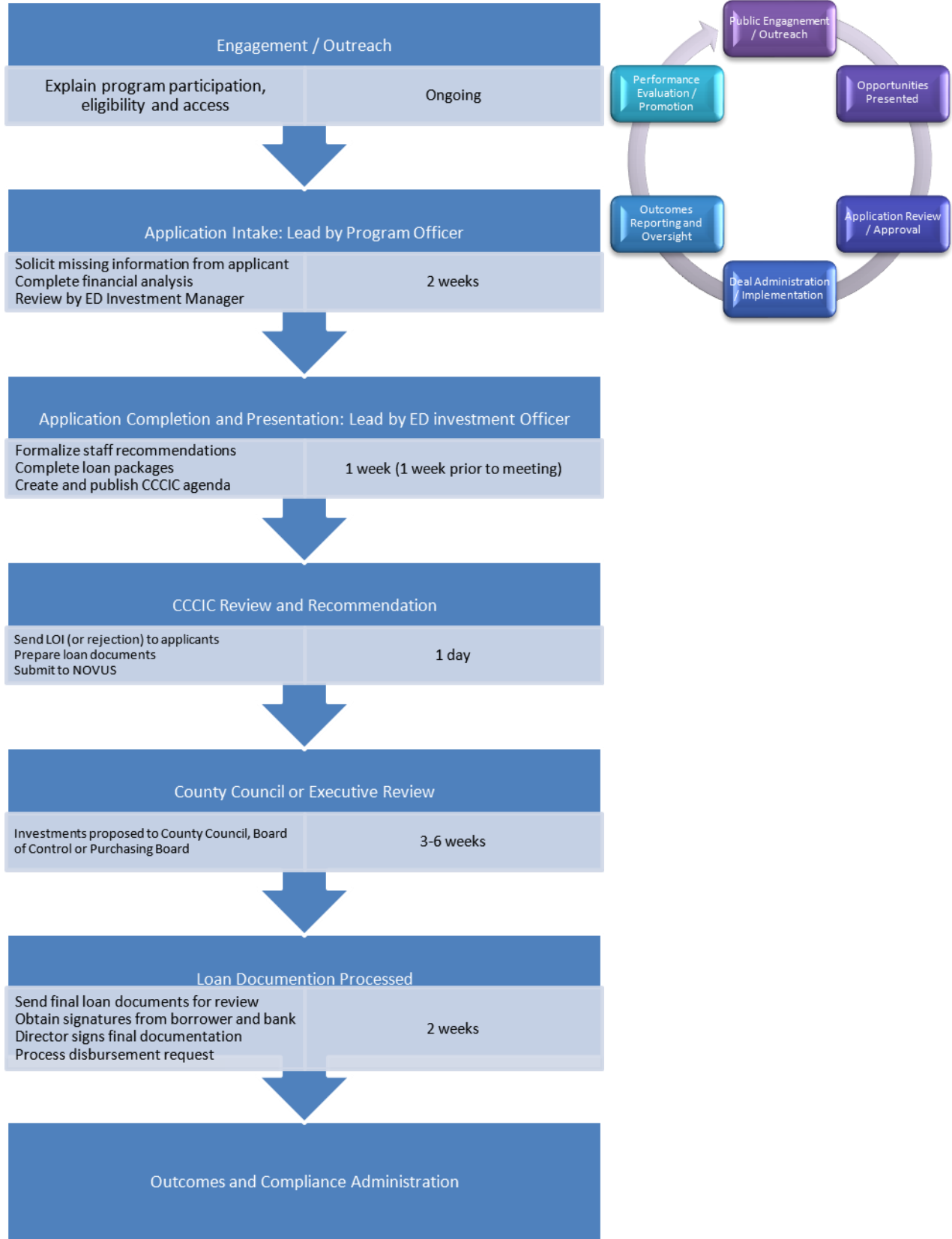
The Cuyahoga County Community Improvement Corporation (CCCIC) is an existing Community Improvement Corporation authorized by O.R.C. Title XVII, §1724 and §1702 for the sole purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development Cuyahoga County. The 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 Filed
- 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

---

**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?	If not, then ineligible	
Will 75% of new jobs go to County residents or local college graduates?	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:		

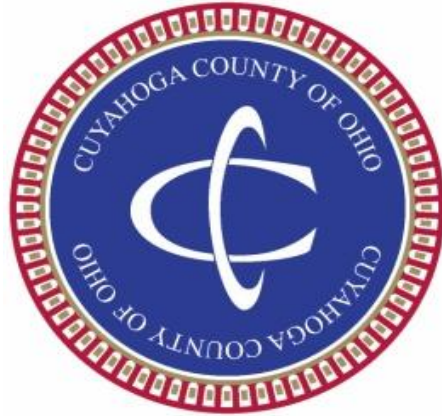
<b>Collaboration</b>		<b>( ___ of 10 points)</b>
<b>Participation</b>		
Protocol-Signatory Community (3 points)		
Municipal financial/program participation (4 points)		
State or Federal financial/program participation (3 points)		
Comments :		

**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)**

## Appendix II

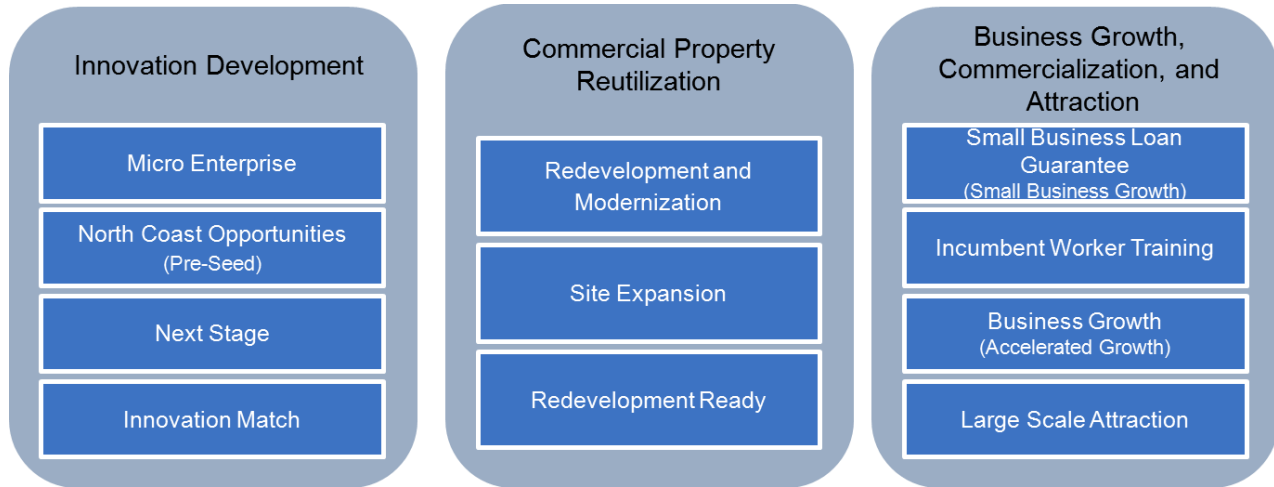


# Cuyahoga County Western Reserve Fund

Economic Development Programs  
Department of Development  
2013

## CCWRF: Three Priority Areas-Verticals

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



<b><u>Innovation Development</u></b>			
<b>Micro Enterprise</b>	<b>North Coast Opportunities (Pre-Seed )</b>	<b>Next Stage Fund</b>	<b>Innovation Match</b>
Finances Business Too Small or Newly Established 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

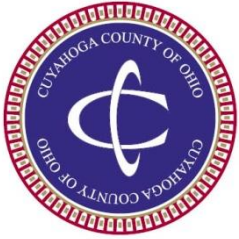
These four programs are designed to nourish early stage companies. By channeling capital to promising companies with a pipeline of inventive products and services, the county adds critical funding to the creative mixture of concepts, employees and management.

<b><u>Commercial Property Reutilization, Expansion and Acquisition</u></b>		
<b>Redevelopment and Modernization</b>	<b>Site Expansion</b>	<b>Redevelopment Ready</b>
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.

<b><u>Business Growth, Commercialization and Attraction</u></b>			
<b>Small Business Loan Guarantee (Small Business Growth)</b>	<b>Incumbent Worker Training</b>	<b>Business Growth (Accelerated Growth)</b>	<b>Large Scale Attraction</b>
Increases Access to Conventional 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.



## Department of Development CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Microenterprise Revolving Loan Fund  
**Launch Date:** 02/01/2013  
**CCWRF Vertical:** Innovation Development

### **OVERVIEW**

Cuyahoga County created the MicroEnterprise Revolving Loan Fund (MRLF) for the purpose of providing access to capital and financial counseling for microenterprise businesses and entrepreneurs unable to obtain traditional financing. The MRLF provides microloans to qualified small businesses that can be capitalized with modest loans and can attain traditional financing within three to five years. The MRLF is an effort to grow the number and size of enterprises owned by economically isolated populations, expand access to capital for underserved communities, and sustain a capital system that generates economic opportunities for all residents. The County entered into a contract with the Economic and Community Development Institute (ECDI) to administer the MRLF and providing technical assistance to startup and established small businesses.

#### **1. Use of Funds:**

- a. Establishment of new businesses. (less than one year of operations)
- b. Expansion of existing businesses (1 or more years of operations)
- c. Purchase of equipment, machinery, or supplies/inventory
- d. Startup operating costs/working capital (limited to no greater than 50% of total loan request)
- e. Debt refinancing – must demonstrate cost savings to the business

#### **2. Eligibility:**

- a. For-profit business located in Cuyahoga County with revenues typically less than \$500,000
- b. Must have a credit score above 600 and be current with all taxes
- c. Must provide personal guarantee and sufficient collateral to secure the loan
- d. The borrower is required to participate in business training and technical assistance programs

#### **3. Application and Review:**

- a. Application information includes but is not limited to: Complete ECDI Application Form and provide business plan, balance sheet and profit and loss statement, existing and projected monthly cash flow, sources and uses of funds, existing debt schedule, personal financial statements, verification of costs/invoices in proposed use of funds, verification of collateral
- b. Loan Approval:
  - i. Loans under \$25k receive internal approval from ECDI senior management: Cleveland Market VP along with President & CEO review and approve.
  - ii. Loans over \$25k are referred to a Cleveland based ECDI Loan Review Committee (LRC) – Cleveland based ECDI Relationship Manager presents underwriting to the LRC, who approve along with the President & CEO.



- 4. Partners:** ECDI is a nonprofit economic development organization based in Columbus, Ohio with an office located in Cleveland focused on micro lending in Cuyahoga County. ECDI is a US Treasury Department certified Community Development Financial Institution and is the 7th largest US Small Business Administration intermediary microlender in the country. Additionally, ECDI has a formalized loan referral program with Huntington Bank, KeyBank, PNC Bank, and US Bank.

The County's support for ECDI is coordinated with Huntington Bank, The Cleveland Foundation, Federal Reserve Bank of Cleveland, US Small Business Administration, and the City of Cleveland.

#### **TERMS**

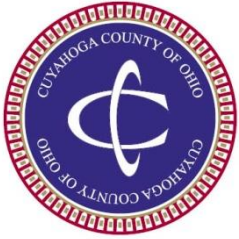
- 1. Loan Amount:** \$15,000 to \$100,000
- 2. Interest Rate:** up to 7.25%
- 3. Term/Repayment:** 6 to 60 months
- 4. Forgiveness Terms:** N/A
- 5. Security/Collateral/Guarantor(s):** Priority Lien on Business Assets, Personal Guarantees

#### **METRICS**

- 1. Jobs Created/Retained:** Create 25 jobs with a minimum of 11 low to moderate-income jobs
- 2. Economic Impact:** Leverage County funding at a ratio of at least 1:1, making an additional \$456,500 in loan capital available to Cuyahoga County entrepreneurs
- 3. Community Benefit:** Provide pre- and post-loan technical assistance to both potential borrowers and portfolio companies in the form of one-on-one help with finalizing the business plan, cash flow analysis, financial projections, profit-and-loss statements, and budgeting.

#### **LAUNCH**

The County executed contract CE1300019 for \$550,000 with the Economic and Community Development Institute (ECDI) for the purpose of administering the Cuyahoga County MRLF and providing technical assistance to startup and established small businesses. ECDI is a nonprofit economic development organization based in Columbus, Ohio with an office located in Cleveland focused on micro lending in Cuyahoga County. ECDI will manage a \$456,000 microloan fund. ECDI will make 5 to 30 loans, ranging from \$15,000 to \$100,000. All principal and interest repayments will be revolved into the loan fund and relent to new entrepreneurs. Additionally, ECDI 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.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** North Coast Opportunities Technology Fund (Pre-Seed)  
**Launch Date:** 01/24/2012  
**CCWRF Vertical:** Innovation Development

#### **OVERVIEW**

Cuyahoga County created the Pre-Seed Fund to accelerate technology-based entrepreneurship, create new high paying jobs, and increase the flow of private investment to Cuyahoga County technology companies. Known as the North Coast Opportunities (NCO) Technology Fund, Cuyahoga County established the program as a regional collaborative approach to support the development of early stage companies that are well positioned for future capital investment. The County works with partners to identify and vet companies. The program provides payment-deferred, low interest loans to complete a specific project that will make the company more attractive to investors.

#### **1. Use of Funds:**

- a. Equipment, machinery, or supplies/inventory
- b. Prototype development and testing/clinical trials
- c. Software development
- d. Creating and protecting intellectual property, regulatory approval

#### **2. Eligibility:**

- a. Must be a high growth, technology company with prospects for raising venture capital in the future
- b. Must be located in or planning to move to Cuyahoga County
- c. Must be a JumpStart registered company ([www.jumpstartinc.org/Request](http://www.jumpstartinc.org/Request))
- d. Companies engaged in due diligence or received investment more than \$1.5 million are not eligible

#### **3. Application and Review:**

- a. 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
- b. The NCO Selection Committee (JumpStart Entrepreneurial Network Director, Entrepreneurs-in-Residence, the MAGNET Incubator Director and Entrepreneurial Expert, and a Cuyahoga County representative) score the Companies with the highest potential for attracting future capital investment
- c. Recommendations are reviewed and approved by the appropriate County approval body consistent with County contracting process

- 4. Partners:** Jumpstart is a nonprofit economic development organization that provides intensive assistance to Northeast Ohio based early stage, high growth potential companies. Jumpstart works with companies to achieve milestones such as raising capital, generating revenues, testing commercial viability, and market launch. Jumpstart also selectively invests in the highest potential companies with breakthrough, market-driven technologies.

## **TERMS**

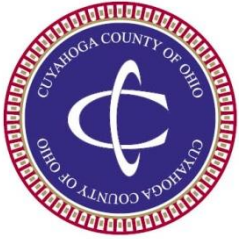
- 1. Loan Amount:** Loans range from \$25K- \$125K, with typical loans in the \$50-75K range
- 2. Interest Rate:** Typically the interest rate is 5.00% fixed for the term of the loan
- 3. Term/Repayment:** Five (5) years or sixty (60) with a five (5) year deferment. Payments of principal and interest shall be deferred until the earlier of (i) the occurrence of a Financing Event in an amount, separately or in the aggregate, equal to or exceeding One Million Five Hundred Thousand Dollars (\$1,500,000), (ii) the last day of the sixtieth (60th) full month following the first Disbursement Date, or (iii) a declaration of default by the County.
- 4. Forgiveness Terms:** N/A
- 5. Security/Collateral/Guarantor(s):** The County will secure a first position UCC Financing Statement on all company assets in the amount of the loan.

## **METRICS**

- 1. Jobs Created/Retained:** The program does not require but anticipates the creation of jobs over five years with an increase in average annual salary above the County median wage. All companies are required to execute a workforce cooperation agreement.
- 2. Economic Impact:** The program leverages at least a 1 to 1 match in terms of technical assistance received from Jumpstart, Inc. through the Ohio Third Frontier Entrepreneurial Signature Program.
- 3. Community Benefit:** Accelerate the development of early-stage companies in Cuyahoga County, create high paying jobs, and increase the flow of private investment.

## **EXAMPLE**

Zuga Medical, Inc. is a dental device manufacturer that has designed a new innovative dental implant system that offers a simplified design compared to conventional procedures for replacing a missing tooth. The system allows dental professionals to reduce chair time, eliminate outsourced patient and laboratory services, and allow general dentists to perform the complete patient service with fewer visits. Zuga Medical received a \$100,000 NCO Loan to manufacture and assemble components for the dental implant tooling system and apply for FDA regulatory approval. The project leveraged \$100,000 from the GLIDE Innovation fund and \$50,000 from the City of Cleveland through the NASA Adopt a City Initiative with MAGNET, Inc. Subsequently, Zuga Medical was selected for due diligence for a \$250,000 investment from Jumpstart Ventures. The company anticipates increasing its annual payroll by \$1,600,000 within five years and creating 25 jobs.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Next Stage Fund  
**Launch Date:** 01/08/2013  
**CCWRF Vertical:** Innovation Development

#### **OVERVIEW**

Cuyahoga County created the Next Stage Fund to provide capital to market-ready high-growth companies well positioned to achieve rapid commercial sales growth. The goal of the program is to support and retain maturing high growth companies, accelerate commercialization, increase business revenue growth, and create high paying jobs. The Next Stage Fund builds on the success of the NCO Technology Fund and leverages the pipeline of companies within the Northeast Ohio Entrepreneurial Network. The program allows the County to transform innovative and high-growth commercial opportunities into viable businesses.

#### **1. Use of Funds:**

- a. Land and/or building purchase - the business must occupy at least 51% of the premises
- b. Purchase of equipment, machinery, or supplies/inventory
- c. Building construction and/or renovation costs - business must occupy at least 60% of the premises
- d. Long-term leasehold improvements
- e. Software development
- f. Creating and protecting intellectual property
- g. Working capital

#### **2. Eligibility:**

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

#### **3. Application and Review:**

- a. Application information includes but is not limited to:
  - i. Business Information: operational history, description of target market, products and services, detailed IP description and position/patents
  - ii. Financial Information: income statement and balance sheet for past three fiscal years, capitalization table with ownership, sale projections for two years, customer pipeline analysis
  - iii. Project Information: project summary with time table and milestones, sources and uses of funds with detailed project plan, job creation and revenue growth plan
- b. Loan Review/Approval:

- i. Applications will receive preliminary review by County DOD based on but not limited to factors such as: the number of high-value jobs created, level of risk associated with the commercialization, ability to attract follow on investment, ability to repay the loan
- ii. After preliminary review, applications are referred to Jumpstart, Inc. for due diligence. Jumpstart prepares an investment memo to the County. Upon completion, the investment memo is reviewed by DOD and then presented to the CCCIC for a funding recommendation to the appropriate County approval body (Council or BOC).

**4. Partners:** Jumpstart is a nonprofit economic development organization that provides intensive assistance to Northeast Ohio based early stage, high growth potential companies. Jumpstart works with companies to achieve milestones such as raising capital, generating revenues, testing commercial viability, and market launch. Jumpstart also selectively invests in the highest potential companies with breakthrough, market-driven technologies.

### **TERMS**

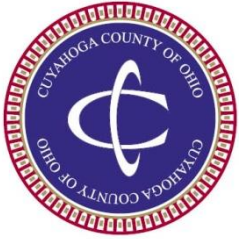
1. **Loan Amount:** up to \$700,000
2. **Interest Rate:** up to 7.00% with a 5.00-10.00% success fee
3. **Term/Repayment:** Three (3) years or thirty-six (36) months with two (2) one (1) year extension options to be granted based upon achieving defined project milestones and exercised at the sole discretion of the County. Interest only payments for up to twelve (12) months, with the balance of the loan becoming fully amortizable in the thirteenth (13th) month and continuing over the remaining term of the loan.
4. **Forgiveness Terms:** N/A
5. **Security/Collateral/Guarantor(s):** Priority Lien on Business Assets, Personal Guarantees may be required

### **METRICS**

1. **Jobs Created/Retained:** Create 10-20 jobs with an average annual wage above the County average
2. **Economic Impact:** Help companies achieving year over year revenue growth of 30% or more and attract at least \$2 million in follow-on funding.
3. **Community Benefit:** Support and retain maturing high growth companies, accelerate commercialization, increase revenue growth, and create high paying jobs. The Next Stage Fund builds on the success of the NCO Technology Fund and leverages the pipeline of companies within the Northeast Ohio Entrepreneurial Network.

### **EXAMPLE**

Sparkbase, Inc. is a financial software company that developed a leading loyalty processing and customer marketing solution for merchants. Sparkbase developed a unique software-as-a-service processing network for specialty gift cards, customer loyalty, and community rewards programs. Sparkbase was approved for a \$700,000 Next Stage Fund Pilot Loan to build and deploy loyalty solutions directly to large scale merchants and launch its loyalty marketing solutions in 6 to 8 new markets. Sparkbase will create 15 jobs, achieve year over year growth of 40% and raise an additional \$7 million dollars in follow on funding over three years.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Innovation Match Fund  
**Launch Date:** 1/24/2012  
**CCWRF Vertical:** Innovation Development

#### **OVERVIEW**

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.

#### **1. Use of Funds:**

- a. Land and/or building purchase
- b. Purchase of equipment, machinery, or supplies/inventory
- c. Building construction and/or renovation costs
- d. Long-term leasehold improvements

#### **2. Eligibility:**

- a. The center must be sponsored by an existing anchor institution and leverage research investments and core competencies in Cuyahoga County
- b. The center must have direct application for key industry clusters within Northeast Ohio and private industry participation
- c. The center must demonstrate direct, short-term job creation and economic development impact for Cuyahoga County
- d. The proposal must achieve at least a \$20 to \$1 leverage

#### **3. Application and Review:**

- a. Application includes but not limited a description of the specific project that funding is being sought, illustrating how the project will bring the center closer to being established in Cuyahoga County and leverage new business attraction, job creation, as well as other grant awards
  - i. The Center description should include purposes and activities, budget, technological focus, duration of the award, integration and collaboration with County based research institutions and industry and evidence that local match cost share is an evaluation factor for the award
- b. After preliminary review, applications will be referred to regional technology based economic development organizations for due diligence review. Upon completion, an investment package be presented to the appropriate County Council for approval.

4. **Partners:** Northeast Ohio possesses a national recognized technology based economic development system made up of a robust network of support organizations working together to commercialize new technologies. The County partners with organizations like Jumpstart, BioEnterprise, Nortech, and MAGNET to assess and vet new innovation and research opportunities that will directly lead to economic development investment and job creation.

## **TERMS**

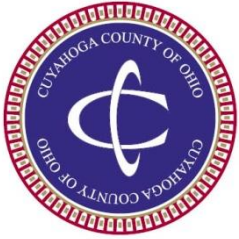
1. **Grant Amount:** maximum amount \$300,000
2. **Interest Rate:** 0.00%
3. **Term/Repayment:** N/A (Grant) – Grantee could be required to repay the full amount of County loan if it fails to complete the project, moves, or fails to create the requisite jobs
4. **Forgiveness Terms:** 100%
5. **Security/Collateral/Guarantor(s):** The County will secure a first position UCC Financing Statement and/or mortgage on the asset being financed.

## **METRICS**

1. **Jobs Created/Retained:** The program requires job creation of 1 new job for each \$35,000 of funding with an average annual salary above the County median wage. The Grantee will be required to execute a workforce cooperation agreement.
2. **Economic Impact:** The program will leverage at least a \$20 to \$1 match in terms of the direct funding award for the establishment of a technology development center of excellence.
3. **Community Benefit:** Accelerate the rate of innovation in the Cuyahoga County and leverage the region's institutional and industrial strengths through a strategic place-based economic development plan.

## **EXAMPLE**

In 2011, the County was notified about federal funding opportunity through NASA to establish the International Space Station (ISS) National Laboratory in Cleveland, Ohio. The NASA RFP sought a non-profit entity to develop and manage the ISS Laboratory. The proposed award was for 10 year at \$150,000,000. The County supported the proposal of the Universities Space Research Association (USRA) and Battelle Memorial Institute to operate the NASA ISS National Laboratory in Cuyahoga County. The joint proposal called for the creation of 25 senior research positions initially at approximately \$140,000 compensation per position. The County offered a \$300,000 local match for the project that was earmarked for a "space translational incubator" to support the technology commercialization efforts at the ISS National Lab. Partners in the proposal included Case Western Reserve University, the Cleveland Clinic, University Hospitals, PolyOne, and several other key industry and research institutions. Unfortunately, the proposal was ranked second and did not receive the award from NASA.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Redevelopment and Modernization  
**Launch Date:** 1/24/2012  
**CCWRF Vertical:** Commercial Property Reutilization

#### **OVERVIEW**

This partially-forgivable loan program will provide financing to for-profit entities with committed end users for existing site improvements, including asbestos abatement and tenant improvements, as well as the modernization of buildings located in Cuyahoga County. Private developers and/or businesses are eligible; however, in all cases, the applicant must be the borrower and must own the property. A firm commitment from an end user for the project satisfactory to the County must be provided at time of application. Projects with tax-exempt end uses are not eligible.

#### **1. Use of Funds:**

- a. Acquisition (maximum 25% of loan)
- b. Asbestos and/or lead-based paint abatement
- c. Building renovations
- d. Demolition

#### **2. Eligibility:**

- a. For-profit businesses within the targeted industry clusters
- b. Demonstrated ability to repay the loan, maintain adequate collateral and acceptable credit
- c. Evidence of other funding commitments must be provided

#### **3. Application and Review:**

- a. Applications are issued to prospective borrowers after meeting with DOD staff.
- b. Loan Review/Approval:
  - i. Applications will be reviewed by County DOD based on but not limited to factors such as: the number of high-value jobs created, level of risk associated with the loan, project readiness
  - ii. After review, applications are considered by the Cuyahoga County Community Improvement Corporation (CCCIC) Economic Development Loan Committee, which can recommend approval of the loan to County Council.

#### **TERMS**

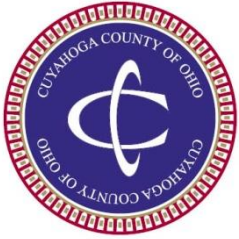
- 1. Loan Amount:** up to \$1 million
- 2. Interest Rate:** 4.00%
- 3. Term/Repayment:** Maximum ten-year term
- 4. Forgiveness Terms: Up to 35% of the loan may be forgiven.** The forgivable portion of the loan is reduced in equal amounts over a seven-year period following the completion of the project.
  - Project location in Business Attraction Agreement Community or identified area of economic growth (up to 10%).



- Projects with known end users can receive a job creation credit of 1% per job created above the average County wage (up to 15% total forgiveness). Borrower must execute County Workforce Agreement.
- A minimum of 50% of the loan proceeds must be spent with Cuyahoga County vendors to receive 10% loan forgiveness.

**5. Security/Collateral/Guarantor(s):** Second priority-position mortgage, corporate and/or personal guarantees

**PROJECT EXAMPLE:** Lincoln Electric Company relocation of Tech Alloy operations to Euclid Plant. The County provided two low-interest, partially forgivable, \$1 million loans (total \$2 million), to assist with the building renovations necessitated by the acquisition and relocation of Tech Alloy from Maryland. The project will retain 1,800 FTEs in the County and create at least 100 new FTEs.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Site Expansion  
**Launch Date:** 1/24/2012  
**CCWRF Vertical:** Commercial Property Reutilization

#### OVERVIEW

This fully-forgivable loan program will provide financing to for-profit entities with committed end users for the environmental cleanup and demolition of abandoned, vacant and otherwise underutilized properties that are adjacent to the existing committed end user in Cuyahoga County. Job creation and an increase in property values are expected outcomes of remediation and redevelopment. Parties responsible or potentially responsible for the environmental contamination at a site are not eligible for assistance.

#### **1. Use of Funds:**

- a. Acquisition (maximum 25% of loan)
- b. Environmental assessments and remediation
- c. Demolition and site clearance

#### **2. Eligibility:**

- a. For-profit businesses within the targeted industry clusters that are expanding onto an adjacent parcel
- b. Demonstrated ability to repay the loan, maintain adequate collateral and acceptable credit
- c. Evidence of other funding commitments must be provided
- d. Must obtain Ohio EPA No Further Action Letter for cleanup

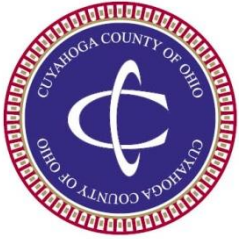
#### **3. Application and Review:**

- a. Applications are issued to prospective borrowers after meeting with DOD staff.
- b. Loan Review/Approval:
  - i. Applications will be reviewed by County DOD based on but not limited to factors such as: the number of high-value jobs created, level of risk associated with the loan, project readiness
  - ii. After review, applications are considered by the Cuyahoga County Community Improvement Corporation (CCCIC) Economic Development Loan Committee, which can recommend approval of the loan to County Council.

#### TERMS

- 1. Loan Amount:** up to \$500,000 (1 job created per \$25,000 in funding)
- 2. Interest Rate:** 0.00%
- 3. Term/Repayment:** Maximum ten-year term
- 4. Forgiveness Terms:** Up to 100% of the loan may be forgiven, provided that the Ohio EPA VAP No Further Action Letter is obtained, and the requisite number of jobs is created on the expansion site. The forgivable portion of the loan is reduced in equal amounts over a seven-year period following the completion of the project.
- 5. Security/Collateral/Guarantor(s):** Second priority-position mortgage, corporate and/or personal guarantees

**PROJECT EXAMPLE:** Great Lakes Towing Company expansion project. The County provided a fully-forgivable \$500,000 loan to facilitate the acquisition and environmental cleanup of adjacent property for the expansion of the tug boat manufacturing operations in Cleveland. The project retained 50 FTEs and created over 20 new FTEs.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Redevelopment Ready  
**Launch Date:** 1/24/2012  
**CCWRF Vertical:** Commercial Property Reutilization

#### OVERVIEW

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. Private developers and/or businesses are eligible; however, in all cases, the applicant must be the borrower and must own the property. If an end user has been identified for the project site, commitment of end user in form and substance satisfactory to the County must be provided at time of application. Parties responsible or potentially responsible for the environmental contamination at a site are not eligible for assistance.

#### **1. Use of Funds:**

- d. Acquisition (maximum 35% of loan)
- e. Environmental assessments and remediation
- f. Infrastructure (maximum 15% of loan)
- g. Demolition and site clearance

#### **2. Eligibility:**

- e. For-profit businesses within the targeted industry clusters
- f. Demonstrated ability to repay the loan, maintain adequate collateral and acceptable credit
- g. Evidence of other funding commitments must be provided
- h. Must obtain Ohio EPA No Further Action Letter for cleanup

#### **3. Application and Review:**

- a. Applications are issued to prospective borrowers after meeting with DOD staff.
- b. Loan Review/Approval:
  - i. Applications will be reviewed by County DOD based on but not limited to factors such as: the number of high-value jobs created, level of risk associated with the loan, project readiness
  - ii. After review, applications are considered by the Cuyahoga County Community Improvement Corporation (CCCIC) Economic Development Loan Committee, which can recommend approval of the loan to County Council.

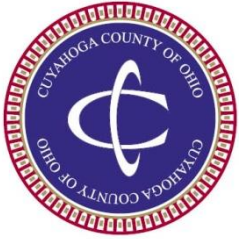
#### TERMS

- 1. Loan Amount:** up to \$1 million
- 2. Interest Rate:** 4.00%
- 3. Term/Repayment:** Maximum ten-year term
- 4. Forgiveness Terms:** Up to 40% of the loan may be forgiven. The forgivable portion of the loan is reduced in equal amounts over a seven-year period following the completion of the project.

- Projects after NFA issuance will receive 15% loan forgiveness.
- Projects with known end users can receive a job creation credit of 1% per job created above the average County wage (up to 15% total forgiveness. The known end user must execute a County Workforce Agreement.
- A minimum of 50% of the loan proceeds must be spent with Cuyahoga County vendors to receive 10% loan forgiveness

**5. Security/Collateral/Guarantor(s):** Second priority-position mortgage, corporate and/or personal guarantees

**PROJECT EXAMPLE:** Miceli Dairy Company expansion project. The County provided a low-interest, partially-forgivable, \$1 million loan to assist with the acquisition and brownfield cleanup of property in the Buckeye neighborhood of Cleveland that will facilitate the expansion of the dairy operations. The project will retain 50 FTEs in the county and create at least 14 new FTEs in the County.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Small Business Loan Guarantee Program  
**Launch Date:** Spring, 2013  
**CCWRF Vertical:** Business Growth, Commercialization and Attraction

#### OVERVIEW

Cuyahoga County created the Small Business Loan Guarantee (SBLG) Program as a loan enhancement program to help small businesses gain access to capital. The SBLG program provides support for private lending institutions to increase lending to small businesses that would have otherwise been unable to secure the funds needed to grow. When a bank makes an approved loan within the County's program guidelines, the County will help guarantee that the borrower will repay the loan. If the borrower defaults on the loan, the County will reimburse the bank a percentage of the loss. The result 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.

#### **1. Use of Funds:**

- a. Land and/or building purchase – must be owner occupied property
- b. Building construction and/or renovation costs – must be owner occupied property
- c. Purchase of equipment, machinery, or supplies/inventory
- d. Long-term leasehold improvements
- e. Working capital

#### **2. Eligibility:**

- a. Businesses with sales of \$500,000 - \$15 million in Cuyahoga County
- b. Businesses with at least a Three-Year track record and demonstrate cash flow to cover debt service
- c. Target industries in Five Year Economic Development Plan preferred (i.e. advanced manufacturing, energy, materials, devices, aerospace, controls, etc.)
- d. Ineligible businesses include real estate investment, religious institutions, and other non-profits.

#### **3. Application and Review:**

- a. Borrowers complete lenders' standard loan application. Lenders originate and underwrite the loans. Additional County application information includes but is not limited to project summary, sources and uses of funds, detailed job creation and revenue growth plan, and Workforce Cooperation Agreement.
- b. Completed applications are forwarded from bank underwriting teams after structuring, credit write-up and decision-making. Eligible applications are referred to the County for review. For applicants who meet the banks' underwriting standards, and reinforced by the County's additional due diligence, credit may be extended to the borrower. If approved, the County sends lender notification and closing documents.

- 4. Partners:** The County and a network of participating lenders have developed the criteria for referring potential businesses to the small business loan guarantee application process. Banks that have agreed to participate will help the County cull through declined bank loan applications to identify viable candidates.

## TERMS

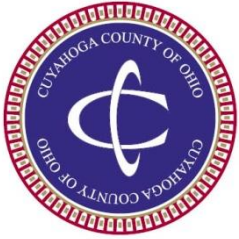
1. **Loan Amount:** Loan Guarantees range from \$50K- \$500K, with typical loans in the \$150-250K range
2. **Interest Rate:** N/A – a onetime 3% guarantee fee of the guarantee amount at closing
3. **Term/Repayment:** Guarantees will be provided for up to five (5) years with a five (5) year renewable option at the request of Bank, and subject to County re-approval.
4. **Forgiveness Terms:** N/A
5. **Security/Collateral/Guarantor(s):** The Cuyahoga County enhancement is unsecured and structured as a Performance Guarantee (or a deficiency guarantee), not a covenant or payment default trigger for guarantee. The Performance Guarantee effectuates after all collection efforts have taken place and a loan balance deficiency needs to be satisfied via the guarantee. Lender must exhaust all collection efforts before making a claim on the guarantee.

## METRICS

1. **Jobs Created/Retained:** Job Creation Requirement of 1 New Job for each \$35,000 of funding.
2. **Economic Impact:** The program anticipates leveraging \$100 million in private financing.
3. **Community Benefit:** Create a vital link between community development lending and small business lending strategies and foster a greater deal flow of credit-worthy borrowers.

## EXAMPLE

N/A



## Department of Development

### PROJECT EXECUTIVE SUMMARY

**PROJECT NAME:** Incumbent Worker Training  
**DATE:** 1/24/2012  
**DOD Program:** Business Growth, Commercialization and Attraction

#### **OVERVIEW**

##### **1. Summary:**

Cuyahoga County created the Incumbent Worker Training (IWT) program to support training projects that will benefit local businesses, industries and agencies by assisting in the skill development of existing employees, thereby increasing employee productivity, the growth/retention of the company and its workforce, and improve the economic competitiveness of Cuyahoga County's employers.

##### **2. Use of Funds:**

Incumbent Worker Training funds are available to a business within the *Target Industries* or a group of businesses requesting training that leads to one or more of the following:

- Improve/upgrade the skills of the employers' workforce
- Raise the skill level of employees so that they can be eligible for promotion
- Provide career progression that opens entry-level positions to others
- Increase retention in employment
- Increase individual wages

IWT funds for approved training cannot exceed \$50,000 for the employer per year. Employers are required to provide a cash or in-kind contribution match. Employer's match is determined by the total number of employees/size of company. The match is as follows:

- 33% for companies with 1 to 100 employees
- 50% for companies with 100 or more employees

##### **3. Employer Eligibility:**

- IWT funding may be used to supplement, but not to supplant current training efforts
- Must agree to list all job openings with Employment Connection
- Must have at least one full-time employee
- Must be current on all state tax obligations
- Must be able to demonstrate financial viability
- Must be located in Cuyahoga County

##### **4. Employee Eligibility:**

Must be directly employed by the company at a facility located within Cuyahoga County and meets all of the following requirements:

- Employed in any of the following business functions: production, back office operations, information technology, logistics, or research & development
- Earning at least minimum wage but not more than \$90,000
- An Ohio resident, at least 18yrs of age and legal to work in the USA
- Working at least 25 hrs. per week and
- Must not be related to business owner(s) if company has 50+ employees



## 5. Eligible Training Costs:

The employer may request reimbursement for up to 50% of the employer's cost to train an employee and may be used for any of the following purposes:

- Tuition
- Instructor or trainer fees
- Instructional materials including manuals, text books, handout (.05/copy)
  - Note that instruction materials cost must be prorated per employee and will be capped at 10% of the cost of training per employee per training.
- Lodging necessary for training
- Equipment rental necessary for training (capped at % of training costs)

## 6. Targeted Industries:

- Manufacturing
- Aerospace / Aviation
- Automotive
- BioHealth
- Health Care
- Energy
- Financial Services
- Information Technology
- Polymers & Chemicals
- Food Processing
- Corporate Headquarters
- Social Service Agencies

## 7. Available Funding:

The IWT program is operated as a cost-reimbursement program. Cuyahoga County Department of Development will reimburse the employer for up to 50% of the cost of the training (up to \$2,000 per employee), after: 1) the employer pays the full cost of the training, and 2) the employee successfully completes the training. Funding approvals for this IWT program will be on a first-come, first-served basis.

## 8. Eligible Training:

Training opportunities that expand and improve employees' workforce skills and develop his or her opportunities for growth, promotion and/or wage increase are eligible for the IWT program. Training need and training opportunity are to be determined by the employer and employee. The training provider is selected independently and may be public, private or in-house trainer. Funds will not be provided to independent contractors. Trainings may be conducted at the employer's facility, at the training provider's facility, on-line or at a third-party site.

A. Eligible training will relate to the employee's current position or for future advancement within the company.

Training activities may include:

- Classes, (credit or non-credit) at an accredited education institution
- Training that lead to an industry recognized certificate
- Training provided in conjunction with the purchase of a new piece of equipment related to the business operation
- Training from a national, regional, or state trade association that offers an independently certified training curriculum and testing
- Training for improved process efficiency (e.g. ISO-9000, Six Sigma, Lean Manufacturing)

B. Ineligible training activities include (but are not limited to):

- Training that would happen without public funds
- Training that is already being reimbursed by another local, state or federal training program (OH workforce Guarantee, National Emergency Grant, WIA, Veteran Admin, TANF, etc.)
- Continuing Education Units (CEUs) required for continued professional certification
- Soft Skills

- Training which is required by another public agencies or departments (OSHA, Worker’s Compensation, etc.)
- GED
- Conference fees
- Travel costs
- Wages of trainees while being trained (can be used towards match if training occurs during regularly scheduled work day).
- Company’s orientation training

**9. Application and Review**

- a. Application information includes but is not limited to:
  - i. Business Information: business description, training target, benefit employee, cost
  - ii. Training Information: training occupation, goal/objective of training, training costs, training curriculum
- b. Grant Review/Approval:
  - i. Applications will be reviewed by the Employment Connection (EC) review committee. Recommendations will be made based on but not limited to factors such as: A complete application including all required documents, projected outcomes, grant request, training curriculum and employer/employee expectations.
  - ii. After committee review, score sheets are referred to management for review and signature by EC and DoD Director, and then presented for a funding recommendation to the appropriate County approval body (CPB or BOC).

**10. Partners:** Employment Connection, collaborative workforce system of the City of Cleveland and Cuyahoga County.

**TERMS**

The program is operated on a reimbursement basis. The County will reimburse the employer (based on the number of employees) for the cost of the training: up to \$2000/per employee and/or up to \$50,000/per company.

- 33% for companies with 1 to 100 employees
- 50% for companies with 100 or more employees

**METRICS**

4. **Employer/Employee Benefit:** Support and retain companies and increase earning potential of employees.
5. **Economic Impact:** To improve the economic competitiveness of Cuyahoga County’s employers.
6. **Jobs Retained:** Assist in the skill development of existing employees thereby increasing employee productivity, the growth/retention of the company and its workforce, and creating the capacity for business growth.
7. **Promotion:** Incumbent employee is promoted and Employment Connection is source for back-fill candidates.

**PROJECT EXAMPLES:**

Safety Controls.....6 staff for power system engineering software training  
 Jennings Center.....200 employees for integrated electronic health record system  
 Forest City Tree Protection....one staff for basic and advanced tree care training  
 Menorah Park.....18 nursing assistants for clinical technician training program  
 Northcoast Composites.....7 staff for various jobs in composite parts production



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Business Growth (Accelerated Growth)  
**Launch Date:** 1/24/2012  
**CCWRF Vertical:** Business Growth, Commercialization and Attraction

#### **OVERVIEW**

Cuyahoga County created the Business Growth Program to enhance the growth opportunities and maximize the potential of businesses and industries already in the region. The Program provides Economic Development Loans to businesses that are relocating, expanding or building new facilities and creating and retaining jobs in Cuyahoga County. Economic Development Loans are structured to leverage private investment and stimulate business expansion and growth. The County offers subordinated long-term, fixed-rate gap financing at below-market rates to businesses that generally have difficulty securing capital for growth due to collateral and equity shortfalls.

**1. Use of Funds:** - *Fixed Asset Financing only*

- a. Land & Building Acquisition
- b. Building Improvements/Renovations
- c. New Construction
- d. Purchase of Machinery & Equipment

**2. Eligibility:**

- a. For-profit commercial, industrial or service businesses that expand in or move into the County
- b. Business must have 3 years prior financial history
- c. Business must demonstrate adequate collateral, credit and capacity to repay the loan
- d. Businesses must provide a minimum of ten percent (10.00%) equity

**3. Application and Review:**

- a. Application includes but is not limited to: business summary, operational history, description of products and services, balance sheet and profit and loss statement, existing and projected cash flow, sources and uses of funds, existing debt schedule, personal financials, and collateral verification
  - i. Applications are reviewed and underwritten by County DOD based on but not limited to factors such as: ability to cover debt service, collateral value, the number of high-value jobs created, private investment participation
- b. After review, loan packages are presented to the Cuyahoga County Community Improvement Corporation (CCCIC) Economic Development Loan Committee for a funding recommendation and then presented to the appropriate County approval body for final approval of the loan

**4. Partners:** The County works with multiple public and private sector partners to leverage investment and address funding gaps for projects to with significant economic development benefit. Projects are funded primarily through owner equity and private bank financing, with Economic Development Loans available for “gap financing”. County Economic Development Loans never exceeds 40% of any project.

## **TERMS**

- 1. Loan Amount:** Up to 40% of Total Project Cost, with a maximum loan amount of \$1,500,000 and a minimum loan of \$150,000
- 2. Interest Rate:** Below market rate, with a typical interest rate between 2% and 4% fixed for the term of the loan
- 3. Term/Repayment:** 5 - 10 years leasehold improvements, 7 - 10 on machinery and equipment, Up to 15 years on land and building. 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
- 4. Forgiveness Terms:** N/A
- 5. Security/Collateral/Guarantor(s):** The County will secure a second-position UCC lien and/or mortgage on the collateral asset being financed with a LTV up to 90%.

## **METRICS**

- 1. Jobs Created/Retained:** The program requires job creation of 1 new job for each \$35,000 of funding. All companies are required to execute a workforce cooperation agreement.
- 2. Economic Impact:** The program increases the flow of private investment by providing a loan for the difference between what a business may need for a project, and the combined amount that they have available through equity and from their lender.
- 3. Community Benefit:** The County supplements private financing in order to increase the number of credit worthy economic development projects, enabling job creation projects to proceed that would otherwise not have taken place.

## **EXAMPLE**

Swift Filters is a second generation; family owned business that was established in 1957. The company manufactures specialty filters used in applications for air-filtration, hydraulic oils, oil and water separation and specialty fuels. All of the company's products are manufactured in the USA at their facility located in Oakwood Village, Ohio. They service the Department of Defense, automotive (NASCAR), aerospace, chemical and fluid power industries and most recently the oil and gas industry. The Company is ISO 9001:2008 certified and is listed as one of Weather head's Top 100 companies in Northeast Ohio. The Company received a \$1,260,000 Cuyahoga County Economic Development Loan for a freestanding 42,500 sq. ft. facility in Oakwood Village. The County loan allowed the company to leverage funding from Liberty National Bank to financing the expansion of their filter manufacturing operation. The total cost of this expansion project is estimated at \$3,150,000. The Company will create 36 new jobs within 3 years.



## Department of Development

### CCWRF PROGRAM - EXECUTIVE SUMMARY

**Program Name:** Large Scale Attraction  
**Launch Date:** 1/24/2012  
**CCWRF Vertical:** Business Growth, Commercialization and Attraction

#### OVERVIEW

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.

#### **1. Use of Funds:**

- e. Land and/or building acquisition
- f. Purchase of equipment and/or machinery
- g. Building construction and/or renovation costs
- h. Working capital

#### **2. Eligibility:**

- i. At least 100, new to the County, full time equivalent jobs with an average annual salary at or  
above the County median annual wage
- j. For-profit businesses within the targeted industry clusters
- k. Demonstrated ability to repay the loan, maintain adequate collateral and acceptable credit
- l. County loan cannot exceed 40% of total project cost
- m. Evidence of other funding commitments must be provided

#### **3. Application and Review:**

- a. Applications are issued to prospective borrowers after meeting with DOD staff.
- b. Loan Review/Approval:
  - i. Applications will be reviewed by County DOD based on but not limited to factors such as: the number of high-value jobs created, level of risk associated with the loan, project readiness
  - ii. After review, applications are considered by the Cuyahoga County Community Improvement Corporation (CCCIC) Economic Development Loan Committee, which can recommend approval of the loan to County Council.

## **TERMS**

1. **Loan Amount:** up to 40% of project
2. **Interest Rate:** 1.00% to 7.00%
3. **Term/Repayment:** One to three years for working capital, five to 10 years for renovations, seven for machinery and/or equipment, and 15 years for acquisition.
4. **Forgiveness Terms:** 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.
5. **Security/Collateral/Guarantor(s):** Second priority-position mortgage, corporate and/or personal guarantees

**EXAMPLE PROJECT:** AmTrust Financial Services consolidation, expansion and relocation project. The County provided a \$3 million low-interest loan to assist with the acquisition and renovation of the former Key Bank Building, located at 800 Superior Avenue, in Cleveland. The project retained 250 FTEs in the County and is projected to create 750 new FTEs in the County.

## Cuyahoga County – Department of Development

Reserve Square

1701 East 12<sup>th</sup> Street – 1<sup>st</sup> Floor

Cleveland, Ohio 44114

### Economic Development Division - Staff

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<p>Gregory Zucca Senior Development Finance Analyst (216) 443-8086 <a href="mailto:gzucca@cuyahogacounty.us">gzucca@cuyahogacounty.us</a> Programs: - CCWRF North Coast Opportunities Fund Program with Jumpstart, Inc. - CCWRF Next Stage Fund Program - CCWRF MicroEnterprise Program with ECDI</p>	<p>Bob Flauto Senior Development Finance Analyst (216) 698-2898 <a href="mailto:bflauto@cuyahogacounty.us">bflauto@cuyahogacounty.us</a> Programs: - Grow Cuyahoga Fund - SBA (7a) with National Development Council - Economic Development Loans - New Product Development Loans with MAGNET</p>
<p>Michael May Economic Development Administrator (216) 348-4847 <a href="mailto:mmay@cuyahogacounty.us">mmay@cuyahogacounty.us</a> Programs: CCWRF MicroEnterprise Program with Economic &amp; Community Development Institute (ECDI)</p>	<p>Janise Bayne Senior Development Finance Analyst (216) 698-2574 <a href="mailto:jbayne@cuyahogacounty.us">jbayne@cuyahogacounty.us</a> Programs: - Community Assessment Initiative Environmental Assessments Funding - Clean Ohio Assistance Fund</p>

# Appendix III



## Cuyahoga County Western Reserve Fund

### ***Economic Development Dashboard***

Department of Development

May 15, 2013



**2011 Economic Development Projects**

DOD Product	Index Code	Index Code Name	Corporate Name/Project Name	Loan/Contract Amount	Dollars Leveraged	Jobs Created	Jobs Retained	Created-Retained	Count of Project	
Brownfield Redevelopment Loan	Huntington Bank Trustee	Brownfield Redevelopment Bond	7000 Euclid Avenue	\$ 500,000.00	\$ 5,000,000.00	20	-	20	1	
			OverDrive, Inc.	\$ 1,000,000.00	\$ 6,185,893.00	100	100	200	1	
Brownfield Revolving Loan Fund	DV713404	US EPA Revolving Loan Fund	Former St. Roberts	\$ 150,000.00	\$ -	-	-	-	1	
	DV713420	US EPA Revolving Loan Fund	1850 Superior Avenue	\$ 200,000.00	\$ 40,000.00	-	9	9	1	
			Administration Building	\$ 101,813.00	\$ -	20	200	220	1	
			Former Midland Steel	\$ 200,000.00	\$ 6,111,434.00	300	-	300	1	
			Gordon Square Arcade	\$ 77,642.00	\$ 500,000.00	20	28	48	1	
			Richard E. Sering Center	\$ 166,851.00	\$ 15,000,000.00	-	192	192	1	
Community Assessment Initiative	DV520726	Brownfield Revolving Loan Fund	4582 Willow Parkway	\$ 34,865.00	\$ -	-	-	-	1	
Community Assessment Initiative			Cleveland Trencher	\$ 41,500.00	\$ -	-	-	-	1	
			Van Dorn Building	\$ 6,500.00	\$ -	-	-	-	1	
			Breakwater Redevelopment	\$ 4,600.14	\$ -	-	-	-	1	
	DV708792	US EPA Assessment Grant 2008 - Petroleum	Former Benjamin Moore	\$ 1,742.50	\$ -	-	-	-	1	
			Hawley Park	\$ 2,000.00	\$ -	-	-	-	1	
			Lee -Silsby	\$ 2,500.00	\$ -	-	-	-	1	
	DV708784	US EPA Assessment Grant 2008 - Hazardous Substances	Former Benjamin Moore	\$ 1,584.50	\$ -	-	-	-	1	
			West 105th- BUSTR	\$ 6,310.00	\$ -	-	-	-	1	
	Community Assessment Initiative	DV713412	US EPA Assessment Grant 2009	7702 St. Clair	\$ 3,573.50	\$ -	-	-	-	1
				Breakwater Redevelopment	\$ 6,457.86	\$ -	-	-	-	1
Pierres NFA				\$ 60,000.00	\$ -	-	-	-	1	
Triangle Stamping				\$ 6,117.00	\$ -	-	-	-	1	
UniControl Expansion				\$ 33,570.00	\$ -	-	-	-	1	
Community Assessment Initiative			Van Dorn Building	\$ 35,000.00	\$ -	-	-	-	1	
Economic Development Loan	DV713255	CDBG Project Plan - 2010	MB&W Consumer Collections	\$ 500,000.00	\$ 2,000,000.00	75	-	75	1	
	DV713362	CDBG Project Plan - 2011	7204 Pearl Road Associates, LLC	\$ 500,000.00	\$ 1,900,000.00	33	28	61	1	
			Anchor Enterprises	\$ 53,000.00	\$ 110,000.00	3	11	14	1	
			SDC University Circle Developer, LLC	\$ 800,000.00	\$ 27,000,000.00	55	-	55	1	
Energy Development Task Force	DV014100	Economic Development	Lincoln Electric Wind Turbine	\$ 350,000.00	\$ 5,564,000.00	-	60	60	1	
North Coast Opportunities	DV014100	Economic Development	BestHomeHealthCare.com, Inc.	\$ 100,000.00	\$ 100,000.00	-	-	-	1	
			Bioelectrics, LLC	\$ 122,000.00	\$ 100,000.00	-	-	-	1	
			CFRC Water and Energy Solutions, Inc.	\$ 85,000.00	\$ 67,500.00	-	-	-	1	
			Cleveland Whiskey, LLC	\$ 123,500.00	\$ -	-	-	-	1	
			Milo Biotechnology, LLC	\$ 100,000.00	\$ 700,000.00	-	-	-	1	
North Coast Opportunities			Sooth, Inc.	\$ 100,000.00	\$ 100,000.00	-	-	-	1	
<b>Grand Total</b>				<b>\$ 5,476,126.50</b>	<b>\$ 70,478,827.00</b>	<b>626</b>	<b>628</b>	<b>1,254</b>	<b>34</b>	

**2012 Economic Development Projects**

CCWRF Program	Index Code	Index Codes Name	Corporate Name/Project Name	Loan Contract Amount	Dollars Leveraged	Jobs Created	Jobs Retained	Created-Retained	Count of Project		
Business Growth	DV520692	ED Revolving Loan Fund	S&P Data LLC	\$ 110,000.00	\$ 1,300,000.00	100	125	225	1		
			J&F Transportation	\$ 202,000.00	\$ 525,000.00	6	2	8	1		
			AKFB, Inc.	\$ 36,550.00	\$ 109,973.35	-	-	-	1		
			Industrial Resources	\$ 78,000.00	\$ 234,000.00	-	7	7	1		
			Louis A. Bodnar & Son	\$ 53,009.82	\$ 183,390.19	-	4	4	1		
			Ohio Mills	\$ 158,250.00	\$ 474,750.00	-	95	95	2		
			DV713362	CDBG Project Plan - 2011	1805 East Carson Street Corporation	\$ 485,468.00	\$ 1,213,670.00	18	-	18	1
			DV711606	HUD Section 108	Premier Pump	\$ 212,000.00	\$ 530,000.00	10	20	30	1
					Stoneworks Inc.	\$ 468,000.00	\$ 1,461,960.00	10	60	70	1
			Large Scale Attraction	Huntington Bank Trustee	Commercial Redevelopment Bond	AmTrust Expansion	\$ 3,000,000.00	\$ 17,055,000.00	750	245	995
North Coast Opportunities	DV014100	Economic Development	TIP Imaging, LLC dba Plexar Imaging	\$ 100,000.00	\$ 100,000.00	-	-	-	1		
	DV520676	Western Reserve Fund	BoxCast, LLC	\$ 125,000.00	\$ 167,000.00	-	-	-	1		
			Building 2, LLC dba eFuneral	\$ 110,958.00	\$ -	-	-	-	1		
			In2une, LLC dba GETn2it	\$ 125,000.00	\$ 100,000.00	-	-	-	1		
			Paragon Robotics, LLC	\$ 90,000.00	\$ -	-	-	-	1		
Zuga Medical, Inc.	\$ 100,000.00	\$ 100,000.00	-	-	-	1					
Redevelopment Ready	DV520726	Brownfield Revolving Loan Fund	11701 Superior	\$ 31,936.00	\$ -	-	-	-	1		
			1200 W 76th	\$ 35,000.00	\$ -	-	-	-	1		
			1265 West 65th	\$ 26,807.40	\$ -	-	-	-	1		
			2323 Lee Road	\$ 24,966.75	\$ -	-	-	-	1		
			4400 Woodland Avenue	\$ 41,500.00	\$ -	-	-	-	1		
			4971 Woodland Avenue	\$ 8,500.00	\$ -	-	-	-	1		
			5700 Detroit	\$ 6,500.00	\$ -	-	-	-	1		
			826 E Schaaf	\$ 6,418.00	\$ -	-	-	-	1		
			Euclid 115 Apartments	\$ 6,000.00	\$ -	-	-	-	1		
			Intesa Lot 45	\$ 33,560.00	\$ -	-	-	-	1		
			Rockside Redevelopment	\$ 10,550.00	\$ -	-	-	-	1		
			DV713404	US EPA Revolving Loan Fund	Dike 14	\$ 600,000.00	\$ 600,000.00	-	-	-	1
			DV713412	US EPA Assessment Grant 2009	1235 West 65th	\$ 35,000.00	\$ -	-	-	-	1
					5700 Detroit	\$ 34,937.00	\$ -	-	-	-	1
					826 E Schaaf	\$ 35,082.00	\$ -	-	-	-	1
			DV713420	US EPA Revolving Loan Fund	Warner & Swasey	\$ 1,129,788.00	\$ 3,000,000.00	200	-	200	1
			DV713529	Clean Ohio Revitalization Fund	Viking Hall Demo	\$ 2,000,000.00	\$ 26,900,000.00	50	-	50	1
Huntington Bank Trustee	Brownfield Redevelopment Bond	Asia Plaza	\$ 500,000.00	\$ -	-	400	400	1			
		Micelis Phase II Expansion	\$ 1,000,000.00	\$ 4,800,000.00	50	130	180	1			
<b>GRAND TOTAL</b>				<b>\$ 11,020,780.97</b>	<b>\$ 58,854,743.54</b>	<b>1,194</b>	<b>1,088</b>	<b>2,282</b>	<b>36</b>		

**2013 and Current Economic Development Projects**

Process	CCWRF Program	Index Code	Index Code Name	Corporate Name-Project Name	Loan-Contract Amount	Dollars Leveraged	Jobs Created	Jobs Retained	Created-Retained	Count Project		
In process	Business Growth	DV520676	Western Reserve Fund	Catanese Classic Seafood's	\$ 449,620.00	\$ 899,430.00	30	69	99	1		
				Equity Trust Company (ETC)	\$ 3,000,000.00	\$ 14,050,000.00	300	100	400	1		
				STL Development, LLC (wholly-owned by New Village Corporation)	\$ 500,000.00	\$ 14,632,614.00	5	30	35	1		
				Swift Filters	\$ 1,260,000.00	\$ 1,890,000.00	36	29	65	1		
				Technology Recovery Group Inc	\$ 1,280,000.00	\$ 1,920,000.00	45	55	100	1		
				VRG Incorporated	\$ 200,000.00	\$ 308,300.00	-	-	-	1		
		DV713917	CDBG Project Plan - 2012	Heights Dental Group	\$ 156,000.00	\$ 259,000.00	6	4	10	1		
				Manitowoc	\$ 350,000.00	\$ 4,400,000.00	120	260	380	1		
	Large Scale Attraction	DV520676	Western Reserve Fund	Lincoln Electric Expansion	\$ 1,000,000.00	\$ 12,333,333.33	33	633	666	1		
				Philips Expansion	\$ 3,000,000.00	\$ 74,000,000.00	100	799	899	1		
	Next Stage	DV520676	Western Reserve Fund	SparkBase, Inc	\$ 700,000.00	\$ 2,900,000.00	15	40	55	1		
	Redevelopment & Modernization	DV520676	Western Reserve Fund	Gent Machine Expansion	\$ 178,000.00	\$ 372,904.00	5	27	32	1		
				Lincoln Electric Expansion	\$ 2,000,000.00	\$ 24,666,666.67	67	1,267	1,334	1		
<b>In process Total</b>					<b>\$ 14,073,620.00</b>	<b>\$ 152,632,248.00</b>	<b>762</b>	<b>3,313</b>	<b>4,075</b>	<b>13</b>		
Closed	Business Growth	DV520676	Western Reserve Fund	NSL Analytical Inc.	\$ 566,312.00	\$ 1,006,780.00	18	59	77	1		
				DV520692	ED Revolving Loan Fund	Mitchell's Ice Cream	\$ 50,000.00	\$ 2,175,000.00	25	-	25	1
						Contract Transportation Services	\$ 383,300.00	\$ 1,149,900.00	-	87	87	3
						Undercar Express, LLC	\$ 42,500.00	\$ 382,500.00	-	75	75	1
	Microenterprise	DV520676	Western Reserve Fund	Economic and Community Development Institute	\$ 300,000.00	\$ 300,000.00	14	-	14	1		
				DV713917	CDBG Project Plan - 2012	Economic and Community Development Institute	\$ 250,000.00	\$ 250,000.00	11	-	11	1
	North Coast Opportunities	DV520692	ED Revolving Loan Fund	BiolnVision Inc.	\$ 50,000.00	\$ -	-	-	-	1		
				MegaJoule, Inc.	\$ 50,000.00	\$ -	-	-	-	1		
				Sensor Development Corporation	\$ 50,000.00	\$ -	-	-	-	1		
	Redevelopment Ready	DV520726	Brownfield Revolving Loan Fund	Former Fairmont Creamery Redevelopment	\$ 40,978.30	\$ -	-	-	-	1		
				Pre-Demolition Asbestos Survey for St Martin Redevelopment	\$ 10,430.00	\$ -	-	-	-	1		
				Vacant Gasoline Station Richmond Hts, Ohio	\$ 37,300.00	\$ -	-	-	-	1		
	<b>Closed Total</b>					<b>\$ 1,830,820.30</b>	<b>\$ 5,264,180.00</b>	<b>68</b>	<b>221</b>	<b>289</b>	<b>14</b>	
	<b>Grand Total</b>					<b>\$ 15,904,440.30</b>	<b>\$ 157,896,428.00</b>	<b>830</b>	<b>3,534</b>	<b>4,364</b>	<b>27</b>	