



Medina County Financing Overview

Why Medina County?

Strategically positioned midway between Cleveland and Akron, Medina County consists of 421.6 square miles, three cities, six villages, and fifteen townships. The county offers potential businesses a wide range of industrially zoned areas which offer a multitude of amenities for businesses and residents.

Advantages of a Medina County location include:

- Excellent interstate access connecting directly with all major markets in North America
- 50 percent of U.S. and Canadian population within 500 miles
- Air freight service and air travel accessible at nearby Cleveland Hopkins International Airport
- Well-connected rail service throughout the County - CSX, Norfolk Western, Wheeling & Lake Erie
- Skilled workforce and competitive wage rates
- Tax rates make the area an attractive location in which to reside and work
- A low crime rate and stable insurance markets
- Several major colleges, universities, and tech training centers located within 30 minutes
- Financing and tax exemption programs available, with a wide variety of state incentive programs

Medina County Funding Options

1.) Medina County Port Authority – Fixed Rate Bond Fund

The Medina County Port Authority has formally partnered with the Summit County Port Authority (SCPA) to utilize the SCPA Bond Fund program for Medina County projects in an effort to provide additional financing options for growing companies. This bond fund can finance up to 100% of projects between \$1,500,000 and \$6,000,000 with tax exempt or taxable bonds for a period of 7 to 20 years based on the life of the assets being financed. The market rate is based on the BBB+ investment grade rating of the program by Fitch IBCA and the interest rate is fixed for the term of tax exempt or taxable bonds.

PROGRAM BENEFITS INCLUDE:

- Fixed Interest Rate (Up to 30 years)
- Construction and Permanent Financing
- 90% to 100% Financing
- No sales tax on construction and building materials
- Close within 60 to 90 days

TYPE OF BONDS:

Tax-Exempt Bonds

- Industrial Projects
- Non-Profit (501 C 3)
- Exempt Facilities
- Governmental

Taxable Bonds

- Commercial Projects

This program is ideal for small businesses that wish to borrow money for fixed assets at investment-grade rates versus traditional bank financing, including construction, and permanent financing of the project. Your project's total transaction size, however, may not exceed \$20 million when combined with other financing sources. This form of "structured" or "piggy-back" financing, once reserved for primarily big business, is becoming increasingly popular for small businesses.

The long-term, fixed interest rates are for up to 20 or 30 years with level payments throughout the term of the loan (rates based on bond rate at the time of sale).

Stand-alone bond issues will also be available directly through the MCPA for larger projects with companies that have their own bond rating.

For more information, contact the Administrator of the Medina County Port Authority at 330-722-9215 (Medina County Economic Development Corporation).

2.) Medina County Port Authority – Off-Balance Sheet Financing and Leasing Program

This financing vehicle is designed to serve both for-profit companies and nonprofit organizations that need a new building or plant expansion but do not want the asset to appear on their balance sheet. It allows the Port Authority to own the facility and lease it back to the company. At the end of the initial lease, borrowers can choose to extend the lease, purchase the asset or vacate the property.

The terms include 100% financing, with no limits, for three types of leases: finance, operating or synthetic leases. The rates are fixed or variable up to 20 years with tax savings on construction materials used in the construction phase of the project. The owner also can take the depreciation on the taxes and, at the end of the lease, own the building. The financing can improve your balance sheet, avoids restrictive banking covenants and you retain complete control of the construction and occupancy of your building.

For more information, contact the Administrator of the Medina County Port Authority at 330-722-9215 (Medina County Economic Development Corporation).

3.) State of Ohio's Community Development Block Grant – Economic Development Program

The CDBG-ED program can fund up to 45% of a project's fixed asset costs, with funding of up to \$25,000 per new job created to a maximum of \$500,000. MCEDC will cooperate with the expanding company to apply for these funds, which offer lower, fixed interest rates and are repaid to Medina County's Revolving Loan Fund. Interest rates can be negotiated and have been in the 4% range in recent years. For more information about applying for this type of funding, contact the Medina County Economic Development Corporation at 330-722-9215.

State Tax Credits

1.) Job Creation Tax Credit (JCTC)

The Job Creation Tax Credit is a refundable tax credit to companies creating at least 25 new full-time jobs (within 3 years) in Ohio. The credit may also be available for certain high-wage industries creating 10 or more new full-time jobs within 3 years. The refundable tax credit is measured as a percentage of the state income tax withholdings for all new employees hired under the program, and is applied toward the company's commercial activity tax liability. Should the amount of the credit exceed the company's CAT liability for any given year, the difference is refunded. Approved projects generally range between a 25 and 55 percent credit for a period of 5 to 7 years. The business must apply for the credit before committing to the project.

2.) Research and Development Investment Tax Credit

The R&D Investment Tax Credit is a non-refundable Ohio commercial activity tax credit for all investment in qualified research expenses incurred in Ohio by eligible “C” corporations. Qualified research expenses are based on Section 41 definitions in the U.S. Internal Revenue Code and include expenses for both in-house and contract research expenses. The amount of the credit is based on 7 percent of the amount of all qualified investment in a specific year. The credit can be carried forward for up to seven years.

State & Regional Funding

For companies needing gap financing to fund the purchase of fixed assets, such as land, buildings, or machinery and equipment, the Medina County Economic Development Corporation (MCEDC) can facilitate funding and assistance through several partner agencies:

1.) State of Ohio’s Direct 166 Loan

The Ohio Direct 166 loan program is administered through the Ohio Department of Development. Direct loan financing is available to fund manufacturing and other eligible facilities, with eligible uses for funding including new building construction, building acquisition, and acquisition of machinery and equipment.

Amounts of financing are usually set at 30 percent of the project cost to a maximum of \$1 million, subject to an increase by the Director of Development, with a minimum loan amount of \$350,000. The rate can be negotiated and will be fixed for the life of the loan (currently at 3 percent), with terms similar to those of commercial bank financing. Eligible projects must involve significant job creation or retention.

2.) State of Ohio Enterprise Bond Fund

Revenue bond financing is available through this S&P AA- (double A-minus) rated fund, whereby proceeds from the sale of bonds is loaned to companies for fixed rate, long-term capital asset financing. Rates are fixed, depending on the type of bond issued, while terms are between 7 to 10 years for equipment and 15 to 20 years for real estate. Up to \$10 million in financing is available through this program.

3.) State of Ohio Research & Development Investment Loan Fund

Direct loan financing of between \$1 million and \$25 million is available for projects primarily engaging in research and development activity. Rates are fixed, with terms similar to those of commercial bank financing. Companies receive a dollar-for-dollar, nonrefundable Ohio commercial activity tax credit for all principal and interest payments during the year.

4.) Ohio and Huntington Job Growth Partnership

In May, 2009, the State of Ohio and Huntington Bank today announced a three-year, \$1 billion public-private lending partnership to attract, retain and grow businesses and jobs within the state. Through the Ohio and Huntington Job Growth Partnership, Huntington Bank will commit to fund \$1 billion in new loans over three years to Ohio businesses. The partnership will distribute \$250 million of the total loan commitment through a highly competitive preferred loan product, The Huntington Job Growth Fund. The partnership also leverages existing State of Ohio and federal Small Business Administration loan programs to maximize availability of funds for companies located in or moving to Ohio. *You can obtain information about the Ohio and Huntington Job Growth Partnership through a toll-free hotline, 866.644.9786.*

For every \$30,000 borrowed, the company must commit to hiring 1 new employee. Minimum loan size is \$100,000. Traditional banking underwriting criteria applies. Fund proceeds cannot be used for start-ups or refinancing, but can be used for real estate, equipment or working capital to pay additional employees.

5.) Cascade Capital Funding

To provide flexible funding for expansion projects, MCEDC partners with Cascade Capital Corporation, which administers the SBA 504 and the Ohio 166 loan programs. For more information and application forms, contact Bob Filipiak at 330-379-3160.

A. SBA 504

The SBA 504 program can provide up to 90% of financing for fixed asset purchases with a fixed interest rate loan. Cascade Capital can provide 40% of the project costs, with a bank lender participating with 50% and an equity match of 10%. The terms are up to 20 years for construction, building and land purchases, and up to 10 years for machinery and equipment. Companies must create 1 job for every \$65,000 borrowed, while manufacturers can participate by committing to create 1 new job for every \$100,000 borrowed. Manufacturers can borrow up to \$4 million.

The 2009 American Recovery and Reinvestment Act has temporarily eliminated a 1.5% processing fee and a 0.5% bank participation fee, which reduces the loan fees from processing 504 loans to 0.65%. As of March 2009, a typical interest rate for a 20-year loan is 5.25%, but contact Cascade Capital for a current rate quote.

B. Ohio 166 Regional Loan

Cascade Capital partners with the State of Ohio to provide funding for manufacturing projects up to \$350,000. Cascade can provide up to 40% of the cost of fixed asset purchases of building, land and equipment. There is a 15 year maximum for real estate loans and the term for machinery and equipment will match the term of the bank. Manufacturers must agree to create 1 new job for every \$35,000 borrowed. Interest rates are 2/3 of the prime rate plus one time fees. In March 2009, typical rates have been in the 2.5-3% range. Contact Cascade Capital for a current quote.