



AGENDA
JOINT CUYAHOGA COUNTY ECONOMIC DEVELOPMENT & PLANNING
AND COMMUNITY DEVELOPMENT COMMITTEE MEETING
MONDAY, JUNE 10, 2024
CUYAHOGA COUNTY ADMINISTRATIVE HEADQUARTERS
C. ELLEN CONNALLY COUNCIL CHAMBERS – 4TH FLOOR
10:00 AM

Committee Members:

Jack Schron, Chair – District 6
Patrick Kelly, Vice Chair – District 1
Sunny M. Simon - District 11
Cheryl L. Stephens - District 10
Michael P. Byrne – District 4

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PUBLIC COMMENT**
- 4. APPROVAL OF MINUTES FROM THE APRIL 29, 2024 MEETING** [See Page 3]
- 5. MATTERS REFERRED TO COMMITTEE**
 - a) R2024-0192: A Resolution authorizing an Economic Development Loan to JumpStart, Inc. in the amount not-to-exceed \$2,000,000.00 for the JumpStart Evergreen Fund; authorizing the County Executive and /or Director of Development to execute all documents consistent with said loan and this Resolution; and declaring the necessity that this Resolution become immediately effective. [See Page 6]
- 6. MISCELLANEOUS BUSINESS**
- 7. ADJOURNMENT**

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***Council Chambers is equipped with a hearing assistance system. If needed, please see the Clerk to obtain a receiver.*



MINUTES

CUYAHOGA COUNTY ECONOMIC DEVELOPMENT & PLANNING
COMMITTEE MEETING
MONDAY, APRIL 29, 2024
CUYAHOGA COUNTY ADMINISTRATIVE HEADQUARTERS
C. ELLEN CONNALLY COUNCIL CHAMBERS – 4TH FLOOR
3:00 PM

1. CALL TO ORDER

Chairman Schron called the meeting to order at 3:02 p.m.

2. ROLL CALL

Mr. Schron asked Assistant Deputy Clerk Georgakopoulos to call the roll. Committee members Schron, Kelly and Byrne were in attendance and a quorum was determined. Committee members Simon and Stephens were absent. Councilmember Dale Miller was also in attendance.

3. PUBLIC COMMENT

Loh addressed the committee members regarding Resolution No. R2024-0166, which amended an Economic Development Loan to Bridgeworks, LLC, or its' designee.

4. APPROVAL OF MINUTES FROM THE MARCH 4, 2024 MEETING

A motion was made by Mr. Kelly, seconded by Mr. Byrne and approved by unanimous vote to approve the minutes from the March 4, 2024 meeting.

5. MATTERS REFERRED TO COMMITTEE

- a) R2024-0140: A Resolution awarding a total sum, not to exceed \$120,000, to the Ohio Aerospace Institute, Great Lakes Biomimicry Lab for the Cuyahoga County Business Sustainability Initiative from the District 2 ARPA Community

Grant Fund and the General Fund; and declaring the necessity that this Resolution become immediately effective.

Mr. Trevor McAleer, Legislative Budget Advisor for County Council, introduced a proposed substitute to Resolution No. R2024-0140. Discussion ensued.

Committee members asked questions of Mr. McAleer pertaining to the item, which he answered accordingly.

A motion was then made by Mr. Schron, seconded by Mr. Byrne and approved by unanimous vote to accept the proposed substitute.

Ms. Carole Thaler and Ms. Trisha Brown, Co-Directors for the Ohio Aerospace Institute, Great Lakes Biomimicry Lab, addressed the Committee regarding Resolution No. R2024-0140. Discussion ensued.

Committee members asked questions of Ms. Thaler and Ms. Brown pertaining to the item, which they answered accordingly.

On a motion by Mr. Byrne with a second by Mr. Kelly, Resolution No. R2024-0140 was considered and approved by unanimous vote to be referred to the full Council agenda for second reading, as substituted.

- b) R2024-0166: A Resolution amending Resolution No. R2023-0082 dated 4/11/2023, which authorized an Economic Development Loan in an amount not-to-exceed \$2,000,000.00 to Bridgeworks, LLC or its designee, to assist with funding project costs of a place-based, mixed used development project located at 2429 West Superior Viaduct, in the City of Cleveland which will include 140 apartment units, 132-room hotel, a 120-seat restaurant and bar and a parking garage, by extending the resolution sunset date from twelve months (12) to eighteen (18) months; and declaring the necessity that this Resolution become immediately effective.

Mr. Anthony Stella, Senior Development Finance Analyst for the Department of Development, addressed the Committee regarding Resolution No. R2024-0166. Discussion ensued.

Committee members asked questions of Mr. Stella pertaining to the item, which he answered accordingly.

On a motion by Mr. Kelly with a second by Mr. Schron, Resolution No. R2024-0166 was considered and approved by unanimous vote to be referred to the full Council agenda for second reading.

6. MISCELLANEOUS BUSINESS

There was no miscellaneous business.

7. ADJOURNMENT

With no further business to discuss, Chairman Schron adjourned the meeting at 3:48 p.m., without objection.

County Council of Cuyahoga County, Ohio

Resolution No. R2024-0192

Sponsored by: County Executive Ronayne/Department of Development	A Resolution authorizing an Economic Development Loan to JumpStart, Inc. in the amount not-to-exceed \$2,000,000.00 for the JumpStart Evergreen Fund; authorizing the County Executive and /or Director of Development to execute all documents consistent with said loan and this Resolution; and declaring the necessity that this Resolution become immediately effective.
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WHEREAS, the County Executive/Department of Development has recommended an Economic Development Loan in the amount not-to-exceed \$2,000,000.00 to JumpStart, Inc. fully amortizing over a 7-year term, at 5.5% interest; and

WHEREAS, JumpStart Evergreen Fund is an early-stage ‘Seed Stage’ investment vehicle that provides capital to promising technology-based startups to help them establish market traction needed for growth; and

WHEREAS, the proposed County loan would be utilized exclusively for investments and loans for companies located within Cuyahoga County, which will improve the County’s global competitiveness, foster economic growth, and broaden the diversity of the County’s tech-based ecosystem; and

WHEREAS, an essential objective for the County in making the loan is to provide funding to minority-owned businesses, and JumpStart is committed to emphasizing diversity in the portfolio companies’ leadership teams and workforces with a direct intent to provide funding to minority-owned companies; and

WHEREAS, the proposed funding source for the loan is Economic Development Fund; and

WHEREAS, it is necessary that this Resolution become immediately effective in order that critical services provided by Cuyahoga County can continue.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:

SECTION 1. That the Cuyahoga County Council hereby authorizes an Economic Development Loan to JumpStart, Inc. in the amount not-to-exceed \$2,000,000.00 for the JumpStart Evergreen Fund.

SECTION 2. That the County Executive and /or Director of Development are authorized to execute all documents consistent with said loan and this Resolution.

SECTION 3. That this Resolution shall sunset twelve (12) months after County Council approval should the authorized action have not occurred by that date. In the event this Resolution sunsets prior to the authorized action taking place, the Director of Development shall notify the Clerk of Council in writing. The Clerk of Council shall record the sunseting of this Resolution in the Council's journal.

SECTION 4. It is necessary that this Resolution become immediately effective for the usual daily operation of the County; the preservation of public peace, health or safety in the County; and for any additional reasons set forth in the preamble. Provided that this Resolution receives the affirmative vote of at least eight members of Council, it shall take effect and be in force immediately upon the earliest occurrence of any of the following: (1) its approval by the County Executive through signature, (2) the expiration of the time during which it may be disapproved by the County Executive under Section 3.10(6) of the Cuyahoga County Charter, or (3) its passage by at least eight members of Council after disapproval pursuant to Section 3.10(7) of the Cuyahoga County Charter. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

SECTION 5. It is found and determined that all formal actions of this Council relating to the adoption of this Resolution were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by _____, seconded by _____, the foregoing Resolution was duly adopted.

Yeas:

Nays:

County Council President

Date

County Executive

Date

Clerk of Council

Date

First Reading/Referred to Committee: May 14, 2024
Committee(s) Assigned: Economic Development & Planning

Journal _____
_____, 20

ECONOMIC DEVELOPMENT LOAN TRANSACTIONS

Title	2024 – Department of Development; JumpStart, Inc; Evergreen Fund; Portfol Loan No. 232-05-01
Department or Agency Name	Department of Development
Requested Action	<input checked="" type="checkbox"/> Contract <input type="checkbox"/> Agreement <input type="checkbox"/> Other (please specify):

Original (O)/ Amendment (A-#)	Contract No. (If PO, list PO#)	Vendor Name	Time Period	Amount	Date BOC Approved/ Council's Journal Date	Approval No.
O	Pending	JumpStart, Inc	Upon Signature for 7 Years (est July 1, 2024- June 30, 2031)	\$2,000,000.00	Pending	Pending

Loan Description and Terms.

Department of Development is seeking approval of a Loan with JumpStart, Inc., or an affiliate. The loan will be used to assist in funding the JumpStart Evergreen Fund that will be used as an early-stage, i.e. 'Seed Stage' investment vehicle that provides capital to promising technology-based startups to help them establish market traction needed for growth.

Loan Amount: not to exceed \$2,000,000.00

Loan Terms: 7-years fully amortizing P&I at 5.5% interest

Loan Security: security interest in various collateral including Monies and Deposits, Securities Accounts, Equipment, Goods, Inventory and Fixtures, Receivables, Letters of Credit and Letter-of-Credit Rights, Investment Property, Intellectual Property Collateral, any additional or other collateral that the County deems acceptable and necessary to fully secure this commitment. A corporate guarantee of Jumpstart Inc. will also be provided.

Project Purpose/Goals, Outcomes(List 3):

The Evergreen Fund will focus on investing primarily in the areas of software application for business, healthcare technology and advanced manufacturing, consistent with region's historical need for early-stage investment capital.

These focus areas reflect growth opportunities in the digital economy and industries most venture capitalist investors seek to invest in as well. These opportunities also represent core regional industry clusters driven by world-renowned academic institutions and corporations in Northern Ohio, particularly within Cuyahoga County.

The new \$20M Evergreen Fund will be the only Seed Stage fund of its kind and size in the region, filling a crucial capital gap in support of emerging technology companies when they are at their most fragile stage of development. This fund is part of a larger initiative by JumpStart Ventures to leverage private and public sources

of capital as well as JumpStart’s own balance sheet, to form \$100M in new investment capital that is needed to further drive technology-driven innovation in our region.

If a County Council item, are you requesting passage of the item without 3 readings. Yes No

In the boxes below, list Borrower/Vendor, Name, Street Address, City, State and Zip Code. Beside each vendor/contractor, etc. provide owner, executive director, other (specify)

Vendor Name and address:	Owner, executive director, other (specify):
JumpStart, Inc. 6701 Carnegie Avenue, Suite 100 Cleveland, OH 44103	Julie Jacano, CEO
Vendor Council District: 8	Project Council District: All
If applicable provide the full address or list the municipality(ies) impacted by the project.	

NON-COMPETITIVE PROCUREMENT - X

Provide a short summary for not using competitive bid process.

Economic Development Loan

Exemption

Alternative Procurement Process

Contract Amendment (*list original procurement*)

Other Procurement Method, please describe:
Loan

FUNDING SOURCE: i.e. General Fund, Health and Human Services Levy Funds, Community Development Block Grant (*No acronyms i.e. HHS Levy, CDBG, etc.*). Include % if more than one source.

Economic Development Fund

Is funding for this included in the approved budget? Yes No (if “no” please explain):

Payment Schedule: Invoiced Monthly Quarterly One-time Other (please explain):

Provide status of project.

Is contract late No Yes, In the fields below provide reason for late and timeline of late submission

Reason:

Timeline:

Project/Procurement Start Date
(date your team started working on this item):

Date documents were requested from vendor:

Date of insurance approval from risk manager:

Date Department of Law approved Contract:

Date item was entered and released in Infor:

Detail any issues that arose during processing in Infor, such as the item being disapproved and requiring correction:

If late, have services begun? No Yes (if yes, please explain)

Have payments be made? No Yes (if yes, please explain)

HISTORY (see instructions):

Contract No. (If PO, list PO#)	Vendor Name	Time Period	Amount	Date BOC Approved/ Council's Journal Date	Approval No.
2407	JumpStart, Inc. - Third Frontier Entrepreneurial Program	6/30/2022-6/30/2029	\$2,500,000.00	5/10/2022	R2022-0100
1882	JumpStart, Inc. - Next Fund II	9/21/2021-9/20/2028	\$5,000,000.00	5/11/2021	R2021-0095



**Economic Development Loan
LOAN PRESENTATION PACKAGE**

JumpStart Inc.



EVERGREEN Fund

Prepared By:

**Bob Flauto
Senior Development Finance Analyst**

Department of Development PROJECT DESCRIPTION & DETAILS

PROJECT NAME: JumpStart Evergreen Fund
DOD Program: Economic Development Loan Fund

OVERVIEW

1. **Borrower:** JumpStart, Inc
2. **Project Location & Council District:**
Countywide
3. **CCCIC Review Date:** NA
4. **Qualifies for these Funding Sources:** Economic Development Loan Fund
5. **Funding Partners in the Project:** Ohio Department of Development (ODOD), Manufacturing and Growth Network (MAGNET)

6. **Company Background**

JumpStart, a Cleveland-based organization that provides capital, resources and connections to local startup technology companies. For the past 20 years, JumpStart Ventures, the investing division of JumpStart Inc., has provided high-potential, early-stage startups with risk capital as they progress through the early phases of commercial development.

The JumpStart Evergreen Fund is an early-stage, i.e. 'Seed Stage' investment vehicle that provides capital to promising technology-based startups to help them establish market traction needed for growth. The Evergreen Fund will focus on investing primarily in the areas of software application for business, healthcare technology and advanced manufacturing, consistent with region's historical need for early-stage investment capital. These focus areas reflect growth opportunities in the digital economy and industries most venture capitalist investors seek to invest in as well. These opportunities also represent core regional industry clusters driven by world-renowned academic institutions and corporations in Northern Ohio, particularly within Cuyahoga County.

Importantly, this new \$20M Evergreen Fund will be the only Seed Stage fund of its kind and size in the region, filling a crucial capital gap in support of emerging technology companies when they are at their most fragile stage of development. This fund is part of a larger initiative by JumpStart Ventures to leverage private and public sources of capital as well as JumpStart's own balance sheet, to form \$100M in new investment capital that is needed to further drive technology-driven innovation in our region.

7. **Project Summary**

All prior capital raised by the Evergreen Fund has been committed leaving a significant gap in the early-stage funding ecosystem. The JumpStart Evergreen Fund is seeking new capital to continue this momentum and help accelerate innovative, primarily Cuyahoga County based

seed-stage technology startups positioned to excel in growth markets.

This loan request is tied to a funding award that JumpStart is in the final stages of securing with the Ohio Department of Development through their SSBCI Ohio Venture Fund Program. Last year, Ohio was approved by the U.S. Department of Treasury to receive funding through the federal State Small Business Credit Initiative (SSBCI) to support early-stage technology businesses across the state. Through this program, JumpStart is seeking \$10M in SSBCI funding that requires one-to-one matching dollars, resulting in the formation of a new \$20M Evergreen Fund. SSBCI final awards are scheduled to be announced within the coming weeks. In addition to the loan request of \$2M from Cuyahoga County, JumpStart is planning to invest \$6M from its balance sheet and is looking to secure \$2M from high-net-worth individuals affiliated with the Manufacturing and Growth Network (MAGNET) and its advanced manufacturing initiatives.

COSTS

1. **Total Project Costs:** \$20,000,000
2. **County Loan Amount Requested:** \$2,000,000
3. **Qualifies for these Funding Sources:** Economic Development Loan

Uses and Sources

USES		SOURCES	
JumpStart Evergreen Fund	\$20,000,000	Equity-Cash	\$6,000,000
		ODOD SSBCI Ohio Venture Fund Program	\$10,000,000
		MAGNET	\$2,000,000
		Cuyahoga County	\$2,000,000
Total Uses	\$20,000,000	Total Sources	\$20,000,000

COUNTY TERMS

1. **Interest Rate:** 5.50%
2. **Term/Repayment:** 7-year term with payments deferred. A balloon payment of principal and interest will be due at the end of the loan term.
3. **Security/Collateral/Guarantor(s):** A security interest in various collateral including Monies and Deposits, Securities Accounts, Equipment, Goods, Inventory and Fixtures, Receivables, Letters of Credit and Letter-of-Credit Rights, Investment Property, Intellectual Property Collateral, any additional or other collateral that the County deems acceptable and necessary to fully secure this commitment. A corporate guarantee of Jumpstart Inc. will also be provided
4. **Success Fee:** In the event that the fund realizes a return on investment that doubles its value (\$40,000,000), JumpStart will pay a success fee equal to 10% on any amount over double the value (>\$40,000,000)

RATIONALE FOR PARTICIPATION

Job Creation and Economic Impact: JumpStart Ventures projects that this \$20M Fund will invest in 27 companies operating in the high-growth sectors of strategic importance outlined above, with these portfolio companies going on to raise over \$200M in follow-on funding, generate \$89M+ in revenues, support the creation of 500+ jobs with average salaries over \$89K and generate 3X+ multiple return on invested capital with and 20% internal rate of return. A requirement of the Evergreen Fund is that all companies receiving investment must be headquartered within Ohio, and based on JumpStart Ventures investing history, half of the companies receiving investment (and the resulting impact) will be in companies headquartered within Cuyahoga County.

JumpStart Ventures Commitment to DEI: Since its inception and as reflected in its mission statement, JumpStart has endeavored to elevate underrepresented populations and “transform entire communities.” In fact, of the \$95M+ JumpStart Ventures has invested in startups to date across all its funds, ~17% has been invested into companies founded by females, and ~11% has been invested into companies founded by African American or Latino/Hispanic entrepreneurs. This compares favorably with national statistics where, across the US, female-founded companies are receiving only ~8%, and African American-led companies and Latinx-led companies are only receiving 2.4% of all venture investment.

RECOMMENDATION:

With an ongoing partnership with the Ohio Department of Development and Cuyahoga County, it is expected that JumpStart will continue to create a pipeline of companies that will generate economic impact across the region. At the same time, these efforts will generate cash returns that can be reinvested in our collective efforts to further strengthen the region’s innovation economy.

The Department of Development believes that financial support of this project will leverage additional investment, create jobs and increase taxes for our community. The Department of Development, therefore, recommends approval of this Economic Development Loan.