



Mr. Mark Rantala (Lake County Ohio Port & Economic Development Authority Executive Director)  
**Web Site:** <http://lcport.org/>  
**Email:** [mrantala@lcport.org](mailto:mrantala@lcport.org)  
**Phone Number:** 440.357.2290

## Financing Options

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### Bond Financing

Through its unique structure, as well as public-private partnerships, the Lake Ohio Port and Economic Development Authority is able to offer several different financing options for businesses that can be structured to meet an individual project's needs.

#### Fixed Rate Bonds

Through our partnership with the Stark County Port Authority, businesses can utilize both tax-exempt industrial revenue and taxable bonds underwritten with the Port Authority's bond rating. Loans are structured for 10 to 30 year terms, and the borrower is responsible for service on the incurred debt.

#### Conduit Financing

The Lake County Ohio Port and Economic Development Authority is able to issue tax-exempt industrial revenue and taxable bonds underwritten by a commercial lender's letter of credit. You as the borrower are responsible for service on the incurred debt. However, this financing option enables you to obtain a one-time exemption on all construction materials used in a project.

#### PACE Bonds

Property Assessed Clean Energy bonds are part of a federal initiative to encourage states to enact programs that allow for property-based financing to fund alternative energy and energy efficiency projects. Ohio has adopted this program, and in its current form it allows local government entities to provide up-front, assessment-based financing for property owners who want to pursue qualifying projects but lack the capital.

In order to take advantage of the program, the local government entity must create an Energy Special Improvement District and through the enabling legislation describe what kinds of projects will qualify. Then the local government entity makes an assessment on the project site and the capital is generated by the revenue stream created by the assessment. Then, the property owner can request a conduit bond issuer like an Ohio port authority to issue bonds secured by an assignment of the assessment.

#### Public Infrastructure Financing

As a public entity, the Lake County Ohio Port and Economic Development Authority can secure fixed-rated Tax Increment Financing, or TIF, for qualifying public projects to provide local communities better financing terms. Qualifying public works include:

- Land Acquisition
- Lighting
- Parking
- Sewer
- Streets
- Utilities
- Water

There are several benefits to using a TIF to fund a project. Part, or all, of the project can be funded without a tax increase. The need for general obligation bonds is reduced or even entirely avoided. The project will receive more favorable financing terms based on its projected tax revenue, and it will support long-term economic development. TIF projects generally can start more quickly with swift closing and interim financing. Lastly, there are no sales taxes on hard construction costs.

For more information on this program, contact:

#### Timothy A. Cahill

Director of Public Finance and Controller

[tcahill@lcport.org](mailto:tcahill@lcport.org)

440-357-2290 x234

### Lake County MicroLoans

There are two microloan programs available to businesses in Lake County, and the qualifications are the same for each. To qualify for these loans:

- The business must be located in Lake County
- Must be unable to secure conventional financing from a lending institution

Both start-ups and existing businesses are eligible, and manufacturers, retailers and service providers are eligible. As part of the program, the company must receive ongoing business counseling from a Small Business Development Counselor or a SCORE representative. Loans for machinery, equipment, inventory, real estate, leasehold improvements, remodeling and gap financing will be considered. However, loans will not be considered for working capital or debt refinancing. Only applicants with clean credit histories will be considered for the Quick Capital program.

### **Lake County MicroLoan**

The MicroLoan program offers loans in amounts from \$1,000 - \$20,000. Terms can be up to 60 months, and are at a fixed rate. Closing fees are kept to a minimum. Any of the business's owners who have more than 10% equity must give personal guarantees, and there are requirements for collateral. Further, applicant must submit a 2-5 page business plan, and there is a \$50 non-refundable application fee.

### **Lake County Quick Capital Program**

The Quick Capital program provides loans from \$1,000 - \$5,000. No business plan or financials are required. Terms are up to 60 months at a fixed rate. Any of the business's owners who have more than 10% equity must give personal guarantees, but there are no collateral requirements. There is a \$50 non-refundable application fee.

For more information on these programs, contact:

#### **Timothy A. Cahill**

Director of Public Finance and Controller

[tcahill@lcport.org](mailto:tcahill@lcport.org)

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## **Economic Development Loan Fund**

The Lake County Ohio Economic Development and Port Authority administers the County's Economic Development Loan Fund. This fund was created by the County Commissioners and utilizes federal Community Development Block Grant funds to help business either move into Lake County or to expand existing operations.

### Eligible Activities

- Acquisition of land and buildings
- Site preparation; the construction and reconstruction of buildings/ the rehabilitation of buildings, including leasehold improvements and facade renovation for commercial and industrial buildings;
- Installation of fixed equipment
- Clearance, demolition and removal of structures

### Ineligible Activities

- Refinancing or consolidating existing debt
- Reimbursement for consolidating existing debt
- Specialized equipment that is not essential to the business operation
- Residential building construction and reconstruction
- Routine maintenance and operating cost (i.e. salary)
- Professional services
- Additional ineligible projects not listed

### Requirements:

- One dollar of private sector investment must be provided for each dollar of Economic Development Loan Fund investment, and the Economic Development Loan cannot be more than 50% of the total project cost.
- A minimum of one full-time equivalent (FTE) job must be created or retained for each \$35,000 of Economic Development Loan funds requested.
- The applicant must demonstrate that the proposed project is viable and that the business has the economic ability to repay the funds.
- At least 51 percent of the FTE jobs that will be created or retained shall be held by, or made available to, persons who reside in low-and moderate-income (LMI) households as defined by the County with income limits provided by the U.S. Department of Housing and Urban Development.
- Applicants shall comply with all applicable local, state, and federal laws and codes, including the Environmental Release documents.
- All projects shall be completed, all funds expended, and all jobs created or retained within 24 months from the date of the EDLF loan approval.
- All jobs shall be maintained for a minimum of 12 months.

## Terms and Conditions

- The amount of funds available for any single business enterprise shall range from a minimum of \$10,000 to a maximum of \$125,000. Requests for loan amounts outside this range will be negotiated on a case-by-case basis.
- The interest rate on each loan shall be determined on a case-by-case basis by the Economic Development Loan Fund Committee with a minimum of four percent. The interest rate shall be fixed for the term of the loan.
- Standard terms for Economic Development Loan Fund loans shall be as follows:

- 1) machinery equipment and fixtures: 2 to 10 years;
- 2) buildings and land: 5 to 10 years (20 years upon request).

- Deferral of principal payments may be provided for a maximum period
- of one year from the date of the first disbursement of Economic Development Loan funds. Interest only payments during this period shall be required.
- There are no prepayment penalties
- Collateral requirements shall be determined on an individual basis by the Economic Development Loan Fund Committee

## Loan Fees

The Lake County Ohio Port and Economic Development Authority shall require a loan application fee of one percent of the Economic Development Loan Fund loan amount, with a minimum of \$100.

## **CROP Loans**

Lake County's Credit Relief Outreach Program (CROP) helps agri-businesses improve bottom lines and affordable agricultural loan. Program funds were made available through the Lake County Commissioners' office.

### Who can Apply

CROP loans are intended for nurseries, grape growers, flower, vegetable and fruit growers, and others. Additionally, businesses that add value to crops, such as wineries, distilleries, and food processors are also eligible.

### Eligible Uses

Short-term operating needs such as inventory, payroll, and supplies are eligible. Typically these funds are used for seasonal start-up or harvest expenses. Funds may also be used for minor improvements or repairs to maintain operations.

### Loans, Interest, & Repayment

Loan amounts are as flexible as your needs, varying from a minimum of \$5,000 to a maximum of \$25,000. Terms can be either 120 or 180 days, or up to 12 months, depending on your needs. There is no prepayment penalty. Interest rates will be a minimum of six percent for shorter term loans and a minimum of seven percent for longer term loans.

### Qualification

To qualify for this program, the applicant must be a Lake County agricultural business that has been in business for a minimum of three years. It must be involved in growing, cultivating, or processing crops for sale on land either owned or leased by the applicant. If land is owned by the applicant, they must be current on real estate taxes.

### Credit Check and Financial Statement

Applicants will be subject to a credit analysis to determine credit worthiness, risk assessment and repayment ability; a credit report will be obtained. Applicants will need to submit historical financial statements, current financial statements and a current debt schedule. A personal financial statement for owners with 20 percent or more ownership is required. The borrower will sign a personal guarantee and pledge or assign account receivables as security for the loan. Other collateral may be considered.

### Fees

An application fee of \$250 and service fees charged to the borrower cover the administrative costs of the program.