

The Unique WV Program

**The Success of a Results Oriented
Economic Initiative
Number 2 in the Nation!**

West Virginia is the second highest of the fifty-seven states and territories in utilization of Federal funds.

The West Virginia Capital Access Program (WVCAP) arose following the passage of The Small Business Jobs Act of 2010 initiated under The American Reinvestment and Recovery Act (The Stimulus) which under the State Small Business Credit Initiative (SSBCI) designed \$1.5 B to significantly stimulate the availability of private capital for business expansion and strengthen state programs that provide access to capital. Each state was provided an allocation, with West Virginia receiving \$13.1 M.

West Virginia Jobs Investment Trust (WVJIT) was designated to design, implement and administer the program and allocation of funds. WVJIT designed a program that is unique to the capital needs of the state’s business community and complements the existing capital initiatives currently being undertaken by various other economic development organizations that were invited to participate in what became known as the West Virginia Capital Access Program. Beyond that, WVCAP was structured with a sound understanding of the state’s entrepreneurial challenges and desired opportunities to enhance the business community and assist businesses that are creditworthy but may not fully qualify for traditional lending sources.

For West Virginia, this program will result in a \$130 million in new private investment.

The SSBCI set forth three overarching criteria; all funds must be allocated within two years; all public dollars much be initially matched 1:1 with private capital; and at the end of five years the objective is a cumulative tenfold leverage of private funds for each public dollar invested.

In order to meet the two-year time frame for use of Federal funds the West Virginia program partnered with seven economic development organizations in addition to WVJIT. This shared approach allowed accessibility to the business community through lending and investing intermediaries across the state. The program accelerated an otherwise often slow and deliberate investment process providing quicker access to capital for the job creators.

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| <i>Mid-Ohio Valley Regional Council
INNOVA
Natural Capital Investment Fund
WVJIT
New River Gorge Regional Development
AuthorityWyoming Economic Development
Authority
Center for Rural Health Development
Regional Economic Development Partnership</i> |
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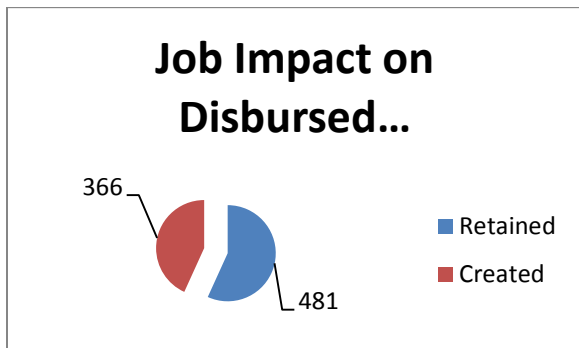
While speed to market was important, it was essential that loans and equity investments be granted where the recipients would achieve success and, in turn, increase the probability of repayment. To accomplish this objective the program was designed so that each CAP Partner will capture the interest and fees on transactions immediately, and as loans mature the principal payment will be captured by each Partner, adding to that organization’s capital base and available immediately to fund additional transactions. A parallel program was created with funds from a private foundation for operational and technical assistance to help businesses be better prepared to apply for investment or to improve their company performance and corporate capacity.

The participating CAP Partners collaborate monthly on their loan activities formalizing their request for funds through the WVCAP Committee. This regular dialogue set the stage for co-investing on several transactions that were beyond the capacity of an individual WVCAP Partner. This monthly conference will continue for the purpose of sharing information and teaming for larger accomplishments.

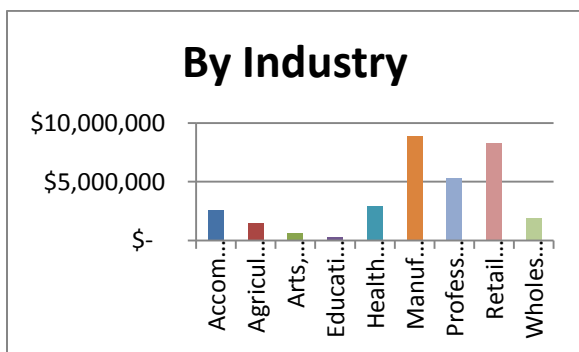


Results for State

The proof of the WVCAP concept is measurable. First and foremost in today's economy, meeting the primary objective, the program has enabled recipients to finance their business expansion preserving current jobs as they create new job growth. **To date the WVCAP Program has had success in attaining that objective having retained 481 jobs and created 366 projected new jobs.**

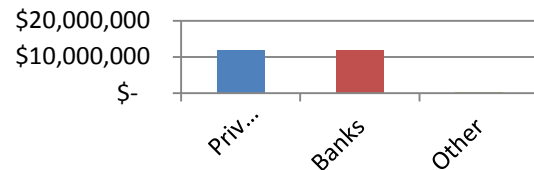


The WVCAP is currently the 2nd highest achieving SSBCI initiative, in the nation. Through the combined efforts of the eight partners, the WVCAP Program met its objective, deploying 47% all available funds into the market in 19 months, five months before the initial deadline. **These funds provided capital for 27 transactions and were matched with \$23,890,417 in additional private capital for a current leverage ratio of 4.5 to 1.**

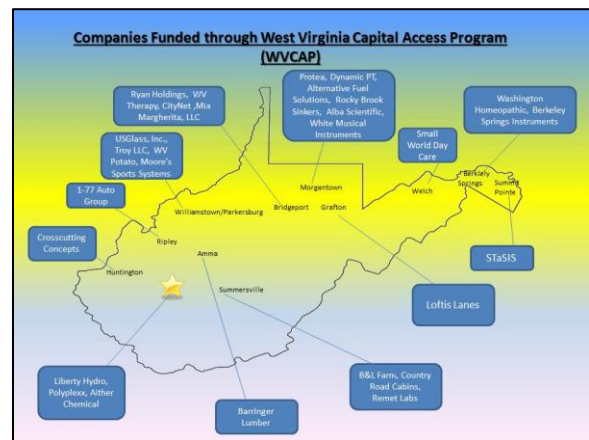


Based on the success of these innovative strategies, the WVCAP and its Partners are currently exploring ways to continue this effort and expand the participation along with some modifications from the lessons learned. Together we are working to develop alternative, sustainable funding mechanisms. The challenge we face is gaining the financial commitment which we conservatively estimate at \$25 million for the next three year period.

Source of Leverage on Approved/Distributed



These projects are geographically dispersed across the state and represent a diversity of industries



The WVCAP operational & technical assistance Initiative provided \$108,000 to twelve companies to date.

Clearly, economic development efforts in West Virginia have benefited from participation in this effort, be it an increased capital base, operational assistance funds, collaboration, and perhaps most important, a local economy with enhanced potential for business expansion and job growth. While it is beyond our expertise to estimate the direct and indirect financial benefit derived by the state, there is a meaningful increase in local and state taxes paid by the businesses, as well as by those who are newly employed.