

# State Small Business Credit Initiative



## Targeted Investment Program (TIP)

- **PURPOSE:** The Ohio Department of Development has identified the need for a flexible investment program that can strategically support growth and expansion of targeted small businesses within Ohio's manufacturing, production, and logistics value chains. In response to this need, the Ohio Department of Development has created the Targeted Investment Program (TIP).
- **DESCRIPTION:** TIP will allow the Ohio Department of Development to directly invest in targeted small businesses that have received first or second round equity investments, are active within an existing value chain, and are pursuing new high economic value activities.
- **PROGRAM GOALS:** TIP aims to increase the success of small businesses, with an emphasis on woman- and minority-owned businesses, by investing in up to 20 companies, supporting the creation and retention of 250 jobs, and gaining a 4:1 leverage on funds invested.
- **ELIGIBILITY:** Eligible businesses include those with as few as five and no more than 250 employees, and revenues as low as \$1 million and no greater than \$10 million. Ineligible businesses include firms involved in real estate investment, speculative activities, lending or leasing activities, pyramid sales, illegal activities, gambling activities, charitable institutions, religious institutions, consumer and marketing cooperatives, and other nonprofits.
- **TARGETED COMPANIES:** Targeted companies are active in one or more established value chain(s), exhibiting a substantial Ohio presence involved in manufacturing, production, or logistics. Targeted companies are raising capital to support new demand, creating new product lines, or entering new value chains. Preference will be given to companies demonstrating disruptive innovation and a compelling likelihood of strong employment growth, strong sales growth, and value chain impact. Targeted companies will also demonstrate value chain support.
- **INVESTMENT AMOUNTS:** TIP investments may range between \$500,000 and \$5 million with a target investment size of \$1 million. TIP investments will not exceed either \$20 million or 25 percent of the total investment round.
- **USE OF FUNDS:** Investment proceeds may be used for a business purpose which includes, but is not limited to, working capital business procurement, equipment, machinery, research and development, and inventory. A business purpose also includes the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. Allowed use of funds does not include tax payments, reimbursement of owner loans, or purchasing any portion of an ownership interest from a current owner.
- **APPLICATION PROCESS:** Companies seeking investment will be required to submit a standardized application in addition to a business plan, financial statements, and due diligence materials. Companies may be required to supply supplemental documents throughout the application and investment process. Applications will be processed by the Office of Technology Incentives during a Phase I due diligence review. Applications passing the Phase I review will be assigned to a third party reviewer for Phase II review and scoring. Investments will be selected from a pool of applications passing Phase II review. The net economic value, resource availability, and target portfolio will be considered in the decision-making process.



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