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**2014 Report to the General Assembly:
Award Recipient Compliance with State Awards
For Economic Development**

December 9, 2014

*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:

As directed by the 127th General Assembly through a measure enacted in December 2008, the Ohio Attorney General's Office is charged with monitoring and reporting on the compliance of economic development award recipients to awards given by the Ohio Development Services Agency.

While the state encourages growth in business, capital investments, and workforce retention and enhancement through incentives and training, it is imperative that these taxpayer dollars are used wisely.

The enclosed report details whether economic development award recipients have met the terms and conditions, including any applicable performance metrics, that were issued by the Ohio Development Services Agency for terms ending in the 2013 calendar year.

Very respectfully yours,

Mike DeWine
Ohio Attorney General

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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).

Roadwork Development Grant compliance is based on completion of the eligible roadwork project 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.

“Market conditions” is a term that is defined in most of the award agreements issued by ODSA. An example definition is the following: “For the purposes of this Agreement, ‘Market Conditions’ shall be determined by the Director of Development, with information and advice from the Federal Reserve Bank of Cleveland. The Director of Development shall consider the following: (i) Two consecutive quarters of decline in manufacturing employment in the State of Ohio as a whole or,

when possible, by relevant manufacturing sector. Employment figures will be those reported by the Ohio Department of Job and Family Services. (ii) A decline, as a whole or by relevant sector, in twelve (12) of the last thirty-six (36) months as detailed in the Federal Reserve Bank's national industrial production index. (iii) The performance of the relevant sector as reported in Standard & Poor's 'Industry Surveys' or the 'U.S. Industry & Trade Outlook.'"

"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.

"Performance period" means the time frame set forth in the award agreement within which an Award Recipient must comply with its performance metrics.

"Remedial action" refers to the process for bringing Award Recipients into compliance with commitments made to the state in exchange for taxpayer incentives.

"State award," as defined in Revised Code 125.112(A)(3)(a), "means a contract awarded by the state costing over twenty-five thousand dollars."

"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 review. The review was performed to determine the level of compliance of Award Recipients having a 2013 closeout year with the terms and conditions, including certain performance metrics of state awards for economic development administered by the Ohio Development Services Agency ("ODSA").

ODSA offers economic development incentives through a variety of programs, but the state awards for economic development reviewed here fall into four main categories: Workforce awards; Grants; Tax Credits; and Loans. In a typical 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 requested files from ODSA for all state awards for economic development with a performance period ending in calendar year 2013. The AGO received 257 award files¹ from ODSA identified as having performance periods ending in calendar year 2013.² These files typically included the award agreement and any amendments, documentation of disbursement of funds or receipt of tax credits, documentation of any disencumbered award funds, and the 2013 closeout report if filed by the Award Recipient. The AGO also requested the results of ODSA's compliance review for each award, conducted independently of the AGO review.

In phase two of the review, the AGO conducted its compliance review of the 257 award files received. The AGO 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 257 awards did in fact have a performance period ending in calendar year 2013.³ Of those 255 awards, Recipients receiving 180 awards substantially complied (met at least 90% of the commitments) with the terms and conditions of their award agreements, whereas Recipients receiving 75 awards did not comply, representing an overall compliance rate of 70.6%. The following is a breakdown of the compliance rates for each award category and the specific award programs within those categories.⁴

¹ See discussion on page 8 for further detail.

² Job Retention Tax Credits do not have a closeout year for performance commitments. Award Recipients must meet their performance commitments every year to remain eligible for the tax credit. For purposes of this report, all Job Retention Tax Credit Award Recipients are considered to have a closeout year every year they are eligible to receive the tax credit and will be reviewed annually.

³ Two (2) of the 257 awards reviewed were found not to have a performance period ending in calendar year 2013 and therefore are not included in the compliance numbers.

⁴ See Appendix 1 for previous years' compliance rates.

Compliance Rates

Overall Compliance Rate	70.6%	(180/255)
• Workforce Compliance Rate⁵	100%	(49/49)
○ Appalachian Training Investment	100%	(8/8)
○ Legacy-Ohio Workforce Guarantee	100%	(1/1)
○ Ohio Workforce Guarantee	100%	(40/40)
• Grant Compliance Rate	74.4%	(29/39)
○ Rapid Outreach	52.6%	(10/19)
○ Roadwork Development	100%	(15/15)
○ Economic Development Contingency	80%	(4/5)
• Tax Credit Compliance Rate	62.4%	(78/125)
○ Job Creation Tax Credit ⁶	59.8%	(70/117)
○ Job Retention Tax Credit ⁷	100%	(8/8)
• Loan Compliance Rate	57.1%	(24/42)
○ 166 Direct	81.8%	(9/11)
○ Regional 166 Direct	62.5%	(5/8)
○ Research & Development Investment	50%	(1/2)
○ Innovation Ohio Loan	20%	(3/15)
○ Ohio Enterprise Bond Fund	100%	(6/6)

⁵ The Workforce compliance rate includes eleven (11) Recipients that trained fewer workers than promised and were therefore reimbursed proportionally to the number of workers trained.

⁶ The Job Creation Tax Credit compliance rate includes four Recipients that met the jobs creation and retention commitments but did not meet the annual payroll commitments in the agreements. As a result, the tax credit incentives were adjusted proportionally by ODSA with the approval of the Tax Credit Authority.

⁷ Job Retention Tax Credits do not have a closeout year for performance commitments. See note 2 on page 3.

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.”⁸ 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.⁹ 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.¹⁰

State awards for economic development are awarded and administered by ODSA. Each year, ODSA offers 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.

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 2013 closeout year as determined by the award agreement. In order to make a compliance determination, the AGO 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. This language typically reads as follows: “If Grantee fails to create and/or retain...the total estimated full-time jobs as stated in this Agreement or fails to maintain the above-referenced employment levels during the Term of the Agreement, for reasons other than Market Conditions, as defined in this Agreement, Grantor may require Grantee to reimburse Grantor....” The “market conditions” to be considered pursuant to the award agreements include

⁸ 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 Dec. 6, 2013).

⁹ R.C. 125.112(G).

¹⁰ R.C. 125.112(G).

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 Federal Reserve Bank.

State awards for economic development issued by ODSA fall into four main categories: Workforce awards; Grants; Tax Credits; and Loans. Set forth below are brief descriptions of each award type, 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 monitors these additional metrics but does not use them for the purpose of determining substantial compliance. 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 project completion date is defined in the agreement. 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 monitors these additional metrics but does not use them for the purpose of determining substantial compliance. Roadwork Development Grant awards no longer require a commitment to create and/or retain a specified number of jobs. Job retention and/or creation are secondary goals of the grant and are not used to determine compliance. If a Recipient fails to meet its obligations set forth in the award agreement, ODSA may, among other remedial actions, attempt to “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. The AGO determined compliance for Roadwork Development Grants based on completion of the eligible roadwork project, consistent with the terms of the award agreement and ODSA practices.

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”) or within three years of the tax credit effective date, depending on when the TCA approved the tax credit;¹¹ (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),¹² 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).¹³ Recipients must also submit annual progress reports to ODSA. The closeout year is determined using the initial operations date or the tax credit effective date, depending on when the Tax Credit award was approved.¹⁴ Tax Credit awards usually have rates for approved projects between 35 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.¹⁵

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. 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. ODSA monitors these additional metrics but does not use them for the

¹¹ The Job Creation Tax Credit law was amended to a payroll-based program in October 2009. Award agreements approved after that date include commitments to create and/or retain jobs and generate new payroll within three years of the initial operations date.

¹² Pursuant to the amended Job Creation Tax Credit law, Tax Credit award agreements approved after October 2009 now require commitments to: a) maintain \$660,000 of new payroll, b) create at least 10 jobs throughout the term of the agreement, and c) maintain operations for the greater of seven years or the term of the tax credit agreement plus three years instead of commitments to retain 25 employees and maintain operations for twice the term of the agreement.

¹³ See note 12 above.

¹⁴ For agreements approved prior to October 2009 the closeout year is determined using the initial operations date, which is listed in the annual progress reports. The closeout year for agreements approved after October 2009 is determined using the tax credit effective date, which is listed in the agreements.

¹⁵ Only Tax Credit award agreements that include the new payroll requirement described in notes 11 and 12 above are reviewed by ODSA for payroll performance. The AGO did not review payroll performance for compliance since few award agreements with the new payroll requirement have reached their closeout year to date. The AGO will analyze whether this metric should be reviewed in the future as more award agreements with the payroll requirement reach their closeout years.

purpose of determining substantial compliance. Loan repayments must be current in order for ODSA to determine a project compliant. 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; however, that information is contained herein.

COMPLIANCE REVIEW METHODOLOGY

With a view toward maintaining the goals of the 2011, 2012, and 2013 reports (accuracy, efficiency, and repeatability), and also accomplishing the additional goals of continuing to improve the process of the review and ensuring the AGO is complying with its duties under R.C. 125.112(G) each year, the AGO used a two-phase method for monitoring Recipient compliance for this year's review. In addition, ODSA has implemented internal improvements to its monitoring and record keeping processes, as further described in Appendix 2.

Phase One: Data and Information Collection

Phase one of the review was an information-gathering phase in which the AGO requested, and received files from ODSA for all state awards for economic development with a performance period ending in calendar year 2013. These files included the award agreement and any amendments, documentation of disbursement of funds or receipt of tax credits, documentation of any disencumbered award funds, and the 2013 closeout report if filed by the Award Recipient. The AGO received 257 award files from ODSA that ODSA identified as having performance periods ending in calendar year 2013. The AGO also requested the results of ODSA's compliance review for each award, conducted independently of the AGO review, which includes ODSA's compliance determination and what remedial action, if any, has been taken with respect to non-compliant Recipients.

Phase Two: Compliance Evaluation

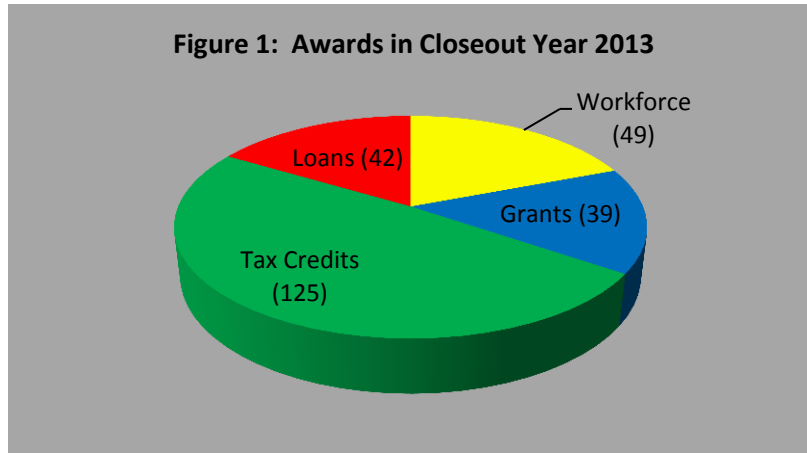
In the second phase of the review, the AGO conducted a detailed compliance review of the 257 award files received from ODSA to determine the level of compliance of Award Recipients with the terms and conditions of their award agreements. This compliance review took place over a nine-month period and also involved discussions 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

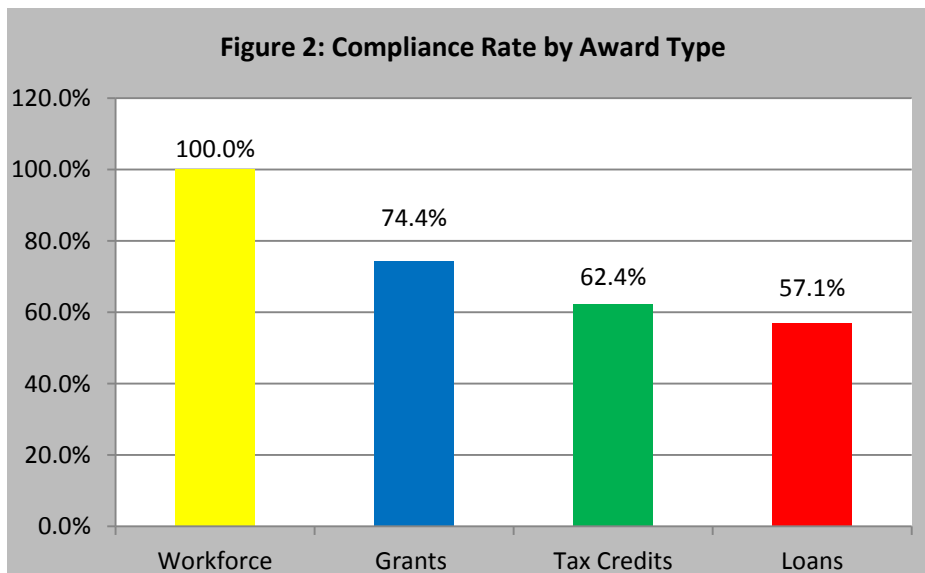
The AGO reviewed 257 economic development awards, 2 of which were out-of-scope (having a closeout year other than 2013).

- Figure 1 details the number of 2013 closeout awards by award type:



Of the 255 in-scope awards, the AGO determined that Recipients receiving 180 awards had substantially complied with the terms and conditions of their award agreements, whereas Recipients receiving 75 awards did not comply, representing an overall compliance rate of **70.6%**. 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:

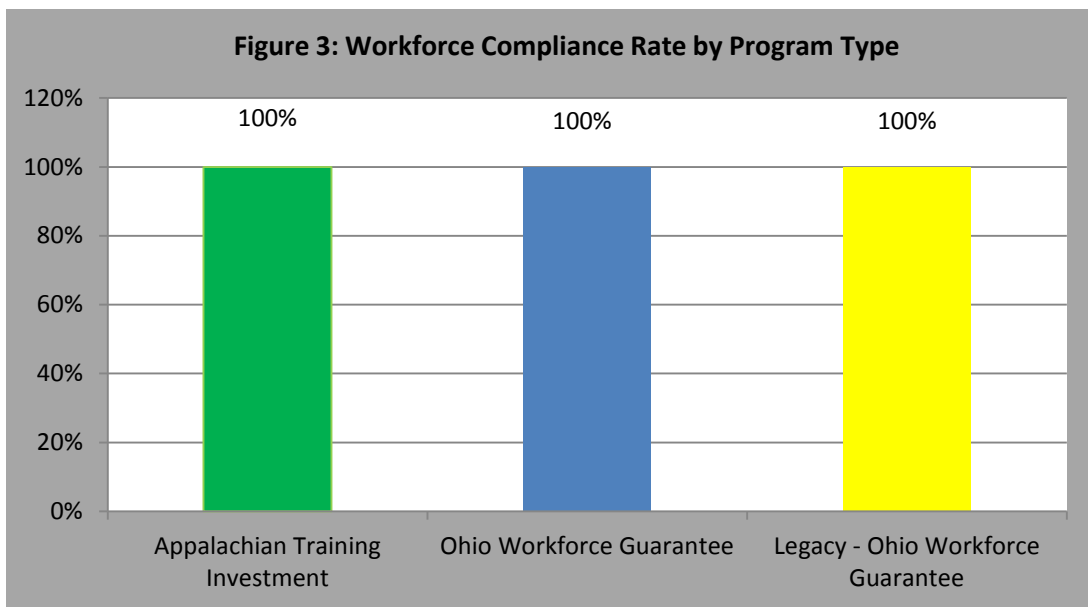


Workforce Awards

Among all active awards administered by ODSA, 49 Workforce awards, with a total combined value of \$7.5 million, had a closeout year of 2013. The AGO determined that all of the Workforce Award Recipients had substantially complied with the terms and conditions of their award agreements, representing an overall Workforce award compliance rate of **100%**.

Eleven Recipients trained fewer workers than promised but were only reimbursed proportionately based on the actual number of workers trained. These eleven Recipients are included in the compliant numbers.

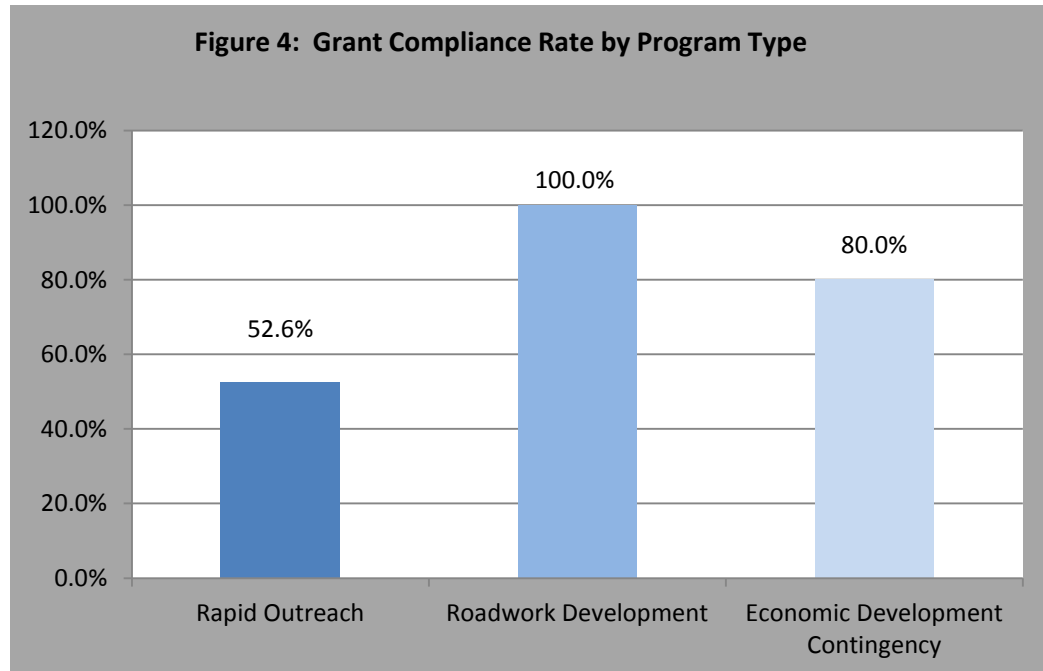
- Figure 3 details the compliance rate of 2013 closeout Workforce awards by program type:



Grant Awards

ODSA awarded 39 Grants with a closeout year of 2013, having a total combined value of \$9.5 million. The AGO determined that 29 of the Grant Award Recipients had substantially complied with the terms and conditions of their award agreements, and 10 Award Recipients did not comply, representing an overall Grant compliance rate of **74.4%**.

- Figure 4 details the compliance rate of 2013 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 3.

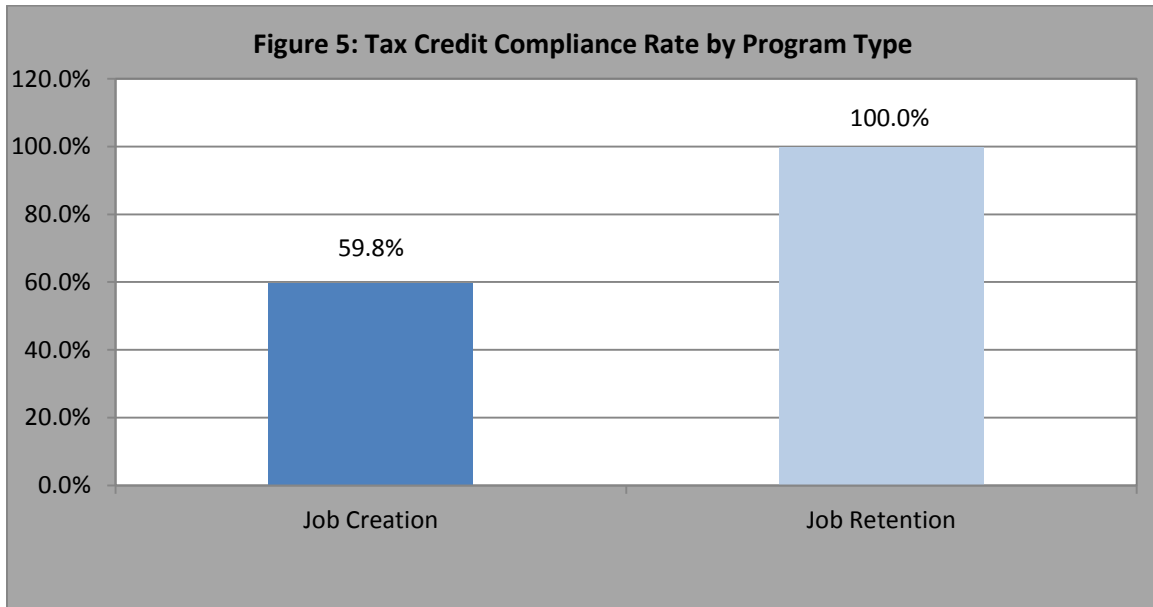
Tax Credit Awards

ODSA maintained 125 Tax Credit awards with a total initial claimed value of approximately \$44.4 million that had a closeout year of 2013. The AGO determined that 78 of the Tax Credit Award Recipients had substantially complied with the terms and conditions of their award agreements, and 47 Award Recipients did not comply, resulting in an overall Tax Credit award compliance rate of **62.4%**.

Four Recipients met the job creation and retention commitments contained in the award agreements but did not meet their annual payroll commitment in the award agreements.¹⁶ As a result, ODSA recommended a proportional reduction in benefits which were approved by the Ohio Tax Credit Authority. These Recipients are included in the compliant numbers.

¹⁶ See note 14 on page 7.

- Figure 5 details the compliance rate of 2013 closeout Tax Credit awards by program type:

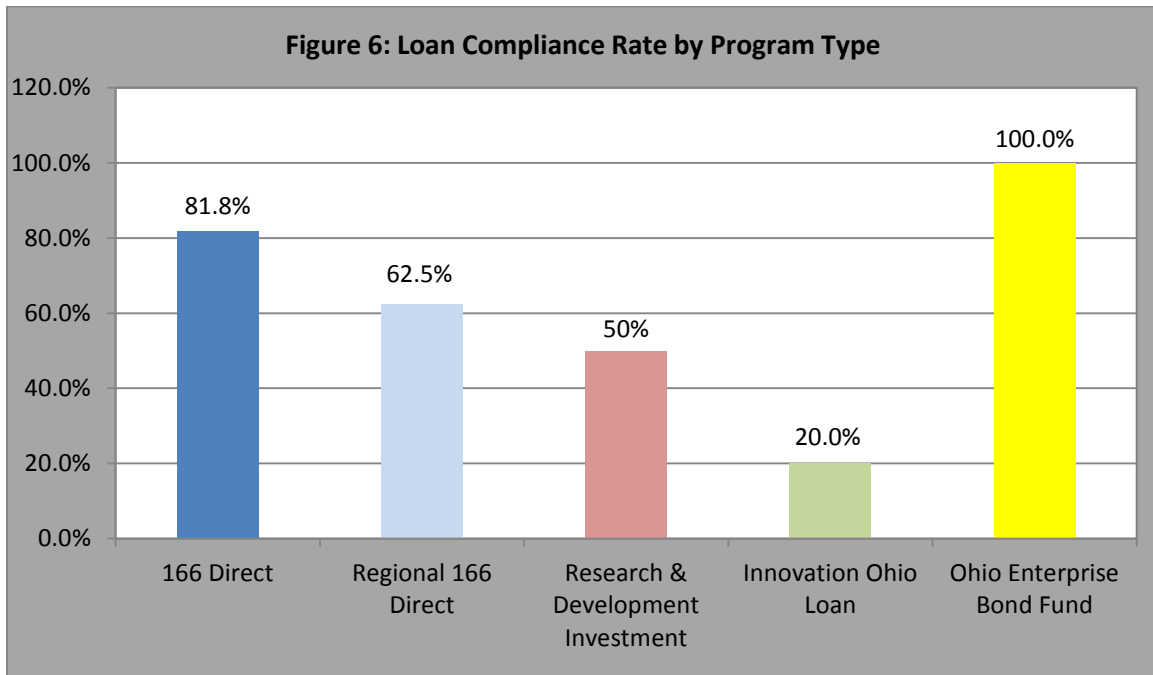


A list of Recipients that did not comply with the terms and conditions, including certain performance metrics, of their Tax Credit award agreements, as well as the reasons for non-compliance and any remedial actions being taken by ODSA, are attached as Appendix 4.

Loan Awards

ODSA awarded 42 Loans with a total combined value of \$75.5 million that had closeout years in 2013. The AGO determined that 24 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 18 Loan Recipients did not comply, representing an overall Loan compliance rate of **57.1%**.

- Figure 6 details the compliance rate of 2013 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 5.

Appendix 1: Previous Years' Compliance Rates

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>GRANTS</u>	17/63 = 27%	36/74 = 48.6%	52/105 = 49.5%
<u>LOANS</u>	11/46 = 23.9%	21/50 = 42%	24/43 = 55.8%
<u>WORKFORCE</u>	154/174 = 88.5%	80/89 = 89.9%	14/14 = 100%
<u>TAX</u>	17/54 = 35.1%	25/42 = 59.5%	56/104 = 53.8%
<u>TOTAL</u>	199/337 = 59.1%	162/255 = 63.5%	146/266 = 54.9%

2013 Report Compliance Rates

Overall Compliance Rate	54.9%	(146/266)
<ul style="list-style-type: none"> • Workforce Compliance Rate¹⁷ <ul style="list-style-type: none"> ○ Appalachian Training Investment ○ Ohio Workforce Guarantee 	<ul style="list-style-type: none"> • 100% <ul style="list-style-type: none"> ○ 100% ○ 100% 	<ul style="list-style-type: none"> • (14/14) <ul style="list-style-type: none"> ○ (2/2) ○ (12/12)
<ul style="list-style-type: none"> • Grant Compliance Rate <ul style="list-style-type: none"> ○ Rapid Outreach ○ Roadwork Development ○ Economic Development Contingency 	<ul style="list-style-type: none"> • 49.5% <ul style="list-style-type: none"> ○ 50% ○ 46.4% ○ 55.6% 	<ul style="list-style-type: none"> • (52/105) <ul style="list-style-type: none"> ○ (34/68) ○ (13/28) ○ (5/9)
<ul style="list-style-type: none"> • Tax Credit Compliance Rate <ul style="list-style-type: none"> ○ Job Creation Tax Credit ○ Job Retention Tax Credit¹⁸ 	<ul style="list-style-type: none"> • 53.8% <ul style="list-style-type: none"> ○ 52.9% ○ 100% 	<ul style="list-style-type: none"> • (56/104) <ul style="list-style-type: none"> ○ (54/102) ○ (2/2)
<ul style="list-style-type: none"> • Loan Compliance Rate¹⁹ <ul style="list-style-type: none"> ○ 166 Direct ○ Regional 166 Direct ○ Research & Development Investment ○ Innovation Ohio Loan ○ Pioneer Rural Loan ○ Other/Combination 	<ul style="list-style-type: none"> • 55.8% <ul style="list-style-type: none"> ○ 27.2% ○ 80% ○ 50% ○ 16.7% ○ 0% ○ 100% 	<ul style="list-style-type: none"> • (24/43) <ul style="list-style-type: none"> ○ (3/11) ○ (16/20) ○ (1/2) ○ (1/6) ○ (0/1) ○ (3/3)

¹⁷ The Workforce compliance rate includes two Recipients that trained fewer workers than promised and were therefore reimbursed proportionately to the number of workers trained.

¹⁸ Job Retention Tax Credits do not have a closeout year for performance commitments. See note 2 on page 3.

¹⁹ The Loan compliance rate includes one Recipient that met the job commitments contained in the agreement but is not current on loan payments. This loan was certified to the AGO for collection on December 13, 2013.

2012 Report Compliance Rates

Overall Compliance Rate	63.5%	(162/255)
<ul style="list-style-type: none"> • Workforce Compliance Rate²⁰ <ul style="list-style-type: none"> ○ Appalachian Training Investment ○ Ohio Investment in Training ○ Ohio Workforce Guarantee • Grant Compliance Rate <ul style="list-style-type: none"> ○ Rapid Outreach ○ Roadwork Development ○ Economic Development Contingency ○ Global Analyst Settlement ○ Other/Combination • Tax Credit Compliance Rate²¹ <ul style="list-style-type: none"> ○ Job Creation Tax Credit • Loan Compliance Rate <ul style="list-style-type: none"> ○ 166 Direct ○ Regional 166 Direct ○ Research & Development Investment ○ Innovation Ohio Loan ○ Pioneer Rural Loan 	<ul style="list-style-type: none"> 89.9% 93.3% 85.2% 91.5% 48.6% 47.6% 55% 44.4% 0% 100% 59.5% 59.5% 42% 25% 81.8% 37.5% 50% 0% 	<ul style="list-style-type: none"> (80/89) (14/15) (23/27) (43/47) (36/74) (20/42) (11/20) (4/9) (0/2) (1/1) (25/42) (25/42) (21/50) (6/24) (9/11) (3/8) (3/6) (0/1)

²⁰ The Workforce compliance rate includes ten Recipients that trained fewer workers than promised and were therefore reimbursed proportionately to the number of workers trained.

²¹ The Tax Credit compliance rate includes one Recipient that did not meet its job creation and retention commitments in the agreement, but ODSA deemed this Recipient compliant because their reported annual payroll was greater than the commitment in the award agreement.

2011 Report Compliance Rates

	<u>Amended Report</u>	<u>12/29 Report</u>
Overall Compliance Rate:	59.1% (199/337)	52.4% (220/420)
Workforce Compliance Rate:	88.5% (154/174)	81.7% (138/169)
• Ohio Investment in Training:	84.9% (73/86)	84% (74/88)
• Ohio Workforce Guarantee:	90.5% (67/74)	77.3% (51/66)
• Appalachian Training Investment :	100% (14/14)	86.7% (13/15)
Grant Compliance Rate:	27.0% (17/63)	15.6% (12/77)
• Rapid Outreach:	24.5% (12/49)	16% (7/44)
• Roadwork Development:	27.3% (3/11)	4% (1/25)
• Industrial Site Improvement Fund:	N/A	80% (4/5)
• Economic Development Contingency:	66.7% (2/3)	0% (0/3)
Tax Credit Compliance Rate:	35.1% (17/54)	54.3% (50/92)
• Job Creation:	35.1% (17/54)	53.3% (48/90)
• Job Retention:	N/A	100% (2/2)
Loan Compliance Rate:	23.9% (11/46)	24.4% (20/82)
• Regional 166:	21.7% (5/23)	20% (6/30)
• 166 Direct:	14.3% (2/14)	26% (6/23)
• Innovation Ohio Loan:	0% (0/3)	7.7% (1/13)
• Research & Development Investment:	33% (1/3)	33.3% (2/6)
• Ohio Enterprise Bond Fund:	100% (2/2)	0% (0/2)
• Pioneer Rural:	100% (1/1)	50% (1/2)
• Rural Industrial Park:	N/A	50% (1/2)
• Urban Redevelopment:	N/A	100% (2/2)
• Rural Development:	N/A	50% (1/2)

Appendix 2: Improvements Letter by the Ohio Development Services Agency



John R. Kasich, Governor David Goodman, Director

December 4, 2014

The Honorable Mike DeWine
Ohio Attorney General
30 E. Broad Street, 14th Floor
Columbus, Ohio 43215

Dear Attorney General DeWine:

Thanks to you and your staff for the professional and thorough review of economic development award compliance covering incentives where job commitments were due by December 31, 2013. The Development Services Agency is proud of our oversight and monitoring work which led to a nearly 71% compliance rate, a record since the Office of the Attorney General has been reporting to the General Assembly.

The most important test of economic development success is job creation. In total, companies required to fulfill a job creation commitments by December 31, 2013 delivered **103%**. More jobs than promised is good for all Ohioans because a job is the first sign of a strengthening economy. A job means self-sufficiency and independence and it makes families stronger and communities stronger.

The Development Services Agency is responsible for significant taxpayer resources and is committed to good fiscal stewardship for the taxpayers of Ohio. We will not rest on our laurels. Good stewardship does not occur in a moment; it requires ongoing attention to detail and a willingness to hear from others with suggestions for improvement.

In addition to your review, Development has invited the Office of Budget and Management and the Auditor of State to review our processes. We have sought input from our customers – local communities and Ohio businesses – for guidance. A commitment to continuous improvement led to streamlining and strengthening our remedial action and clawback processes in 2012 and 2013. And in 2014, Development improved our annual report verification process to validate company reported data. Stronger monitoring identifies issues as they arise and we can work with companies to enable success.

JobsOhio is bringing high-impact projects to the state and providing accurate evaluation of return on investment when publicly-funded incentives are used in an economic development project. The Development Services Agency monitors each project to ensure it is meeting its commitments.

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P.O. Box 1001 800 | 848 1300
Columbus, Ohio 43216-1001 U.S.A. www.development.ohio.gov

The State of Ohio is an Equal Opportunity Employer and Provider of ADA Services.

Governor John Kasich's vision for privatizing the recruiting, attraction and retention of companies is working. The total number of jobs is up and the wage and payroll numbers are up as well. Capital investment in Ohio is growing and these are all signs of a stronger economy.

My commitment to the taxpayers of the state of Ohio is that the Development Services Agency will continue to improve in service and efficiency, monitoring and transparency and continue to be good stewards of taxpayer resources.

Sincerely,



David Goodman
Director, Ohio Development Services Agency

Appendix 3: Non-Compliant Grant Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	Applicable Comments
Aetna Life Insurance Company	New Albany/ Franklin Co.	Rapid Outreach	\$150,000.00	Job Creation: 245 Job Retention: 1340	Jobs Created: 0 Jobs Retained: 1191	Failure to create and retain jobs	ODSA assessed clawback of \$37,500	Recipient paid in full on 08/29/2014
Ashland Inc.	Columbus/ Franklin Co.	Economic Development Contingency	\$99,976.76	Job Creation: 19 Job Retention: 1324	Jobs Created: 0 Jobs Retained: 697	Failure to create and retain jobs	ODSA assessed clawback of \$48,000	Recipient paid in full on 08/08/2014
Cardinal Fastener & Specialty Co., Inc.	Beford Heights/ Cuyahoga Co.	Rapid Outreach	\$10,000.00	Job Creation: 20 Job Retention: 61	No report submitted	Failure to submit closeout report; Recipient went bankrupt	ODSA certified file to AGO for collection	
Medpace Inc.	Cincinnati/ Hamilton Co.	Rapid Outreach	\$250,000.00	Job Creation: 792 Job Retention: 508	Jobs Created: 254 Jobs Retained: 508	Failure to create jobs	ODSA assessed clawback of \$35,000	Recipient paid in full 09/11/2014
Midwest Service, a division of Vail Rubber Works	Middletown/ Butler Co.	Rapid Outreach	\$40,000.00	Job Creation: 25 Job Retention: 19	Jobs Created: 3 Jobs Retained: 19	Failure to create jobs	ODSA assessed clawback of \$13,200	Payment due on 01/31/2015
Mission Essential Personnel, LLC	Columbus/ Franklin Co.	Rapid Outreach	\$240,000.00	Job Creation: 120 Job Retention: 84	Jobs Created: 14 Jobs Retained: 84	Failure to create jobs	ODSA assessed clawback of \$82,300	Recipient paid in full on 08/21/2014
NABI Parts, LLC f/k/a North American Bus Industries, Inc.	Delaware/ Delaware Co.	Rapid Outreach	\$50,000.00	Job Creation: 35 Job Retention: 53	Jobs Created: 20 Jobs Retained: 53	Failure to create jobs	ODSA assessed clawback of \$5,600	Recipient paid in full on 09/04/2014
PCMS Datafit, Inc.	Springdale/ Hamilton Co.	Rapid Outreach	\$70,000.00	Job Creation: 70 Job Retention: 91	Jobs Created: 5 Jobs Retained: 91	Failure to create jobs	ODSA assessed clawback of \$28,000	Recipient paid in full on 08/29/2014
SelectTech Services Corporation	Springfield/ Clark Co.	Rapid Outreach	\$43,000.00	Job Creation: 100 Job Retention: 0	Jobs Created: 21 Jobs Retained: 0	Failure to create jobs	ODSA assessed clawback of \$22,360	Recipient paid in full on 09/10/2014
WIL Research Laboratories	Ashland/ Ashland Co.	Rapid Outreach	\$200,000.00	Job Creation: 100 Job Retention: 607	Jobs Created: 0 Jobs Retained: 556	Failure to create and retain jobs	ODSA assessed clawback of \$42,000	Recipient paid in full on 09/09/2014

Appendix 4: Non-Compliant Tax Credit Award Recipients

Award Recipient	Location	Program Type	Commitments	Performance	Reason for Non-Compliance	Remedial Action	Comments
Aetna Life Insurance Company and Aetna Governmental Health Plans, LLC	New Albany/ Franklin Co.	Job Creation Tax Credit 65% for 7 years	Job Creation: 213 Job Retention: 1340	Jobs Created: 103 Jobs Retained: 1340	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Automated Packaging Systems, Inc.	Streetsboro/ Portage Co.	Job Creation Tax Credit 45% for 7 years	Job Creation: 85 Job Retention: 0	Jobs Created: 28 Jobs Retained: 0	Failure to create jobs	Reduced the rate and term to 40% for 5 years, ending December 31, 2015	Approved by the Ohio Tax Credit Authority
Blastmaster Holdings USA, LLC	Columbus/ Franklin Co.	Job Creation Tax Credit 40% for 6 years	Job Creation: 25 Job Retention: 0	Jobs Created: 21 Jobs Retained: 0	Failure to create jobs	Reduced the rate to 35% for years 2014-2016	Approved by the Ohio Tax Credit Authority
Clovervale Farms, LLC	Amherst/ Lorain Co.	Job Creation Tax Credit 55% for 8 years	Job Creation: 452 Job Retention: 101	Jobs Created: 263 Jobs Retained: 101	Failure to create jobs	Reduced the term to 6 years, ending December 31, 2016	Approved by the Ohio Tax Credit Authority
Code Blue LLC	Springfield/ Clark Co.	Job Creation Tax Credit 55% for 6 years	Job Creation: 155 Job Retention: 0	Jobs Created: 125 Jobs Retained: 0	Failure to create jobs	Reduced the rate to 50% for years 2014-2016	Approved by the Ohio Tax Credit Authority
Creative Extruded Products, Inc.	Tipp City/ Miami Co.	Job Creation Tax Credit 40% for 6 years	Job Creation: 34 Job Retention: 185	Jobs Created: 16 Jobs Retained: 185	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Crown Partners, LLC	Dayton/ Montgomery Co.	Job Creation Tax Credit 55% for 7 years	Job Creation: 105 Job Retention: 28	Jobs Created: 38 Jobs Retained: 28	Failure to create jobs	Reduced the rate and term to 50% for 6 years, ending December 31, 2016	Approved by the Ohio Tax Credit Authority
Defiance Metal Products Co.	Defiance/ Defiance Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 50 Job Retention: 527	Jobs Created: 39 Jobs Retained: 527	Failure to create jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
DimcoGray Corporation	Centerville/ Montgomery Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 33 Job Retention: 50	Jobs Created: 3 Jobs Retained: 50	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
E-BEAM Services, Inc.	Lebanon/ Warren Co.	Job Creation Tax Credit 45% for 5 years	Job Creation: 22 Job Retention: 21	Jobs Created: 5 Jobs Retained: 21	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
EMH, Inc.	Liverpool Township/ Medina Co.	Job Creation Tax Credit 35% for 5 years	Job Creation: 25 Job Retention: 43	Jobs Created: 11 Jobs Retained: 43	Failure to create jobs	Reduced the rate to 30% for years 2014-2015	Approved by the Ohio Tax Credit Authority
Excelitas Technologies Sensors, Inc.	Miamisburg/ Montgomery Co.	Job Creation Tax Credit 50% for 6 years	Job Creation: 45 Job Retention: 60	Jobs Created: 30 Jobs Retained: 60	Failure to create jobs	Reduced the rate and term to 45% for 5 years, ending December 31, 2015	Approved by the Ohio Tax Credit Authority
Fast Switch, LTD	Dublin/ Franklin Co.	Job Creation Tax Credit 55% for 7 years	Job Creation: 116 Job Retention: 63	Jobs Created: 91 Jobs Retained: 63	Failure to create jobs	Reduced the rate to 50% for years 2014-2017	Approved by the Ohio Tax Credit Authority

Appendix 4 Continued: Non-Compliant Tax Credit Award Recipients

Award Recipient	Location	Program Type	Commitments	Performance	Reason for Non-Compliance	Remedial Action	Comments
GenPak Solutions LLC	Hilliard/ Franklin Co.	Job Creation Tax Credit 45% for 7 years	Job Creation: 50 Job Retention: 0	Jobs Created: 3 Jobs Retained: 0	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
Home Depot U.S.A., Inc.	Allen Township/ Hancock Co.	Job Creation Tax Credit 45% for 5 years	Job Creation: 300 Job Retention: 0	Jobs Created: 197 Jobs Retained: 0	Failure to create jobs	None	Expiring contract; No further action applicable
Hughey & Phillips, LLC	Urbana/ Champaign Co.	Job Creation Tax Credit 35% for 6 years	Job Creation: 30 Job Retention: 21	Jobs Created: 8 Jobs Retained: 21	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
Iosil Energy Corporation	Groveport/ Franklin Co.	Job Creation Tax Credit 50% for 6 years	Job Creation: 20 Job Retention: 0	Jobs Created: 7 Jobs Retained: 0	Failure to create jobs	Terminated the agreement with a clawback of 100% of tax credits issued	Approved by the Ohio Tax Credit Authority
KDM Signs, Inc.	Evendale/ Hamilton Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 30 Job Retention: 259	Jobs Created: 0 Jobs Retained: 220	Failure to create and retain jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
Kenexis Consulting Corporation	Upper Arlington/ Franklin Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 10 Job Retention: 16	Jobs Created: 0 Jobs Retained: 16	Failure to create jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
Koneta, Inc.	Wapakoneta/ Auglaize Co.	Job Creation Tax Credit 40% for 7 years	Job Creation: 83 Job Retention: 139	Jobs Created: 0 Jobs Retained: 116	Failure to create and retain jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
Liebert North America, Inc.	Ironton/ Lawrence Co.	Job Creation Tax Credit 60% for 8 years	Job Creation: 121 Job Retention: 292	Jobs Created: 0 Jobs Retained: 272	Failure to create and retain jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
Longbow Research, LLC	Seven Hills/ Cuyahoga Co.	Job Creation Tax Credit 65% for 7 years	Job Creation: 26 Job Retention: 63	Jobs Created: 0 Jobs Retained: 0	Failure to create and retain jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
Max-Wellness, LLC	Warrensville Heights/ Cuyahoga Co.	Job Creation Tax Credit 55% for 7 years	Job Creation: 150 Job Retention: 9	Jobs Created: 0 Jobs Retained: 8	Failure to create and retain jobs	Reduced the term to 5 years, ending January 1, 2015	Approved by the Ohio Tax Credit Authority
Meggitt-USA Services, Inc.	Akron/ Summit Co.	Job Creation Tax Credit 45% for 7 years	Job Creation: 35 Job Retention: 0	Jobs Created: 14 Jobs Retained: 0	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
Micro-Poise Measurement Systems, LLC	Streetsboro/ Portage Co.	Job Creation Tax Credit 50% for 7 years	Job Creation: 50 Job Retention: 150	No report submitted	Failure to submit closeout report	Agreement terminated on July 28, 2014	Approved by the Ohio Tax Credit Authority
Momentive Performance Materials Quartz, Inc.	Richmond Heights/ Cuyahoga Co.	Job Creation Tax Credit 60% for 6 years	Job Creation: 10 Job Retention: 235	Jobs Created: 0 Jobs Retained: 231	Failure to create and retain jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
Momentive Specialty Chemicals Inc.	Union Township/ Licking Co.	Job Creation Tax Credit 60% for 6 years	Job Creation: 10 Job Retention: 247	Jobs Created: 0 Jobs Retained: 181	Failure to create and retain jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority

Appendix 4 Continued: Non-Compliant Tax Credit Award Recipients

Award Recipient	Location	Program Type	Commitments	Performance	Reason for Non-Compliance	Remedial Action	Comments
Momentive Specialty Chemicals Inc.	Gahanna/ Franklin Co.	Job Creation Tax Credit 60% for 6 years	Job Creation: 100 Job Retention: 298	Jobs Created: 64 Jobs Retained: 298	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Morgal Machine Tool Company	Springfield/ Clark Co.	Job Creation Tax Credit 40% for 6 years	Job Creation: 25 Job Retention: 85	Jobs Created: 14 Jobs Retained: 85	Failure to create jobs	Reduced the term to 5 years, ending January 1, 2015	Approved by the Ohio Tax Credit Authority
Morris Technologies, Inc.	Sharonville/ Hamilton Co.	Job Creation Tax Credit 50% for 7 years	Job Creation: 75 Job Retention: 84	No report submitted due to voluntary termination	Failure to create and retain jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
Mountaineer Products, Inc.	Bellaire/ Belmont Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 73 Job Retention: 2	Jobs Created: 12 Jobs Retained: 2	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
NVR, Inc.	Dayton/ Montgomery Co.	Job Creation Tax Credit 40% for 5 years	Job Creation: 75 Job Retention: 0	Jobs Created: 53 Jobs Retained: 0	Failure to create jobs	Reduced the rate to 35% for the year 2015	Approved by the Ohio Tax Credit Authority
Pactiv Corporation	Columbus/ Franklin Co.	Job Creation Tax Credit 40% for 7 years	Job Creation: 43 Job Retention: 130	Jobs Created: 6 Jobs Retained: 130	Failure to create jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
PCMS Datafit Inc.	Cincinnati/ Hamilton Co.	Job Creation Tax Credit 50% for 5 years	Job Creation: 70 Job Retention: 91	Jobs Created: 5 Jobs Retained: 91	Failure to create jobs	None	Expiring contract; No further action applicable
PPS Holding, LLC	Cincinnati/ Hamilton Co.	Job Creation Tax Credit 40% for 6 years	Job Creation: 24 Job Retention: 31	Jobs Created: 19 Jobs Retained: 31	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Quality ElectroDynamics, LLC	Mayfield Village/ Cuyahoga Co.	Job Creation Tax Credit 50% for 6 years	Job Creation: 60 Job Retention: 60	Jobs Created: 49 Jobs Retained: 60	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Rhenium Alloys, Inc.; Group Management Services, Inc.	North Ridgeville/ Lorain Co.	Job Creation Tax Credit 35% for 6 years	Job Creation: 25 Job Retention: 50	Jobs Created: 4 Jobs Retained: 50	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
S&P Data LLC	Cleveland/ Cuyahoga Co.	Job Creation Tax Credit 35% for 4 years; 25% for 1 year	Job Creation: 150 Job Retention: 0	Jobs Created: 90 Jobs Retained: 0	Failure to create jobs	None	Expiring contract; No further action applicable

Appendix 4 Continued: Non-Compliant Tax Credit Award Recipients

Award Recipient	Location	Program Type	Commitments	Performance	Reason for Non-Compliance	Remedial Action	Comments
Scott Process Systems, Inc.	Hartville/ Stark Co.	Job Creation Tax Credit 40% for 5 years	Job Creation: 50 Job Retention: 150	Jobs Created: 35 Jobs Retained: 150	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain.
Specialty Magnetics LLC	Macedonia/ Summit Co.	Job Creation Tax Credit 40% for 5 years	Job Creation: 25 Job Retention: 0	Jobs Created: 8 Jobs Retained: 0	Failure to create jobs	Reduced the term to 3 years, ending January 1, 2014	Approved by the Ohio Tax Credit Authority
SUREnergy, LLC	Sandusky/ Erie Co.	Job Creation Tax Credit 50% for 8 years	Job Creation: 72 Job Retention: 0	Jobs Created: 6 Jobs Retained: 0	Failure to create jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
Surgical Appliance Industries, Inc.	Cincinnati/ Hamilton Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 48 Job Retention: 160	Jobs Created: 27 Jobs Retained: 160	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Thaler Machine Co., The	Springboro/ Warren Co.	Job Creation Tax Credit 50% for 6 years	Job Creation: 35 Job Retention: 76	Jobs Created: 3 Jobs Retained: 76	Failure to create jobs	Reduced the term to 4 years, ending January 1, 2015	Approved by the Ohio Tax Credit Authority
U.S. Bank, National Association	Cincinnati/ Hamilton Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 70 Job Retention: 885	Jobs Created: 8 Jobs Retained: 885	Failure to create jobs	Project commitments corrected	Approved by the Ohio Tax Credit Authority
U.S. Refractory Products LLC	North Ridgeville/ Lorain Co.	Job Creation Tax Credit 35% for 5 years	Job Creation: 21 Job Retention: 19	Jobs Created: 16 Jobs Retained: 19	Failure to create jobs	None	No further action taken based on market conditions and material compliance
Will-Burt Company, The	Orrville/ Wayne Co.	Job Creation Tax Credit 45% for 6 years	Job Creation: 25 Job Retention: 340	Jobs Created: 0 Jobs Retained: 21	Failure to create and retain jobs	None	Company voluntarily terminated; Approved by the Ohio Tax Credit Authority
Woolpert, Inc.	Dayton/ Greene Co.	Job Creation Tax Credit 40% for 5 years	Job Creation: 20 Job Retention: 167	Jobs Created: 14 Jobs Retained: 167	Failure to create jobs	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain

Appendix 5: Non-Compliant Loan Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitments	Performance	Reason for Non-Compliance	Loan Status as of 11/17/2014	Remedial Action	Comments
Advance Manufacturing Corp.	Cleveland/ Cuyahoga Co.	166 Direct	\$600,000.00	Job Creation: 21 Job Retention: 33	Jobs Created: 17 Jobs Retained: 33	Failure to create jobs	Current	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
AMT Machine Systems, Ltd.	Columbus/ Franklin Co.	Innovation Ohio Loan	\$949,725.00	Job Creation: 40 Job Retention: 13	Jobs Created: 2 Jobs Retained: 13	Failure to create jobs	Past Due	ODSA certified file to AGO for collection	
Arisdyne Systems, Inc.	Cleveland/ Cuyahoga Co.	Innovation Ohio Loan	\$864,000.00	Job Creation: 24 Job Retention: 6	Jobs Created: 5 Jobs Retained: 6	Failure to create jobs	Current	ODSA increased the effective interest rate by 1.5%, effective October 1, 2014	
Beamalloy Technologies, LLC	Plain City/ Madison Co.	Innovation Ohio Loan	\$488,750.00	Job Creation: 8 Job Retention: 6	Jobs Created: 1 Jobs Retained: 6	Failure to create jobs	Current	ODSA increased the effective interest rate by 1.5%, effective October 1, 2014	
Comet Solutions, Inc.	Cincinnati/ Butler Co.	Innovation Ohio Loan	\$1,400,000.00	Job Creation: 35 Job Retention: 6	Jobs Created: 0 Jobs Retained: 6	Failure to create jobs	Current	ODSA increased the effective interest rate by 2.5%, effective October 1, 2014	
DoMedia, LLC	Columbus/ Franklin Co.	Innovation Ohio Loan	\$1,150,000.00	Job Creation: 20 Job Retention: 12	Jobs Created: 0 Jobs Retained: 12	Failure to create jobs	Current	ODSA increased the effective interest rate by 2.0%, effective October 1, 2014	
E-Z Pack	Cincinnati/ Hamilton Co.	Regional 166 Direct	\$168,000.00	Job Creation: 4 Job Retention: 25	Jobs Created: 3 Jobs Retained: 25	Failure to create jobs	Current	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain

Appendix 5 Continued: Non-Compliant Loan Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitments	Performance	Reason for Non-Compliance	Loan Status as of 11/17/2014	Remedial Action	Comments
Galley Printing Company, Inc.	Brunswick/ Medina Co.	Regional 166 Direct	\$95,200.00	Job Creation: 2 Job Retention: 36	Jobs Created: 0 Jobs Retained: 35	Failure to create and retain jobs	Current	None	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Guitammer Company, Inc., The	Westerville/ Delaware Co.	Innovation Ohio Loan	\$1,083,951.00	Job Creation: 23 Job Retention: 0	Jobs Created: 8 Jobs Retained: 0	Failure to create jobs	Workout Agreement has been reached	ODSA increased the effective interest rate by 2.5%, effective October 1, 2014	
Intellinetics, Inc.	Hilliard/ Franklin Co.	Innovation Ohio Loan	\$1,012,500.00	Job Creation: 15 Job Retention: 10	Jobs Created: 7 Jobs Retained: 10	Failure to create jobs	Current	ODAA increased the effective interest rate by 1.0%, effective October 1, 2014	
Irisnote, Inc. f/k/a Rescentris, Inc.	Columbus/ Franklin Co.	Innovation Ohio Loan	\$1,000,000.00	Job Creation: 0 Job Retention: 5	No report submitted	Failure to submit closeout report	Past Due	ODSA certified file to AGO for collection	
PaceJet Logistics, Inc.	Columbus/ Franklin Co.	Innovation Ohio Loan	\$450,000.00	Job Creation: 17 Job Retention: 38	Jobs Created: 0 Jobs Retained: 20	Failure to create and retain jobs	Current	ODSA increased the effective interest rate by 1.0%, effective October 1, 2013	
Pallas Systems, LLC	Springfield/ Clark Co.	Innovation Ohio Loan	\$600,000.00	Job Creation: 40 Job Retention: 1	Jobs Created: 1 Jobs Retained: 1	Failure to create jobs	Workout Agreement has been reached	Recipient was acquired and entered into an agreement with the Lender to pay off the loan	
PeopleToMySite.com, LLC	Gahanna/ Franklin Co.	Innovation Ohio Loan	\$1,125,000.00	Job Creation: 30 Job Retention: 43	Jobs Created: 17 Jobs Retained: 43	Failure to create jobs	Current	ODSA increased the effective interest rate by 0.5%, effective December 1, 2014	
PreEmptive Solutions, LLC	Mayfield/ Cuyahoga Co.	Innovation Ohio Loan	\$1,395,000.00	Job Creation: 20 Job Retention: 16	Jobs Created: 9 Jobs Retained: 16	Failure to create jobs	Current	None	ODSA deemed substantially compliant because compliance was off by only 1 job per the 2012 annual report

Appendix 5 Continued: Non-Compliant Loan Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitments	Performance	Reason for Non-Compliance	Loan Status as of 11/17/2014	Remedial Action	Comments
Ricerca Biosciences, LLC	Concord/Lake Co.	Research & Development Investment	\$1,900,000.00	Job Creation: 22 Job Retention: 283	Job Creation: 0 Job Retention: 203	Failure to create jobs	Current	ODSA increased effective interest rate by 0.5%, effective December 1, 2014	
Sikote Technologies, LLC	Columbus/Franklin Co.	Regional 166 Direct	\$75,000.00	Job Creation: 10 Job Retention: 0	Jobs Created: 2 Jobs Retained: 0	Failure to create jobs	Workout Agreement has been reached	Recipient has ceased operations and entered into an agreement with the Lender to pay off the loan	
Taylor Lumber, Inc. f/k/a Taylor Lumber Acquisition, Inc.	McDermott/Scioto Co.	166 Direct	\$1,700,000.00	Job Creation: 0 Job Retention: 175	Jobs Created: 0 Jobs Retained: 126	Failure to retain jobs	Terminated and loan paid off in 2014	Terminated	