



# Cuyahoga County Western Reserve Fund

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## **Executive Summary**

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

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

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

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

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

## **Funding**

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

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

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

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

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

## Investment Priorities

There are three priority areas/verticals 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.

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

## Universal Terms

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

## Location in Cuyahoga County

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

## 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.

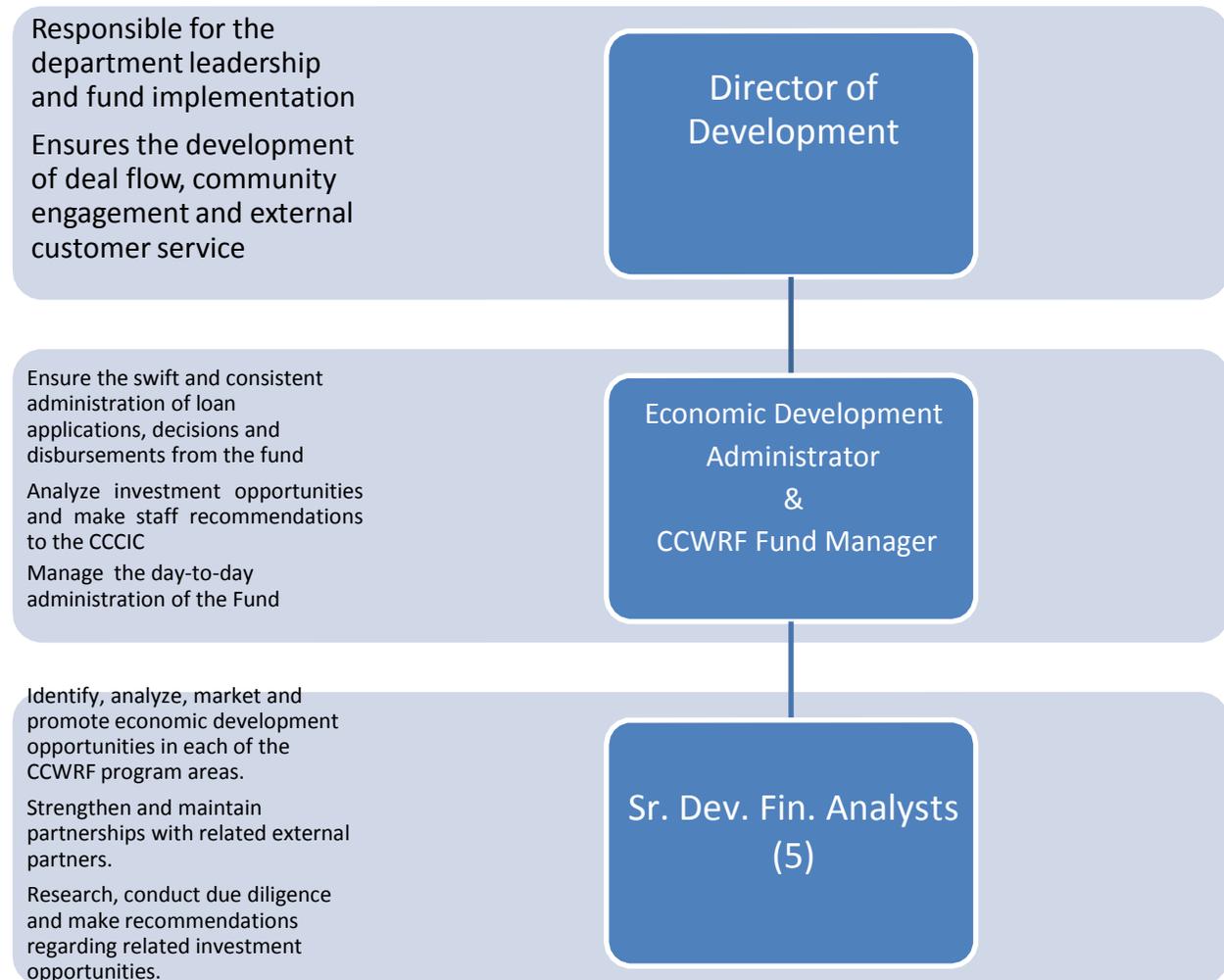
With the exception of the Micro Enterprise program and the three programs that comprise the Commercial Property Reutilization, Expansion and Acquisition vertical, all programs will target industries that were identified in the County's five year plan:

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

## 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

