



## WV Capital Access Program putting money where it's needed, fast

Posted: Mar 12, 2013 4:26 PM EDT

Updated: Mar 12, 2013 5:19 PM EDT

By Pam Kasey - email

Thirty home-grown companies are getting support so far from the West Virginia Capital Access Program.

It's a fast ramp-up for a program that got its start just 16 months ago, putting it among the leading programs established by the federal State Small Business Credit Initiative.

A funding mechanism that helps small businesses access debt and equity capital, the WVCAP was created in November 2011 through the \$1.5 billion federal State Small Business Credit Initiative, or SSBCI.

The SSBCI provided funding to states to support financing for small businesses. The idea was to leverage private capital for businesses that are creditworthy but not getting the financing they need.

WVCAP, one of 54 programs established by the SSBCI, received nearly \$13.2 million. The West Virginia program is devoting 60 percent of that to seed-stage and early-stage businesses through a seed capital co-investment fund. The remaining 40 percent works on the debt side, through loan participation, loan guarantee and collateral support.

### Investing under pressure

Two program requirements were initially intimidating, WVCAP told The State Journal early in the program: All of the \$13.2 million had to find initial investment within two years. And, with repayments from the two-year loans reinvested, each dollar of the \$13.2 million had to generate \$10 in new private lending within five years — more than \$130 million in total.

That pressure galvanized the state's entrepreneurial community.

Eight program participants came together to serve as the initial contact points for the program: In addition to the West Virginia Jobs Investment Trust as program administrator, they include the INNOVA Commercialization Group, the Natural Capital Investment Fund, the New River Gorge Regional Development Authority, the Mid-Ohio Valley Area Development Corp., the Regional Economic Development Partnership, the Center for Rural Health Development and the Wyoming County Economic Development Authority.

"An entrepreneur enters through any of us or is referred to us and we sit collaboratively to help them get to their goals," said WVJIT Investment Manager Michele O'Connor.

"If Jobs Investment Trust can't help someone or Natural Capital can't help because they don't match what we invest in, we hand them off to someone who can help them," O'Connor said. "I think that's part of what's made it successful — this cohesive, collaborative unit."

Beyond fulfilling their own missions, each of the partners is motivated by the fact that, at the end of the five years, they will receive for their own portfolios the program funds they've successfully placed and collected.

Further boosting the program is an operational assistance fund provided by the Claude Worthington Benedum Foundation and the state Department of Commerce. That has enabled the program participants to help about a dozen entrepreneurs so far with concrete technical assistance, O'Connor said: setting up an accounting system, polishing a business plan, helping with financial modeling.

Sixteen months in, WVCAP has disbursed or allocated about \$10 million of the \$13.2 million that has to be invested by November — and has developed a strong pipeline of projects for the remaining \$3.2 million.

It also has generated about \$48 million in private funding, nearly \$4.80 for each dollar invested so far and nearly half of the \$10-to-\$1 target due more than three years from now.

### Keeping ownership at home

Among the 30 companies receiving assistance is U.S. Glass, which offered shares as part of its financing to purchase and re-open the Fenton Art Glass factory in Williamstown.

"West Virginia Jobs Investment Trust has taken a portion of the offering," said U.S. Glass founder and CEO Gene Bem. The funding was through WVCAP.

Bem noted an important aspect of that: local ownership.

"If I bring in a fund that specializes in manufacturing companies and they buy 75 percent of the stock, they could be from anywhere in the world," he said. Although he has spent his adult life out of state, he was born in Morgantown and attended West Virginia University and knows the state's history of out-of-state ownership. "West Virginia Jobs Investment Trust is in Charleston, W.Va. That puts ownership right here in the state."

Access to the experienced, local business expertise at WV JIT, as well as a base of local ownership that improves buy-in both increase the likelihood of the new venture's success, he said.

### **Money makes jobs**

The revitalized Williamstown glass factory will employ tens and possibly hundreds of local workers.

In total, companies that have received commitments from WVCAP so far — others include Loftis Lanes in Clarksburg and Washington Homeopathic Products in Berkeley Springs — expect to create nearly 1,000 jobs in the next two years, O'Connor said.

"And not just entry-level jobs — a lot are higher-level positions that allow our educated people to stay in the state or come back home," she said.

WVCAP's quick success in placing funding puts it fourth among programs established by the SSBCI, O'Connor said.

For information about the West Virginia Capital Access Program, contact the West Virginia Jobs Investment Trust at (304) 345-6200.

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