Growth Stage Capital Fund

The Ohio Third Frontier Growth Stage Capital Fund is designed to increase the availability of resources for growth-stage technology companies in Ohio. The program uses Ohio Third Frontier funds to stimulate participation in the Small Business Administration’s (SBA) Small Business Investment Company (SBIC) Impact Fund initiative. Through these funds, Ohio hopes to attract new and existing privately owned and managed investment funds, and will serve as a catalyst for accelerating capital support for start-ups and high-growth firms.

The specific goals and objectives of the Growth Stage Capital Fund are to:

- Attract and support licensed SBIC funds that make $1 – $5 million investments in growth-stage technology companies;
- Increase the availability of growth-stage funds by catalyzing the formation of two to four new funds with the ability to raise $20 – $40 million funds;
- Assist SBIC Impact funds in qualifying the fund to receive 2:1 matching funds of up to $80 million from the SBA; and
- Provide support for growth-stage companies in need of working capital, funding for business expansion, and resources to improve competitiveness of key target Ohio industries.

The formation of two to four new funds is expected to add $150 – $300 million of capital support based on the minimum program requirement of $20 million in private capital, matched with $5 million in Ohio Third Frontier funds. The SBA has pledged to match funds with up to $80 million which, in the case of a $25 million fund, could result in a $75 million combined private, Ohio Third Frontier, and SBA fund. The investment from these funds in growth-stage companies is expected to create new jobs, new technology-based products, and grow technology-based companies that will greatly benefit Ohio’s economy. The Growth Stage Capital Fund compliments other Ohio Third Frontier activities by supporting companies that have received imagining, incubating, demonstrating, and market entry resources through the Entrepreneurial Signature Program, Pre-Seed Fund Capitalization Program, and the Edison Program.

A Growth Stage Capital Fund proposal must involve the formation of Ohio-based SBIC Impact funds that commit to invest both the Ohio Third Frontier funds and the leveraged funds in Ohio growth-stage companies. The fund must raise a minimum of $20 million from private investors and be an eligible applicant for SBIC licensing.

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