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**2012 Report to the General Assembly:
Award Recipient Compliance with State Awards
for Economic Development**

December 13, 2012

*Submitted to the Ohio General Assembly Pursuant to
Section 125.112(G) of the Ohio Revised Code*



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Honorable Members of the General Assembly:

In December 2008, the 127th General Assembly enacted a measure intended to create greater transparency with respect to awards issued by the State of Ohio. This measure, among other requirements, directs the Ohio Attorney General to monitor the compliance of economic development award recipients with the terms and conditions, including performance metrics (if any), of state awards issued by the Ohio Development Services Agency, formerly known as the Ohio Department of Development. It also directs my office to submit to the General Assembly an annual report regarding the level of compliance of such recipients with the terms and conditions of their awards. What follows is the report for all awards having performance periods ending in the 2011 calendar year.

I hope that you will find this report informative and useful.

Very respectfully yours,

Mike DeWine
Ohio Attorney General

TABLE OF CONTENTS

DEFINITIONS..... 1

EXECUTIVE SUMMARY 3

BACKGROUND 5

COMPLIANCE REVIEW METHODOLOGY 8

KEY FINDINGS..... 9

 All Awards..... 9

 Workforce Guarantee..... 10

 Grant Programs 10

 Tax Credit Programs 11

 Loan Programs 12

APPENDIX 1: Non-Compliant Workforce Award Recipients..... i

APPENDIX 2: Non-Compliant Grant Award Recipients ii

APPENDIX 3: Non-Compliant Tax Credit Award Recipients..... v

APPENDIX 4: Non-Compliant Loan Award Recipients..... vii

DEFINITIONS

“Award agreement” means an executed agreement between the Ohio Development Services Agency (“ODSA”) and the Award Recipient containing the terms and conditions, including performance metrics, upon which the state award for economic development is based.

“Award Recipients or Recipients” means for profit or non-profit businesses, political subdivisions, governmental entities, or other entities that received a state award for economic development administered by ODSA and entered into an award agreement.

“Clawback” means a remedial action taken by ODSA to seek reimbursement from the Award Recipient for all or a portion of the award funds pursuant to the terms of the award agreement.

“Closeout year” means the calendar year by which an Award Recipient must achieve the performance metrics set forth in the award agreement. This is the same year in which the expiration date occurs.

“Closeout report” means the final annual report submitted to ODSA in the closeout year by an Award Recipient.

Compliance:

Workforce compliance is based on the worker training commitment set forth in the award agreement(s).

Grant compliance is based on the job creation and retention commitments set forth in the award agreement(s).

Tax Credit compliance is based on the job creation, job retention and minimum hourly wage commitments set forth in the award agreement(s).

Loan compliance is based on the job creation and job retention commitments set forth in the award agreement(s).

“Disencumber” means the release of funds previously set aside or encumbered for an Award Recipient.

“Expiration date” means the date by which the performance metrics in the award agreements must be met.

“Performance metrics” means the commitments for training workers, job creation, job retention, minimum hourly wage, capital investment, and other commitments set forth in the award agreements.

“State award for economic development,” as defined in Revised Code 125.112(G), “means state financial assistance and expenditure in any of the following forms: grants, subgrants, loans,

awards, cooperative agreements, or other similar and related forms of financial assistance and contracts, subcontracts, purchase orders, task orders, delivery orders, or other similar and related transactions.”

“Substantially compliant” means attainment of 90% of the performance metrics set forth in an award agreement, using the compliance definitions above.

“Trigger date” means the date that an Award Recipient begins working toward achieving the performance metrics set forth in the award agreement. The trigger date is used to calculate the expiration date and the closeout year.

EXECUTIVE SUMMARY

Pursuant to Section 125.112(G) of the Ohio Revised Code, a statute enacted by the 127th General Assembly as part of Am. Sub. H.B. 420, the Ohio Attorney General's office ("AGO") conducted a two-phase annual review to determine the level of compliance of Award Recipients with the terms and conditions, including performance metrics, if any, of state awards for economic development administered by the Ohio Development Services Agency ("ODSA"), formerly known as the Ohio Department of Development.

ODSA offers economic development awards through a variety of incentive programs, but the awards fall into four main categories: Workforce awards, Grants, Tax Credits, and Loans. In a typical economic development award agreement, a Recipient receiving an award must pledge to achieve some combination of specified performance metrics by the end of a specified performance period. These metrics include creating or retaining jobs, training workers, and/or maintaining a certain employee hourly wage. Pursuant to the award agreement, a Recipient must file annual reports informing ODSA of its progress in meeting the performance metrics set forth in their award agreement, and must also file a final closeout report with ODSA at the end of its performance period.

The first phase of the review was an information gathering phase in which the AGO utilized the results of the previous year's review to identify the economic development awards administered by ODSA that most likely had performance periods ending in calendar year 2011. ODSA and the AGO identified **294**¹ awards that most likely had performance periods ending in calendar year 2011. The AGO then requested, and received, the files from ODSA for the 294 identified awards. The AGO also requested the results of ODSA's compliance review for each award, conducted independently of the AGO review.

In the second phase of the review, the AGO conducted its compliance review of the 294 identified awards. The AGO attorney team examined the award files to determine the level of compliance of Award Recipients with the terms and conditions of their economic development award agreements. All non-compliant results were double checked, and then shared with ODSA.

During the compliance review, the AGO determined that 255 of the 294 awards did in fact have a performance period ending in calendar year 2011. Of those 255 awards, Recipients receiving **162**² awards substantially complied (met at least 90% of the commitments) with the terms and conditions of their state awards for economic development, whereas Recipients receiving **93** awards did not comply, representing an overall compliance rate of **63.5%**. Below is a breakdown of the compliance rates for each award category and the specific award programs³ within those categories.

¹ See discussion on page 8 below for further detail.

² 39 of the 294 awards reviewed were found not to have a performance period ending in calendar year 2011 and therefore not included in the compliance numbers.

³ Award programs offered by ODSA vary from year to year, and some of the specific award programs are no longer offered by ODSA.

Overall Compliance Rate	63.5%	(162/255)
<ul style="list-style-type: none"> • Workforce Compliance Rate⁴ <ul style="list-style-type: none"> ○ Appalachian Training Investment ○ Ohio Investment in Training ○ Ohio Workforce Guarantee 	<ul style="list-style-type: none"> • 89.9% <ul style="list-style-type: none"> 93.3% 85.2% 91.5% 	<ul style="list-style-type: none"> • (80/89) <ul style="list-style-type: none"> (14/15) (23/27) (43/47)
<ul style="list-style-type: none"> • Grant Compliance Rate <ul style="list-style-type: none"> ○ Rapid Outreach ○ Roadwork Development ○ Economic Development Contingency ○ Global Analyst Settlement ○ Other/Combination 	<ul style="list-style-type: none"> • 48.6% <ul style="list-style-type: none"> 47.6% 55% 44.4% 0% 100% 	<ul style="list-style-type: none"> • (36/74) <ul style="list-style-type: none"> (20/42) (11/20) (4/9) (0/2) (1/1)
<ul style="list-style-type: none"> • Tax Credit Compliance Rate⁵ <ul style="list-style-type: none"> ○ Job Creation Tax Credit 	<ul style="list-style-type: none"> • 59.5% <ul style="list-style-type: none"> 59.5% 	<ul style="list-style-type: none"> • (25/42) <ul style="list-style-type: none"> (25/42)
<ul style="list-style-type: none"> • Loan Compliance Rate <ul style="list-style-type: none"> ○ 166 Direct ○ Regional 166 Direct ○ Research and Development Investment ○ Innovation Ohio Loan ○ Pioneer Rural Loan 	<ul style="list-style-type: none"> • 42% <ul style="list-style-type: none"> 25% 81.8% 37.5% 50% 0% 	<ul style="list-style-type: none"> • (21/50) <ul style="list-style-type: none"> (6/24) (9/11) (3/8) (3/6) (0/1)

⁴ The Workforce compliance rate includes ten Recipients that trained fewer workers than promised and were therefore reimbursed proportionately to the number of workers trained.

⁵ The Tax Credit compliance rate includes one Recipient that did not meet its job creation and retention commitments in the agreement, but ODSA deemed them compliant because their reported annual payroll was greater than the commitment in the award agreement.

BACKGROUND

In December 2008, the 127th General Assembly enacted Section 125.112 of the Revised Code as part of Am. Sub. H.B. 420. The purpose of this statute was to “establish [] a new regime for providing information to the public regarding state awards and grants made to any entity by an agency of the state.”⁶ With respect to state awards for economic development, R.C. 125.112(G) requires the Ohio Attorney General to: (1) monitor the compliance of recipients with the terms and conditions, including performance metrics, if any, of the awards they receive; and (2) report annually to the General Assembly regarding the level of compliance of such recipients with the terms and conditions of their award agreements.⁷ When determined to be appropriate and to the extent that a recipient of a state award for economic development does not comply with a performance metric that is specified in the terms and conditions of the award agreement, the statute gives the Attorney General the authority to pursue such remedies and recoveries against and from that recipient as are available by law.⁸

State awards for economic development are administered by the Ohio Development Services Agency. Each year, ODSA offers hundreds of millions of dollars in economic development incentives to Ohio entities for the purposes of expanding commerce in the state, attracting new businesses to Ohio, retaining existing jobs, and training workers with new skills. During fiscal year 2011, for example, ODSA provided financial incentives for 270 projects with an estimated value of more than \$493 million.⁹

Every award agreement designates a date when the Recipient is obligated to begin working toward the performance metrics set forth in the agreement and a time frame of when the performance metrics are expected to be met. Most award agreements require the submission of a final closeout report within a certain number of days after the expiration date. Therefore, some Recipients with an expiration date late in the calendar year have until the beginning of the following calendar year to submit their final closeout reports.

This AGO report focuses on Recipients that received awards with a 2011 closeout year as determined by the award agreement, most of which were awarded between 2006 and 2008. In order to make a compliance determination, AGO attorneys compared the Award Recipients’ commitments for job creation, job retention, capital investment, worker wages, and workforce training with the actual results documented in the closeout reports submitted by most Recipients. Failure to submit a closeout report resulted in a non-compliance determination by the AGO.

It should be noted that most award agreements allow the Director of ODSA to consider “market conditions” when making a determination as to whether or not to seek reimbursement of grant or loan funds from the Award Recipient upon its failure to meet the performance metrics set forth in the award agreement. The “market conditions” to be considered pursuant to the award agreements include items such as employment figures as reported by the Ohio Department of Job and Family Services, and any decline in a relevant economic sector as set forth by the

⁶ Legislative Service Commission, *Final Analysis: Am. Sub. H.B. 420, 127th General Assembly, As Passed by the General Assembly* (2008), pg. 10, available at <http://www.lsc.state.oh.us/analyses127/08-hb420-127.pdf> (accessed Nov. 15, 2012).

⁷ R.C. 125.112(G).

⁸ R.C. 125.112(G).

⁹ Ohio Department of Development, *Fiscal Year 2011 Annual Report*, (Aug. 2011), pg. 4.

Federal Reserve Bank. According to the National Bureau of Economic Research, the period of December 2007 through June 2009 was the longest recession in the United States since World War II.¹⁰

Awards issued by ODSA fall into four main categories: Workforce awards; Grants; Tax Credits; and Loans. Set forth below for each award type are brief descriptions of the award, the performance metrics found in the award agreements, how the closeout year is calculated, how compliance is determined, and possible remedial actions in the event of non-compliance with the performance metrics.

Workforce Awards: Generally, a Workforce award provides a Recipient with a grant to offset the cost of training its workers in a new skill in exchange for its promise to train a specified number of workers within a designated period of time, usually between one and two years. Recipients of Workforce awards, in addition to training a specified number of existing workers, usually pledge to create or retain the number of jobs set forth in the agreement, and must submit a final closeout report to ODSA within 45 days (in most cases) after the training completion date set forth in the award agreement. Some agreements contain other performance metrics such as a capital investment commitment, a minimum hourly wage commitment, and a requirement to maintain operations for a set period of time. As a matter of practice, ODSA does not ordinarily enforce these additional metrics. If a Recipient fails to meet its obligations under the award agreement, ODSA may, among other remedial actions, reduce the rate at which it will reimburse the Recipient for its training expenses. For purposes of this report, the AGO determined compliance based on the number of workers trained, consistent with ODSA practices.

Grants: A typical Grant award helps a Recipient offset the cost of undertaking an eligible project for business expansion, infrastructure improvements and/or equipment and machinery purchases in exchange for its promises to create and/or retain a specified number of jobs within three years after the date of project completion, and submit annual progress reports plus a final closeout report to ODSA. The Recipients do not usually certify the date of project completion, and ODSA does not formally request this information. As a result, the project completion date is not known in most cases. ODSA normally uses the last date that grant funds are disbursed to the Recipient as the project completion date. Grant funds are typically given as reimbursement for approved project expenditures after ODSA receives evidence of those expenditures from the Award Recipient. The final disbursement of funds is therefore likely to be proximate in time to the actual project completion date. In addition to the job creation and retention commitments, some Grant award agreements contain other performance metrics such as capital investment, minimum hourly wage, and maintenance of operations commitments. ODSA does not usually enforce these additional performance metrics. If a Recipient fails to meet its obligations set forth in the award agreement, ODSA may, among other remedial actions, “clawback” funds previously disbursed. For purposes of this report, the AGO calculated expiration dates and the corresponding closeout year, as well as determined compliance based on job creation and job retention commitments, consistent with ODSA practices.

¹⁰ National Bureau of Economic Research, *September 20, 2010 Report*, available at www.nber.org/cycles/sept2010.html (accessed Nov. 9, 2012).

Tax Credits: Typically, a Tax Credit award from the Ohio Tax Credit Authority (“TCA”) enables a Recipient that is acquiring a facility, upgrading a facility, or expanding its business to claim a credit against state tax liability in exchange for its promises to: (1) create and/or retain jobs within three years of the date the new or upgraded facility begins operating (“initial operations date”); (2) pay its employees a minimum hourly wage of at least 150 percent of the federal minimum wage; (3) retain at least 25 employees throughout the term of the agreement (which extends beyond the performance period for purposes of this review); and (4) maintain operations at its facility for twice the term of the agreement (which also extends beyond the performance term for purposes of this review). Recipients must also submit annual progress reports to ODSA, all of which contain the initial operations date from which to determine the closeout year. Tax Credit awards usually have rates for approved projects between 25 and 55 percent for a period of five to seven years. If a Tax Credit Recipient fails to meet its obligations set forth in the award agreement, ODSA may recommend that the TCA terminate the award agreement, reduce the number of years for which the Recipient may claim the credit (reduce the term), or reduce the proportional amount a Recipient may claim as a credit in its tax filings (reduce the rate), among other recommendations. The final decision for remedial action lies with the TCA. For purposes of this report, the AGO determined compliance based on job creation, job retention and minimum hourly wage commitments, consistent with ODSA practices.

Loans: Typical Loans awarded by ODSA provide Recipients with low-interest loans to help finance an eligible project, such as land and building acquisition, expansion, renovation, or equipment purchases, in exchange for the promise to create and/or retain jobs within three years of a trigger date. These Loan awards finance a certain percentage, set forth in the Loan agreement, of allowable project costs with loan amounts ranging from less than \$100,000 to \$10,000,000 for Recipients willing to commit to creating or preserving jobs in Ohio. The interest rate is fixed (at or below market rates) with terms similar to those of commercial financing. The trigger dates vary among Loan agreements and can be the Loan closing date, the first application date for assistance, the disbursement date, or the project completion date as certified by the Recipient. The Loan closing, first application and disbursement dates are readily available to use in calculating the closeout year. In the instances where the project completion date was not certified by the Award Recipient, ODSA generally uses the final disbursement date as the trigger date to determine the closeout year of the award, similar to Grant awards. In addition to job creation and retention commitments, some Loan agreements contain other performance metrics such as capital investment, minimum hourly wage, and maintenance of operations commitments. In practice, so long as the loan is repaid, ODSA does not enforce these additional performance metrics. Recipients must also submit annual progress reports and a final closeout report to ODSA. If a Recipient fails to meet its obligations under the Loan agreement, ODSA may increase the interest rate on the outstanding balance of the loan. For purposes of this report, the AGO determined compliance based on job creation and job retention commitments, consistent with ODSA practices. The AGO did not determine compliance based on payment status of the loans.

COMPLIANCE REVIEW METHODOLOGY

With a view toward maintaining the goals set forth in the 2011 report (accuracy, efficiency, and repeatability), the AGO adopted a two-phase method for monitoring Recipient compliance for this year's review.

Phase One: Data and Information Collection

In the first phase of the review, the AGO worked with ODSA to identify every economic development award with a 2011 closeout year. During the previous year's compliance review, the AGO identified every active economic development award administered by ODSA. Utilizing the results of the previous year's review, the AGO and ODSA identified 294 economic development awards that most likely had performance periods ending in calendar year 2011.

Once the likely 2011 closeout awards were identified, the AGO requested, and received, the files from ODSA for the 294 identified awards, which included the award agreement and any amendments, documentation of disbursements of funds, documentation of any disencumbered awards funds, and the 2011 closeout report if filed by the Award Recipient. The AGO also requested ODSA's compliance determination for each award, made independently of the AGO review, and what remedial action, if any, has been taken with respect to non-compliant Recipients.

Phase Two: Compliance Evaluation

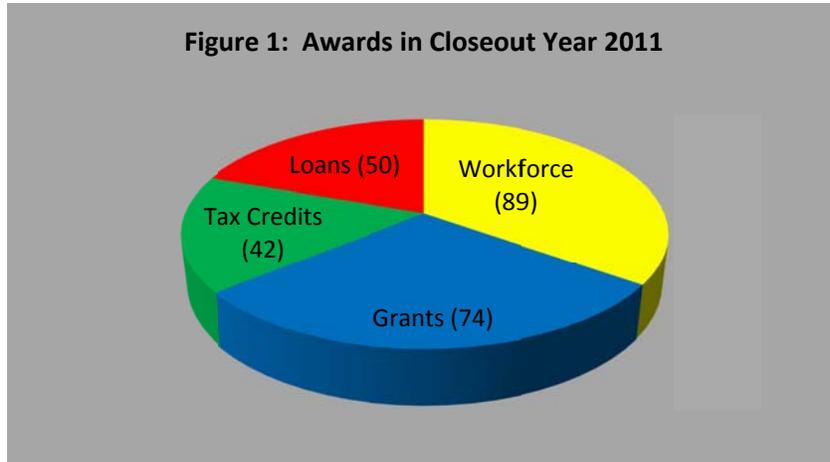
In the second phase of the review, the AGO conducted a detailed compliance review of the 294 identified awards. A total of 24 AGO attorneys examined these 294 award files to determine the level of compliance of Award Recipients with the terms and conditions of their award agreements. This compliance review took place over a two and a half month period and also involved discussion with ODSA to answer any questions the reviewers had or provide any missing documentation needed for the reviews. All non-compliant results were double checked, and then shared with ODSA. The results of the compliance review are set forth in this report.

KEY FINDINGS

All Awards

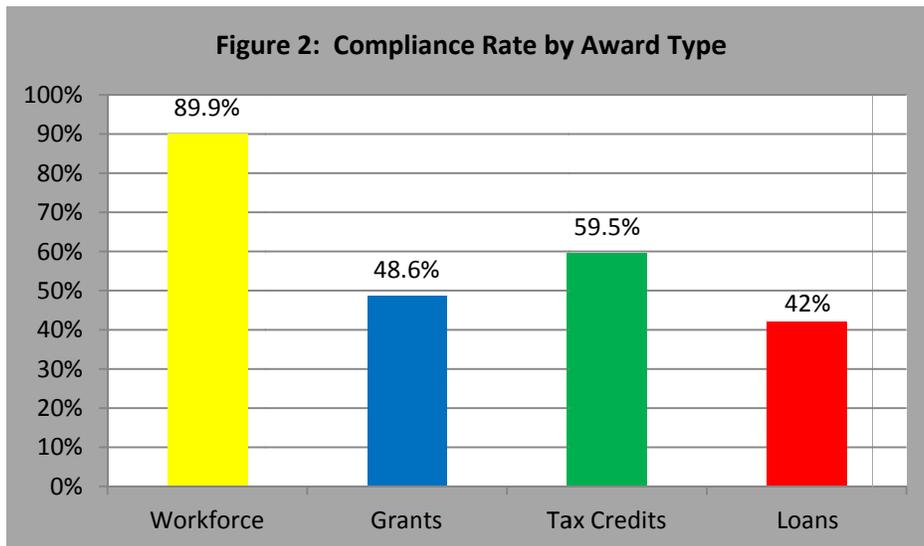
The AGO reviewed 294 economic development awards, 39 of which were out of scope (having a closeout year other than 2011).

- Figure 1 details the number of 2011 closeout awards by award type:



Of the 255 in scope awards, the AGO determined that Recipients receiving 162 awards had substantially complied with the terms and conditions of their award agreements, whereas Recipients receiving 93 awards did not comply, representing an overall compliance rate of **63.5%**. This percentage represents “the level of compliance of such entities with the terms and conditions, including any performance metrics, of their state awards for economic development,” pursuant to R.C. 125.112(G).

- Figure 2 details the compliance rate by award type:

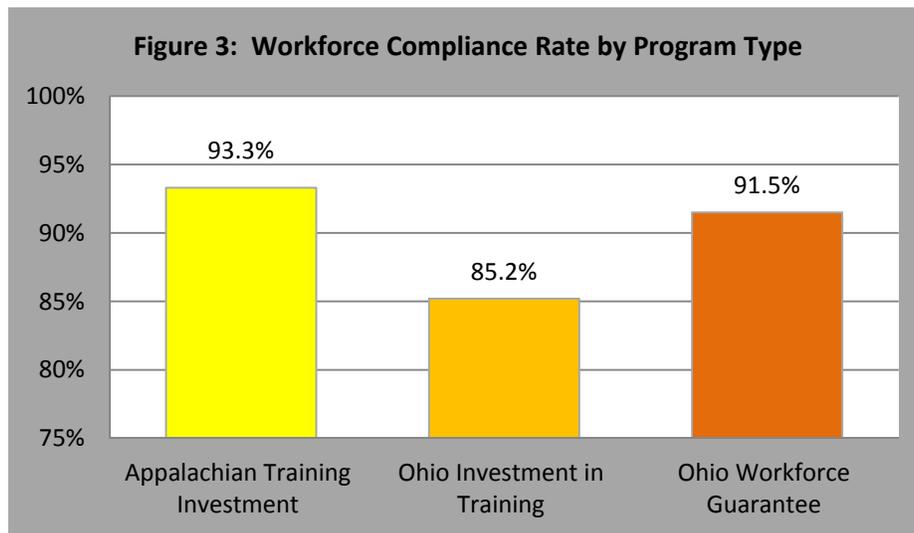


Workforce Awards

Among all active awards administered by ODSA, 89 Workforce awards with a total combined value of \$7.15 million had a closeout year of 2011. The AGO determined that 80 of the Workforce Award Recipients had substantially complied with the terms and conditions of their award agreements, and 9 Award Recipients did not comply, representing an overall Workforce award compliance rate of **89.9%**.

Ten Recipients trained fewer workers than promised but were only reimbursed proportionately based on the actual number of workers trained. In the 2011 Report to the General Assembly, 28 Recipients were proportionately reimbursed and were categorized as neither substantially compliant nor non-compliant, but rather listed as a separate category. In this report, the ten Recipients are included in the compliant numbers.

- Figure 3 details the compliance rate of 2011 closeout Workforce awards by program type:

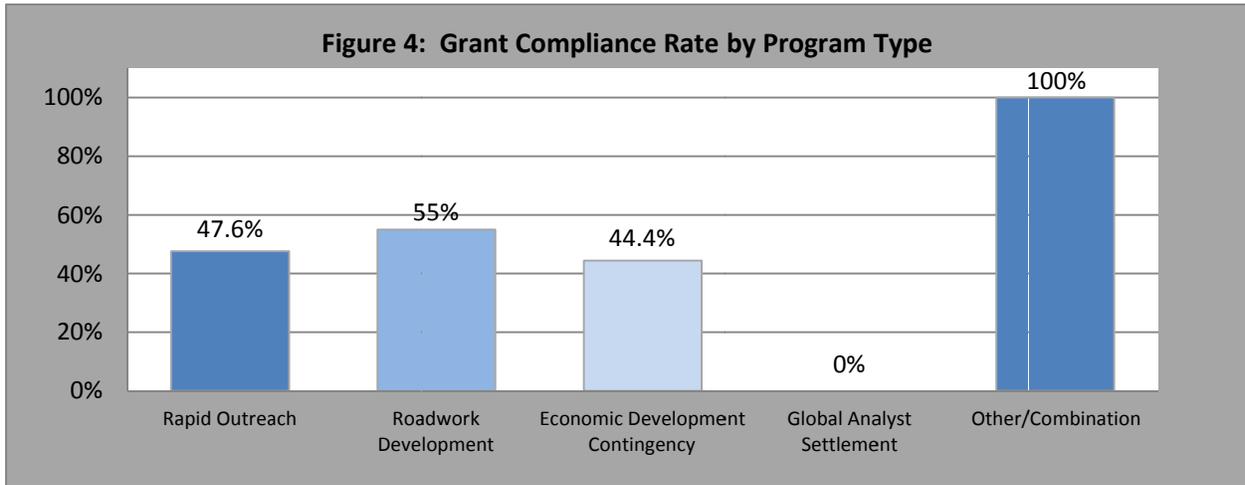


A list of Recipients that did not comply with the terms and conditions, including certain performance metrics, of their Workforce award agreements, as well as the reasons for non-compliance and any remedial actions being taken by ODSA, are attached as Appendix 1.

Grant Awards

ODSA awarded 74 Grants with a closeout year of 2011, having a total combined value of \$34.9 million. The AGO determined that 36 of the Grant Award Recipients had substantially complied with the terms and conditions of their award agreements, and 38 Award Recipients did not comply, representing an overall Grant compliance rate of **48.6%**.

- Figure 4 details the compliance rate of 2011 closeout Grant awards by program type:



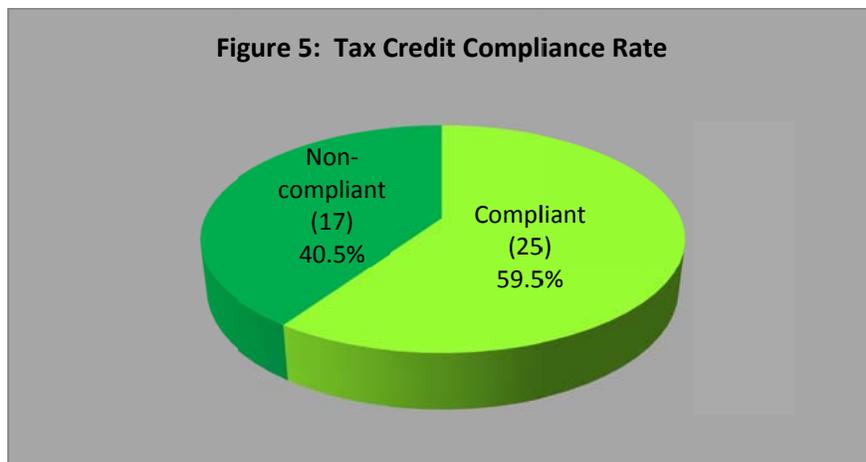
A list of Recipients that did not comply with the terms and conditions, including certain performance metrics, of their Grant award agreements, as well as the reasons for non-compliance and any remedial actions being taken by ODSA, are attached as Appendix 2.

Tax Credit Awards

ODSA maintained 42 Tax Credit awards with a total claimed value of \$7.15 million that had a closeout year of 2011. The AGO determined that 25 of the Tax Credit Award Recipients had substantially complied with the terms and conditions of their award agreements, and 17 Award Recipients did not comply, resulting in an overall Tax Credit award compliance rate of **59.5%**.

One Recipient did not meet the job creation and retention commitments in its award agreement, but was deemed compliant by ODSA because their annual payroll was greater than the commitment in the award agreement. This Recipient is included in the compliant numbers.

- Figure 5 details the compliance rate of 2011 closeout Tax Credit awards:

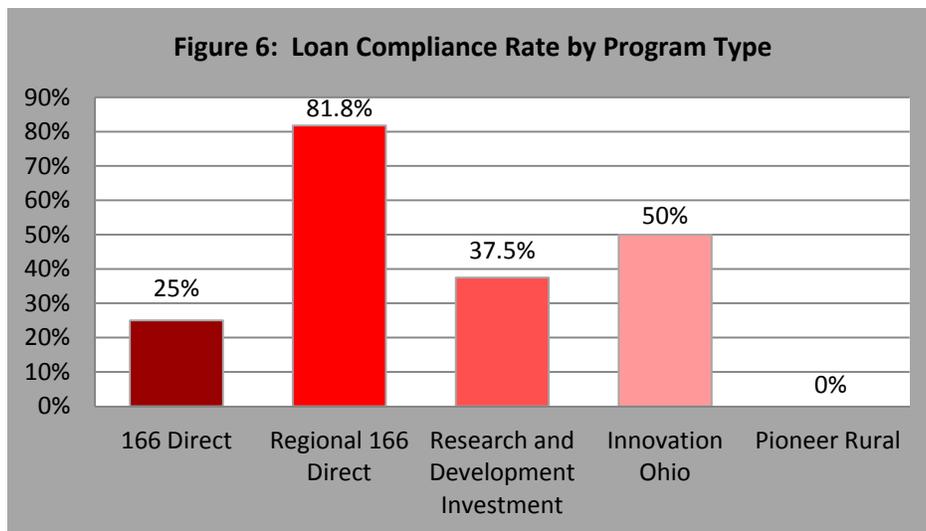


A list of Recipients that did not comply with the terms and conditions, including certain performance metrics, of their Tax Credit award agreements, as well as the reasons for non-compliance and any remedial actions being taken by ODSA, are attached as Appendix 3.

Loan Awards

ODSA awarded 50 Loans with a total combined value of \$65.4 million that had closeout years in 2011. The AGO determined that 21 of the Loan Recipients had substantially complied with the terms and conditions of their award agreements, specifically the job creation and job retention commitments, and 29 Loan Recipients did not comply, representing an overall Loan compliance rate of **42%**.

- Figure 6 details the compliance rate of 2011 closeout Loan awards by program type:



A list of Recipients that did not comply with the terms and conditions, including certain performance metrics, of their Loan award agreements, as well as the reasons for non-compliance and any remedial actions being taken by ODSA, are attached as Appendix 4.

Appendix 1: Non-Compliant Workforce Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
Caterpillar, Inc.	Columbus/ Franklin County	Ohio Investment in Training	\$25,694.00	Train 2000 workers	Trained 52	Failed to train promised number of workers	ODSA sent notice of clawback of \$16,594	
Home Depot U.S.A. Inc.	Van Buren/ Hancock County	Ohio Workforce Guarantee	\$32,500.00	Train 200 workers	Trained 65	Failed to train promised number of workers	None	ODSA not seeking clawback of \$2,750; considered a de minimus amount
Intellinetics, Inc.	Columbus/ Franklin County	Ohio Investment in Training	\$19,502.96	Train 23 workers	Trained 20	Failed to train promised number of workers	None	ODSA not seeking clawback of \$391; considered a de minimus amount
Koneta, Inc.	Wapakoneta/ Auglaize County	Ohio Workforce Guarantee	\$57,494.90	Train 84 workers	Trained 41	Failed to train promised number of workers	ODSA sent notice of clawback of \$13,566	
Land O'Lakes, Inc.	Arden Hills/ Portage County	Ohio Investment in Training	\$60,032.85	Train 143 workers		Failed to submit closeout report	ODSA sent notice of default	
Owens-Brockway Glass Container, Inc.	Perrysburg/ Wood County	Ohio Workforce Guarantee	\$212,500.00	Train 520 workers	Trained 441	Failed to train promised number of workers	None	ODSA not seeking clawback of \$481; considered a de minimus amount
Sugar Creek Packing Co.	Hamilton/ Butler County	Ohio Workforce Guarantee	\$196,861.03	Train 145 workers	Trained 121	Failed to train promised number of workers	None	ODSA not recommending action because Recipient created more than 3 times as many jobs as promised with an hourly wage 120% higher than the projected hourly wage
Techni Graphics Systems, Inc.	Wooster/ Wayne County	Ohio Investment in Training	\$42,880.00	Train 170 workers	Trained 108	Failed to train promised number of workers	None	ODSA not seeking clawback of \$4,762; considered a de minimus amount
Tri-County Tower Services, Inc.	North Jackson/ Mahoning County	Appalachian Training Investment	\$2,144.00	Train 3 workers	Trained 2	Failed to train promised number of workers	None	ODSA not seeking clawback of \$11; considered a de minimus amount

Appendix 2: Non-Compliant Grant Awards Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
ABC Manufacturing, Inc.	Malta/ Morgan County	Rapid Outreach	\$250,000	Create 200 jobs	Created 55 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$181,250	
American Augers, Inc.	West Salem/ Ashland County	Rapid Outreach	\$50,000	Create 25 jobs; retain 171 jobs	Created 5 jobs; retained 171 jobs	Failed to create promised number of jobs	None	ODSA not seeking clawback of \$5,102; considered a de minimus amount
Ampac Packaging, LLC	Springdale/ Hamilton County	Rapid Outreach	\$75,000	Create 30 jobs; retain 257 jobs	Created 0 jobs; retained 185 jobs	Failed to create and retain promised number of jobs	ODSA sent notice of clawback of \$26,655	
Ben Venue Laboratories, Inc.	Bedford/ Cuyahoga County	Rapid Outreach	\$200,000	Create 250 jobs; retain 1100 jobs	Created 149 jobs; retained 1100 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$22,370	
City of Beavercreek	Beavercreek/ Greene County	Roadwork Development	\$420,000	Create 350 jobs; retain 200 jobs	Created 0 jobs; retained 150 jobs	Failed to create and retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of Canton	Canton/ Stark County	Roadwork Development	\$400,000	Create 65 jobs	Created 25 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of Cuyahoga Falls	Cuyahoga Falls/ Cuyahoga County	Roadwork Development	\$365,000	Create 8 jobs; retain 744 jobs	Created 0 jobs; retained 740 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of Fremont	Fremont/ Sandusky County	Roadwork Development	\$100,000	Create 33 jobs; retain 35 jobs	Created 19 jobs; retained 35 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of Hamilton	Hamilton/ Butler County	Roadwork Development	\$185,000	Create 20 jobs; retain 144 jobs	Created 0 jobs; retained 134 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of Hamilton	Hamilton/ Butler County	Roadwork Development	\$200,000	Create 26 jobs	Created 23 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Community Improvement Corporation of the City of Van Wert and County of Van Wert	Van Wert/ Van Wert County	Economic Development Contingency	\$318,500	Create 1500 jobs	Created 0 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$318,500	
Daimler Chrysler Corporation	Toledo/ Lucas County	Economic Development Contingency	\$4,000,000	Retain 2990 jobs	Retained 1858 jobs	Failed to retain promised number of jobs	ODSA sent notice of clawback of \$1,381,939.80	
Dayton-Montgomery County Port Authority	Dayton/ Montgomery County	Rapid Outreach	\$250,000	Create 375 jobs; retain 650 jobs	Created 330 jobs; retained 650 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$10,975.61	
Diagnostic Hybrids, Inc.	Athens/ Athens County	Rapid Outreach	\$200,000	Create 100 jobs; retain 97 jobs	Created 50 jobs; retained 97 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$50,761	
Eurand, Inc.	Vandalia/ Montgomery County	Rapid Outreach	\$50,000	Create 40 jobs; retain 108 jobs	Created 0 jobs; retained 48 jobs	Failed to create and retain promised number of jobs	None	ODSA not seeking clawback of \$6,756.70; considered a de minimus amount
Fostoria Ethanol LLC	Fostoria/ Seneca County	Rapid Outreach	\$50,000	Create 41 jobs		Failed to submit closeout report	ODSA sent notice of default	

Appendix 2 Continued: Non-Compliant Grant Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
Hydrodec North America, Inc.	Canton/ Stark County	Rapid Outreach	\$100,000	Create 65 jobs	Created 25 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$60,000	
Kraft Foods Global, Inc.	Coshocton/ Coshocton County	Rapid Outreach	\$250,000	Retain 404 jobs	Retained 335 jobs	Failed to retain promised number of jobs	ODSA sent notice of clawback of \$42,698	
Mondo Polymer Technologies, Inc.	Marietta/ Washington County	Rapid Outreach	\$25,000	Create 30 jobs; retain 44 jobs	Created 0 jobs; retained 4 jobs	Failed to create and retain promised number of jobs	None	ODSA not seeking clawback of \$8,450; considered a de minimus amount
PCC Airfoils	Painesville/ Lake County	Rapid Outreach	\$150,000	Create 150 jobs; retain 1129 jobs	Created 0 jobs; retained 50 jobs	Failed to create and retain promised number of jobs	ODSA sent notice of clawback of \$144,150	
Pike County	Piketon/ Pike County	Roadwork Development	\$1,000,000	Create 500 jobs	Created 228 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Port Authority for Columbiana County	Yellow Creek/ Columbiana County	Economic Development Contingency	\$305,500	Create 200 jobs	Created 0 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$305,500	
Quaker Chemical Corporation	Middletown/ Butler County	Rapid Outreach	\$100,000	Create 45 jobs; retain 40 jobs	Created 29 jobs; retained 40 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$18,800	
Restoration Hardware, Inc	West Jefferson/ Madison	Rapid Outreach	\$200,000	Create 350 jobs	Created 226 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$70,800	
Rieter Automotive North America, Inc.	Oregon/ Lucas County	Rapid Outreach	\$150,000	Create 80 jobs; retain 155 jobs		Failed to submit closeout report	ODSA sent notice of default	
S & G Manufacturing Group, LLC	Logan/ Hocking County	Rapid Outreach	\$50,000	Create 100 jobs	Created 25 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$12,500	
Schindler Elevator Corporation	Holland/ Lucas County	Rapid Outreach	\$500,000	Create 80 jobs; retain 176 jobs	Created 37 jobs; retained 176 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$84,000	
Specialty Retailers, Inc.	Jeffersonville/ Fayette County	Rapid Outreach	\$80,000	Create 160 jobs	Created 95 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$32,000	
Tata America International Corporation	Miami Twp/ Clermont County	Rapid Outreach	\$2,500,000	Create 1000 jobs	Created 320 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$1,700,000	
TPI Composites, LLC	Springfield/ Clark County	Rapid Outreach	\$250,000	Create 300 jobs; retain 1 job	Created 0 jobs; retained 0 jobs	Failed to create and retain promised number of jobs	ODSA sent notice of clawback of \$250,000	Recipient has ceased operations in Ohio
UltraCell Corp	Dayton/ Montgomery County	Global Analyst Settlement	\$307,000.79	Create 360 jobs		Failed to submit closeout report	Demand letter sent; must respond by December 20, 2012	
UltraCell Corp	Dayton/ Montgomery County	Economic Development Contingency	\$428,253.55	Create 360 jobs		Failed to submit closeout report	Demand letter sent; must respond by December 20, 2012	

Appendix 2 Continued: Non-Compliant Grant Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
ViewRay Incorporated	Oakwood Village/ Cuyahoga County	Rapid Outreach	\$200,000	Create 93 jobs		Failed to submit closeout report	ODSA sent notice of default	
Village of Glenwillow	Glenwillow/ Cuyahoga County	Roadwork Development	\$500,000	Create 700 jobs	Created 560 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Village of Leipsic	Leipsic/ Putnam County	Global Analyst Settlement	\$3,297,200	Create 171 jobs; retain 447 jobs	Created 110 jobs; retained 447 jobs	Failed to create promised number of jobs	None	DSA deemed compliant because the infrastructure project was completed.
Village of Ottawa	Ottawa/ Putnam County	Roadwork Development	\$63,395.05	Create 104 jobs; retain 300 jobs	Created 0 jobs; retained 0 jobs	Failed to create and retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Weaver Leather, Inc.	Mount Hope/ Holmes County	Economic Development Contingency	\$50,000	Create 25 jobs; retain 280 jobs	Created 19 jobs; retained 280 jobs	Failed to create promised number of jobs	None	ODSA not seeking clawback of \$983.60; considered a de minimus amount
Whirlpool Corporation	Greenville/ Darke County	Rapid Outreach	\$435,000	Create 13 jobs; retain 670 jobs	Created 0 jobs; retained 634 jobs	Failed to create promised number of jobs	ODSA sent notice of clawback of \$31,208.00	

Appendix 3: Non-Compliant Tax Credit Award Recipients

Award Recipient	Location	Program Type	Percent of Credit	Term of Credit (Years)	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
ABC Manufacturing, Inc.	Malta/ Morgan County	Job Creation Tax Credit	55%	6	Create 200 jobs	Created 53 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 4 years effective 1/1/12	Approved by the Ohio Tax Credit Authority
Amano Cincinnati, Inc.	Loveland/ Hamilton County	Job Creation Tax Credit	60%	7	Create 57 jobs; retain 51 jobs	Created 30 jobs; retained 51 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 4 years effective 1/1/12	Approved by the Ohio Tax Credit Authority
Aptima, Inc.	Fairborn/ Greene County	Job Creation Tax Credit	40%	5	Create 15 jobs	Created 11 jobs	Failed to create promised number of jobs	Reduce the rate at which the tax credit can be taken in 2012 to 35%	Approved by the Ohio Tax Credit Authority
Crawford Machine, Inc. and J/H Real Estate of Galion	Galion/ Crawford County	Job Creation Tax Credit	50%	5	Create 40 jobs; retain 85 jobs	Created 12 jobs; retained 85 jobs	Failed to create promised number of jobs and meet minimum wage requirement	Agreement terminated in May 2012	Award agreement stated that the minimum average hourly wage that must be paid to workers was 150% of the federal minimum wage (\$10.88/hr); recipient reported hourly wage of \$10.85
ERetailing Associates, LLC	Columbus/ Franklin County	Job Creation Tax Credit	35%	7	Create 65 jobs; retain 31 jobs	Created 24 jobs; retained 31 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 4 years effective 1/1/12	Approved by the Ohio Tax Credit Authority
First Group America, Inc.	Cincinnati/ Hamilton County	Job Creation Tax Credit	55%, 70%	1, 7	Create 360 jobs; retain 140 jobs	Created 317 jobs; retained 140 jobs	Failed to create promised number of jobs	Reduce the rate at which the tax credit can be taken in 2012-2014 to 60%; Reduce the tax credit term to 7 years; Reduce job creation commitment to 252	Original tax credit was 55% for one year, then 70% for 7 years; approved by the Ohio Tax Credit Authority
Hexion Specialty Chemicals, Inc.	Gahanna/ Franklin County	Job Creation Tax Credit	50%	5	Create 45 jobs; retain 200 jobs	Created 24 jobs; retained 0 jobs	Failed to create and retain promised number of jobs	Reduce the tax credit term to 4 years effective 1/1/12	Approved by the Ohio Tax Credit Authority
Hydrodec Group PLC	Canton/ Stark County	Job Creation Tax Credit	40%	7	Create 65 jobs	Created 26 jobs	Failed to create promised number of jobs	Reduce the rate at which the tax credit can be taken to 40%; Reduce the tax credit term to 6 years; Reduce job creation commitment to 25	Approved by the Ohio Tax Credit Authority
IAC Fremont LLC	Sandusky Twp/ Sandusky County	Job Creation Tax Credit	65%	8	Create 150 jobs; retain 300 jobs	Created 0 jobs; retained 271 jobs	Failed to create promised number of jobs and meet minimum wage requirement	Terminated without clawback	Award agreement stated that the minimum average hourly wage that must be paid to workers was 150% of the federal minimum wage (\$10.88/hr); recipient did not report hourly wage.
Nationwide Better Health Holding Company	Solon/ Cuyahoga County	Job Creation Tax Credit	35%	5	Create 85 jobs; retain 85 jobs	Created 23 jobs; retained 85 jobs	Failed to create promised number of jobs	Terminated without clawback	Matter postponed until January 2013 Tax Credit Authority meeting
Neturen America Corporation	Hamilton/ Butler County	Job Creation Tax Credit	50%	6	Create 26 jobs		Failed to submit closeout report	ODSA sent a notice of default	
PCC Airfoils LLC	Painesville/ Lake County	Job Creation Tax Credit	50%	10	Create 150 jobs; retain 1129 jobs	Created 47 jobs; retained 0 jobs	Failed to create and retain promised number of jobs	Reduce the tax credit term to 4 years effective 1/1/12	Approved by the Ohio Tax Credit Authority

Appendix 3 Continued: Non-Compliant Tax Credit Award Recipients

Award Recipient	Location	Program Type	Percent of Credit	Term of Credit (Years)	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
Restoration Hardware, Inc.	West Jefferson/ Madison County	Job Creation Tax Credit	50%	7	Create 350 jobs	Created 226 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 5 years; Reduce job creation commitment to 226	Approved by the Ohio Tax Credit Authority
SBC Advertising, LTD.	Columbus/ Franklin County	Job Creation Tax Credit	30%	5	Create 50 jobs; retain 83 jobs	Created 17 jobs; retained 83 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 4 years effective 1/1/12	Approved by the Ohio Tax Credit Authority
Specialty Retailers, Inc.	Jeffersonville/ Fayette County	Job Creation Tax Credit	35%	7	Create 160 jobs	Created 59 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 6 years; Reduce job creation commitment to 59	Matter postponed until January 2013 Tax Credit Authority meeting
Whirlpool Corporation and Kenco Logistic Services, LLC	Columbus/ Franklin County	Job Creation Tax Credit	60%	5	Create 199 jobs; retain 70 jobs	Created 70 jobs; retained 70 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 4 years effective 1/1/12	Approved by the Ohio Tax Credit Authority
Zyvex Performance Materials, Inc.	Columbus/ Franklin County	Job Creation Tax Credit	60%	5	Create 97 jobs	Created 11 jobs	Failed to create promised number of jobs	Reduce the tax credit term to 3 years effective 1/1/12	Approved by the Ohio Tax Credit Authority

Appendix 4: Non-Compliant Loan Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
100 Furniture Parkway, LLC	Norwalk/ Huron County	166 Direct	\$1,875,000	Create 260 jobs	Created 148 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
AAP St. Mary's Corporation	St. Mary's/ Auglaize County	166 Direct	\$2,500,000	Create 20 jobs; retain 486 jobs	Created 0 jobs; retained 442 jobs	Failed to create promised number of jobs	None	Loan paid off early; no action to be taken because no recourse once loan is repaid
ABC Manufacturing, Inc.	Malta/ Morgan County	Pioneer Rural Loan	\$750,000	Create 200 jobs; retain 30 jobs	Created 25 jobs; retained 30 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
American Testing Services, Ltd.	Moraine/ Montgomery County	166 Direct	\$178,775	Create 6 jobs; retain 19 jobs	Created 4 jobs; retained 19 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
Archbold Property Company, LLC	Archbold/ Fulton County	166 Direct	\$350,000	Create 10 jobs; retain 50 jobs	Created 0 jobs; retained 42 jobs	Failed to create and retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Axiomed Spine Corporation	Garfield Heights/ Cuyahoga County	Innovation Ohio Loan	\$753,653	Create 12 jobs; retain 10 jobs	Created 5 jobs; retained 10 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Bear Materials, LLC	Springboro/ Montgomery County	Innovation Ohio Loan	\$2,000,000	Create 30 jobs	Created 22 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Exacter, Inc.	Columbus/ Franklin County	Innovation Ohio Loan	\$675,000	Create 20; retain 30 jobs	Created 0 jobs; retained 6 jobs	Failed to create and retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Exacter, Inc.	Columbus/ Franklin County	166 Direct	\$510,000	Create 30 jobs	Created 2 jobs; retained 4 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Francklin, LLC	Toledo/ Lucas County	166 Direct	\$350,000	Create 10 jobs	Created 4 jobs; retained 25 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Green Tokai Co., Ltd.	Brockville/ Montgomery County	166 Direct	\$2,500,000	Create 25 jobs; retain 695 jobs	Created 0 jobs; retained 451 jobs	Failed to create and retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Hamlin Newco, LLC	Akron/ Summit County	166 Direct	\$1,000,000	Create 25 jobs; retain 149 jobs	Created 0 jobs; retained 50 jobs	Failed to create and retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Harco Manufacturing	Moraine/ Montgomery County	166 Direct	\$1,300,000	Retain 310 jobs	Retained 125 jobs	Failed to retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
KMC Property Company, LLC	New Philadelphia/ Tuscarawas County	166 Direct	\$3,000,000	Create 100 jobs; retain 197 jobs	Created 0 jobs; retained 122 jobs	Failed to create and retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Larjon Corporation	Cleveland/ Cuyahoga County	166 Direct	\$1,554,000	Create 25 jobs	Created 22 jobs; retained 175 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained

Appendix 4 Continued: Non-Compliant Loan Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Comments
New NV Co., LLC dba Wayne Homes	Uniontown/ Summit County	166 Direct	\$1,200,000	Retain 66 jobs	Retained 50 jobs	Failed to retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
NMC Metals, Inc. dba Niles Expanded Metals	Niles/ Trumbull County	Regional 166 Direct	\$350,000	Create 10 jobs	Created 5 jobs; retained 31 jobs	Failed to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
OMCO building LLC	Bolivar/ Tuscarawas County	166 Direct	\$1,000,000	Create 25 jobs; retain 36 jobs	Created 2 jobs; retained 36 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Qbase Inc.	Springfield/ Clark County	Reasearch & Development Investment	\$2,000,000	Create 100 jobs; retain 6 jobs	Created 34 jobs; retained 6 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Risher and Company	Euclid/ Cuyahoga County	Regional 166 Direct	\$176,620	Create 6 jobs; retain 17 jobs	Created 0 jobs; retained 16 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Sigma OH Industries Inc.	Jefferson/ Ashtabula County	166 Direct	\$1,500,000	Create 145 jobs; retain 75 jobs	Created 31 jobs; retained 75 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
TGS Holdings LLC	Wooster/ Wayne County	166 Direct	\$2,000,000	Create 150 jobs; retain 161 jobs	Created 17 jobs; retained 161 jobs	Failed to create promised number of jobs	None	Loan paid off early; no action to be taken because no recourse once loan is repaid
The Balogh Real Estate Ltd. Partnership and MAR-BAL, Inc.	Auburn Twp/ Geauga County	Reasearch & Development Investment	\$1,350,000	Create 12 jobs; retain 172 jobs	Created 0 jobs; retained 148 jobs	Failed to create and retain promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Veyance Technologies, Inc.	Fairlawn/ Summit County	Reasearch & Development Investment	\$980,000	Create 70 jobs; retain 240 jobs	Created 16 jobs; retained 240 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Whirlpool Corporation	Clyde/ Sandusky County	Reasearch & Development Investment	\$2,625,000	Create 553 jobs; retain 3098 jobs	Created 79 jobs; retained 3098 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Whirlpool Corporation	Clyde/ Sandusky County	166 Direct	\$5,000,000	Create 553 jobs; retain 3098 jobs	Created 79 jobs; retained 3098 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Wrayco Industries, Inc.	Stow/ Summit County	166 Direct	\$3,500,000	Create 90 jobs; retain 182 jobs	Created 0 jobs; retained 171 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
Xunlight Corporation	Toledo/ Lucas County	Reasearch & Development Investment	\$3,000,000	Create 40 jobs; retain 30 jobs	Created 14 jobs; retained 30 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	
YSK Corporation	Chillicothe/ Ross County	166 Direct	\$2,500,000	Create 30 jobs; retain 236 jobs	Created 2 jobs; retained 236 jobs	Failed to create promised number of jobs	ODSA notified Recipient of its right to increase the interest rate due to non-compliance	