

## Innovation Ohio Loan Program Program Summary

**The Innovation Ohio Loan Fund (IOF Loan)** promotes assistance to existing Ohio companies in developing next generation products and services within certain Targeted Industry Sectors.

The IOF Loan addresses an identified need in the capital-funding continuum. The IOF Loan is intended to provide capital to Ohio companies with limited access to capital and funds from conventional financing sources due to technical and commercial risk factors associated with the development of new products or services.

### Available Funding

The IOF Loan may finance up to 75% of allowable project costs with loans typically ranging in size from \$500,000 to \$1,500,000.

### Job Creation

The program requires a commitment to create jobs in the State of Ohio through the IOF Loan program. The number of jobs committed, as well as the annual payroll will be considered when determining the funding amount.

### Targeted Industry Sectors

The IOF Loan will target industry sectors involving the production or use of:

- Advanced Materials
- Instruments, Controls and Electronics
- Power and Propulsion
- Biosciences
- Information Technology

### Investment Focus

The IOF Loan is intended to support the growth capital needs of **established** Ohio companies that have:

- minimum of two years of operating history and revenues generated
- attracted or are likely to attract additional third party capital to the project
- developed a proven product for a proven market
- have customer orders and reasonable prospects for rapid sales growth
- have attracted third party capital and has reasonable prospects of continued backing from such investors; the program may require additional investment in the company as a condition to an IOF Loan

### Eligible Projects

Eligible projects include those related to industry, commerce, manufacturing, distribution or research activities. Retail projects are **ineligible** for the IOF Loan.

**Allowable Project Costs/Uses**

Allowable costs are defined as costs that can be capitalized under applicable generally accepted accounting principles (GAAP).

**Term**

The IOF Loan term is determined by staff and will range from 5 – 7 years or upon the useful life of the allowable project costs/uses financed.

**Interest Rate**

The IOF Loan rate will be fixed at closing.

**Applicant Contribution**

The program requires a 25% minimum contribution in the allowable project costs/uses. The required contribution may be higher depending on the financial and operating position of the company. In-kind contributions of labor, equipment or similar items **are not** acceptable as the applicant's contribution.

**Security & Collateral**

The program may require a first and/or shared first priority mortgage and/or lien position on all business assets including Intellectual Property. At a minimum, the program will require a senior position on all project costs/uses financed with the IOF Loan proceeds.

**Program Fees**

- Commitment fee equal to 1.75% of the loan amount capped at \$17,500 is due to proceed with the loan closing and loan documentation process.
- Annual servicing fee equal to 1% of the outstanding principal amount of the loan is pro-rated and payable monthly.
- Participation fee equal to 10% of the maximum drawn principal will be payable upon maturity of the loan.

**Pre-payment**

The program does not impose a pre-payment penalty.

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