

2019 Report to the General Assembly:

Compliance With State Awards for Economic Development

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



DAVE YOST
OHIO ATTORNEY GENERAL



DAVE YOST

OHIO ATTORNEY GENERAL

Feb. 24, 2020

Honorable Members of the General Assembly:

The Ohio Attorney General's Office is charged with reporting on the compliance of economic development Award Recipients granted by the Ohio Development Services Agency (DSA). The responsibility was created through a measure enacted in 2008 and amended in 2015.

The objective of the awards is to encourage growth in business, capital investments and workforce retention and growth through incentives and training. The Attorney General's Office has the responsibility to ensure the taxpayer dollars used to support the awards are used wisely and according to applicable laws.

The enclosed report details whether economic development Award Recipients have met the terms and conditions of their awards, including any applicable performance metrics, of the awards that were issued by the Ohio Development Services Agency for terms ending in the 2018 closeout year.

As the state's newly elected Attorney General, and drawing from my experience as Auditor of State, I instructed our Internal Audit staff to conduct a rigorous review of DSA awards. This was necessary and appropriate in my view, as the administration of Gov. John Kasich had concluded, and the historical performance of DSA should not implicate the practices of our new chief executive, Gov. Mike DeWine.

The report identifies potential areas for improvement that the General Assembly and Gov. DeWine may deem worthy of exploration as they consider if controls over the program should be tightened to ensure the public's dollars are achieving the anticipated return on investment.

Among the findings of our review team:

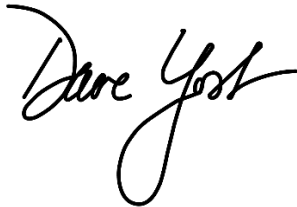
- Only 50% of Economic Development Loan Awards closed out in 2018 had substantially complied with the terms of the loans. The noncompliant awardees received a total of \$13.9 million in loans. The worst-performing of the loan portfolio group was the Innovation Ohio Loan Fund Program, which had a 25% compliance rate.
- None of the 34 Roadwork Development grants evaluated in 2018 included firm job creation or retention requirements, and grant terms from prior years were modified under the Kasich Administration by DSA to reduce or eliminate those requirements to allow grantees to be compliant. By comparison, in 2015, more than 63% of Roadwork Development grants contained job requirements.
- DSA only considers Project completion, Job Creation, Job Retention and Payroll commitments in determining compliance. Other secondary goals in contracts were not required, and their progress was not monitored by DSA during the prior administrations..
- Of the 81 Tax Credit Award Recipients closed out in 2018, a third were substantially non-compliant (27), with the value of awards totaling \$4.8 million to date. Consequently, the DSA adjusted the terms of the awards to reflect under-performance, lowering the tax credit amount.
- For all types of awards, DSA accepts 90% compliance with terms of the agreement as compliant.
- DSA did not provide this office a hybrid list of JobsOhio Economic Award Recipients.

As a matter of public policy and transparency, I recommend that the General Assembly and Gov. DeWine's administration review the efficacy of these award programs and determine whether there are sufficient controls in place to ensure the public's dollars are being wisely spent.

Having completed this annual review, I offer four specific recommendations:

- DSA should be required by statute to provide a hybrid list of JobsOhio Economic Award Recipients to the entity conducting this review in future years.
- Modification of agreement terms *after* entering into award agreements seems like adjusting terms to means -- moving the goal posts, if you will, in the final moments of the game. If lower targets were sufficient to justify the deal, it would seem that those targets would be adopted originally. If it is in the public interest to change terms *post facto*, those changes ought to at least be reviewed by an independent authority prior to making the modification.
- In the spirit of the economic development nature of the awards, DSA should require Job Creation and Retention expectations for all Roadwork Development grants.
- During the course of this review, it became evident to me that this audit would more appropriately be conducted by the Auditor of State in future years. The Auditor's office has an experienced team of auditors who are well equipped to conduct this review. While this office will continue to comply with the statute and perform this review as long as it is required by law, I recommend the General Assembly consider legislative changes to transfer this responsibility to the Auditor of State.

Yours,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style with a large initial "D" and a long, sweeping tail.

CC: Gov. Mike DeWine
Lt. Gov. Jon Husted

TABLE OF CONTENTS

DEFINITIONS.....	1
EXECUTIVE SUMMARY	3
BACKGROUND	4
COMPLIANCE REVIEW METHODOLOGY	7
KEY FINDINGS.....	8
All Awards	8
Grant Awards	9
Other Grant Findings	10
Loan Awards	10
Tax Credit Awards	12
Workforce Awards	13
Appendix 1: Previous Five Years' Compliance Rates.....	i
Appendix 2: Improvements Letter by the Ohio Development Services Agency.....	iii
Appendix 3: Breakdown of Roadwork Development Award Recipients.....	v
Appendix 4: Noncompliant Grant Award Recipients.....	vi
Appendix 5: Noncompliant Loan Award Recipients.....	vii
Appendix 6: Noncompliant Tax Credit Award Recipients.....	x

DEFINITIONS

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

Award recipient: An entity that received a state economic development award administered by the ODSA and entered into an award agreement. “Entity,” as defined in Revised Code 125.112(2), refers to “a corporation, association, partnership, limited liability company, sole proprietorship, or other business entity,” whether for profit or nonprofit. It does not include an individual who receives state assistance unrelated to the individual’s business.

Closeout year: As defined in Revised Code 125.112(G), “the calendar year by which an entity that receives a state award for economic development must comply with a performance metric specified in the terms and conditions of the award.”

Closeout report: A summary document of the information submitted to the ODSA in the closeout year by an award recipient. The ODSA compiles that information into an annual report.

Commitment:

Aspirational commitment: For this report, the term suggests that an award recipient has agreed to give a full-faith effort in seeking to achieve the performance metrics defined in an award agreement. Aspirational commitments are not factored in when determining compliance.

Firm commitment: For this report, the term suggests that an award recipient must achieve the performance metrics defined in an award agreement. Failure to do so results in noncompliance, subjecting the recipient to remedial actions.

Market conditions: A term that is defined in most ODSA-issued award agreements. One example: “Those conditions determined by the Director, with advice from the Federal Reserve Bank of Cleveland. The Director shall consider the following: (i) two (2) 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 12 of the last 36 months as detailed in the Federal Reserve’s National Industrial Production Index; and (iii) a decline within the relevant sector of Standard & Poor’s ‘Industrial Outlook.’”

Metric evaluation date: As defined in Revised Code 122.17(A)(7), “the date by which the taxpayer must meet all of the commitments included in the agreement.”

Performance metrics: The commitments for training workers, job creation, job retention, minimum hourly wage, capital investment and/or other commitments, as set forth in an award agreement.

Performance period: The time frame set forth in an award agreement within which the recipient must comply with its performance metrics.

Remedial action: An action taken by the ODSA against noncompliant award recipients. Remedial actions might include the termination of an agreement, a reduction in an award amount or an increase in the interest rate on a loan.

State award: As defined in Revised Code 125.112(A)(3)(a), “a contract awarded by the state costing over twenty-five thousand dollars.” Under Revised Code 125.112(A)(3)(b), it does not encompass compensation received as an employee of the state or any state financial assistance and expenditure received from the General Assembly or any legislative agency, any court or judicial agency, the secretary of state, auditor of state, treasurer of state, or attorney general and their respective offices.

State award for economic development: As defined in Revised Code 125.112(G), “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: As defined by the ODSA, the attainment of at least 90 percent of all performance metrics set forth in an award agreement.

Substantially noncompliant: As defined by the AGO, the attainment of less than 90 percent of any performance metrics set forth in an award agreement.

EXECUTIVE SUMMARY

Pursuant to Section 125.112(G) of the Ohio Revised Code, the Ohio Attorney General’s Office (AGO) conducted a three-phase review of state awards for economic development having a closeout year of 2018. The review was performed to determine recipients’ level of compliance with the award terms and conditions, including certain performance metrics, as outlined in their agreements with the Ohio Development Services Agency (ODSA).

The ODSA offers economic development incentives through various programs, but the state awards reviewed here fall into four categories: grants, loans, tax credits and workforce awards. In a typical award agreement, the recipient must pledge to achieve some combination of specified performance metrics by the end of a specified performance period. These metrics include, among others, creating or retaining jobs, training workers, and maintaining a certain employee hourly wage. Pursuant to the award agreement, a recipient must file annual reports informing the ODSA of its progress toward meeting its metrics and, at the end of its performance period, file a closeout report with the agency.

Phase 1 of the review consisted of information gathering, during which the AGO received files from the ODSA for all state awards for economic development whose performance period ended in calendar year 2018. These files, separated by award recipient, typically include the award agreement and any amendments; documentation of disbursement of funds or receipt of tax credits; documentation of any disencumbered award funds; and the ODSA-compiled 2018 closeout report. The ODSA identified 152 awards as having performance periods ending in 2018, but the AGO determined that three (3) of those did not qualify. Thus, the AGO received 149 award files from the ODSA said to be “in scope.”

In Phase 2 of the review, the AGO reviewed all 149 award files to determine each recipient’s level of compliance with the terms and conditions of their agreements.

Phase 3 encompassed a more detailed review of 15% of the award agreements, with firm commitments being the focus. To further aid this phase, the AGO requested supporting documentation – tax and payroll records, receipts and expenditure ledgers, for example – directly from award recipients. The results of the compliance evaluation are set forth in this report.

The AGO requested the results of the ODSA’s compliance determination for each award as well as details of any remedial action taken with noncompliant award recipients. All noncompliant results were then shared with the ODSA.

Of the 149 award files, recipients receiving 97 awards complied¹ and 109 substantially complied (met at least 90 percent of the commitments) with the terms and conditions of their agreements. Recipients receiving 52 awards did not comply and 40 did not substantially comply. The results represent overall compliance rates of 65.1 percent and 73.2 percent respectively. The following is a breakdown of the compliance rates for each award category and the specific award programs within those categories.²

¹ Prior to the 2019 review, the AGO followed the precedent of the ODSA and accepted substantially compliant as compliant. New for the 2019 report, we have distinguished between compliance and substantial compliance.

² See Appendix 1 for previous years’ compliance rates.

<u>Compliance Rates</u>	<u>Compliant</u>	<u>Substantially Compliant</u>
Overall Compliance Rate	65.1% (97/149)	73.2% (109/149)
Grant Compliance Rate	95.3% (41/43)	97.7% (42/43)
Economic Development Contingency	80% (4/5)	100% (5/5)
Roadwork Development	100% (34/34)	100% (34/34)
Big Business Investment	0% (0/1)	0% (0/1)
Rapid Outreach	100% (3/3)	100% (3/3)
Loan Compliance Rate	45.8% (11/24)	50% (12/24)
166 Direct	100% (2/2)	100% (2/2)
Regional 166 Direct	43.8% (7/16)	43.8% (7/16)
Innovation Ohio Loan	25% (1/4)	25% (1/4)
Logistics and Distribution	50% (1/2)	100% (2/2)
Tax Credit Compliance Rate	54.3% (44/81)	66.7% (54/81)
Job Creation	54.3% (44/81)	66.7% (54/81)
Workforce Compliance Rate	100% (1/1)	100% (1/1)
Workforce Training Grant	100% (1/1)	100% (1/1)

BACKGROUND

With respect to state awards for economic development, Section 125.112 of the Revised Code requires the Ohio attorney general to: (1) determine the compliance of award recipients with the terms and conditions – including performance metrics, if any – of the award agreements at the end of the closeout year; and (2) report annually to the General Assembly regarding the level of compliance of such recipients. 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 specified in its 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.³

State awards for economic development are allotted and administered by the ODSA. Each year, the agency offers economic development incentives to Ohio entities to help expand commerce in Ohio, attract new businesses to the state, retain existing jobs and teach workers new skills.

Each award agreement designates a date that the recipient is obligated to begin working toward the performance metrics detailed in the agreement and a time frame during which those metrics should be met. Most agreements require the award recipient to submit documentation of project performance within a certain period after the closeout date.

This AGO report focuses on recipients whose agreements identify 2018 as the closeout year. To make a compliance determination, the AGO compared each recipient’s commitments for job creation, job retention, payroll and workforce training as set in its contract with the results documented in its closeout report. Failure to submit a closeout report resulted in a noncompliance determination.

³ R.C. 125.112(G).

It should be noted that most award agreements allow the director of the ODSA to consider “market conditions” when deciding whether or not to seek reimbursement of grant or loan funds from an award recipient that fails to meet the performance metrics in its agreement. The 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 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 the ODSA fall into four categories: grants, loans, tax credits and workforce awards. What follows are brief descriptions of each category, the performance metrics found in the award agreements, an explanation of how the closeout year is calculated and how compliance is determined, and possible remedial actions in the event of noncompliance.

Grant: 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 typically within three (3) years after the date of project completion, and submit annual progress reports as well as a closeout report to the ODSA. The project completion date is defined in the agreement. Grant funds are typically given as reimbursement for approved project expenditures after the ODSA receives evidence of those expenditures from the award recipient. The final disbursement of funds, therefore, is likely to be proximate with the actual project completion date. In addition to the job creation and retention commitments, some grant award agreements contain performance metrics such as capital investment, minimum hourly wage and maintenance of operations commitments. However, the ODSA monitors these additional metrics but does not use them to determine substantial compliance. If a recipient fails to meet the obligations of the agreement, the agency may, among other remedial actions, attempt to claw back funds previously disbursed. For this report, the AGO determined compliance based on project completion and assessed job creation and job retention commitments – documented in the award agreements.

Loan: A loan awarded by the ODSA carries low interest and helps finance an eligible project – say, a land and building acquisition; an expansion; a renovation; or equipment purchases – in exchange for the promise to create and/or retain jobs by the metric evaluation date. 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 for commercial financing. The metric evaluation dates vary among loan agreements but can be three years following either the loan closing date, the first application date for assistance, the last disbursement date, or the project completion date as certified by the award recipient. The loan closing, first application and disbursement dates are readily available to use in calculating the closeout year. In cases in which the project completion date was not certified by the recipient, the ODSA generally uses the final disbursement date as the metric evaluation date to determine the award’s closeout year. In addition to job creation and retention commitments, some loan agreements contain performance metrics such as capital investment, minimum hourly wage, and maintenance of operations commitments. However, the ODSA monitors these additional metrics but does not use them to determine substantial compliance. Loan repayments must be current in order for the ODSA to deem a project compliant. The AGO conferred with the ODSA about the payment status of all loans. Per the ODSA, all compliant loans were current with the exception of two loans that were forgiven and one loan that was paid off. The AGO did not document loan status for each borrower within the report, but if the loan was deemed noncompliant, that information is contained in Appendix 5. Award recipients must submit annual progress reports and a

closeout report to the ODSA. If a recipient fails to meet its obligations under its loan agreement, the ODSA may increase the interest rate on the outstanding balance of the loan. The AGO determined compliance based on job creation and job retention commitments – documented in the award agreements.

Tax credit: Typically, a tax credit from the Ohio Tax Credit Authority (TCA) enables an award recipient that is acquiring or upgrading a facility or otherwise expanding its business to claim a credit against the recipient's state tax liability in exchange for its promises to: (1) create and/or retain jobs within three years of the date that 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; (2) generate new payroll within three years of the initial operations date; (3) maintain \$660,000 of new payroll throughout the term of the agreement; (4) pay its employees a minimum hourly wage of at least 150 percent of the federal minimum wage; (5) create a specified number of jobs throughout the term of the agreement (which extends beyond the performance period for purposes of this review); and (6) maintain operations for the greater of seven years or the term of the tax credit agreement plus three years. Award recipients must also submit annual progress reports to the ODSA. The closeout year is determined using the initial operations date or the tax credit effective date, depending on when the award was approved, or the agreed-upon metric evaluation date. Such awards usually have rates for approved projects between 35 percent and 55 percent for five to seven years. If a tax credit recipient fails to meet the obligations of its award agreement, the ODSA may, among other recommendations, advise the TCA to terminate the agreement, reduce the number of years for which the recipient may claim the credit (reduce the term), or reduce the proportional amount that a recipient may claim as a credit in its tax filings (reduce the rate). The ODSA may consider market conditions when making its recommendation; the final decision for remedial action lies with the TCA. For this report, the AGO determined compliance based on job creation, job retention, payroll, and minimum hourly wage commitments – documented in the award agreement.

Workforce award: Generally, a workforce award provides a recipient with a grant to offset the cost of training workers in a new skill in exchange for its promise to train a specified number of workers within a designated period, usually one to two years. Recipients of workforce awards also usually pledge to create or retain the number of jobs set forth in the agreement, and must submit a closeout report to the ODSA within 45 days (in most cases) after the training completion date set forth in the agreement. Some agreements contain other performance metrics such as a capital investment commitment, a minimum hourly wage commitment and/or a requirement to maintain operations for a set period. However, the ODSA monitors these additional metrics but does not use them to determine substantial compliance. If an award recipient fails to meet its obligations under the agreement, the ODSA may, among other remedial actions, reduce the rate at which it reimburses the recipient for training expenses. The AGO determined compliance based on the number of workers trained, which is documented in the award agreement.

COMPLIANCE REVIEW METHODOLOGY

With a view toward maintaining the goals of the previous reports (accuracy, efficiency, repeatability) and accomplishing the additional goals of continuing to improve the review process and ensuring that the Attorney General's Office is complying with its duties under R.C. 125.112(G), the AGO, for this year's review, used a three-phase method to determine compliance by award recipients. In addition, the ODSA continues to implement internal improvements to its monitoring and record-keeping processes, as described in Appendix 2.

Recipients of economic development awards were required to submit annual progress reports on the ODSA secure portal. The ODSA reporting and quality assurance team then reviewed the awardee submissions in the the Salesforce application.

At the onset of the AGO review, the office requested read access to the ODSA's Salesforce application to use the information supplied by the awardees to help determine compliance. After several attempts, however, the agency provided a data download that was seemingly limited. This information was compared with the ODSA closeout reports during AGO testing, a review that resulted in no variances.

Additionally, the AGO requested a list of economic development award recipients that also received Jobs Ohio grant incentives. This list was not provided.

Phase 1: Data and Information Collection

The first phase of the AGO review involved information gathering, with the AGO requesting and receiving files from ODSA for all state economic development awards with a performance period ending in calendar year 2018. The ODSA identified 152 awards as having performance periods ending in calendar year 2018, but the AGO determined that three (3) of those were out of scope. One (1) Grant Award did not have a 2018 closeout date, and two (2) Data Center Tax Exemption Awards were not yet eligible to receive tax credits. Thus, the AGO received 149 in-scope award files from ODSA.

Phase 2: Compliance Evaluation

The second phase of the review consisted of an AGO compliance review of all 149 in-scope award files. The files provided by the ODSA 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 2018 closeout report.

This review, which spanned more than six (6) months, also involved discussions with the ODSA about reviewer questions or additional documentation that was needed. All noncompliant results were shared with the ODSA. The AGO, in turn, asked for the results of the ODSA's compliance determination for each award and details of any remedial action taken with noncompliant recipients. The review results are detailed in this report.

Phase 3: Terms and Conditions Evaluation

In the third phase of the review, the AGO conducted a more detailed examination of 15% – or 23 – award recipients. The sample selection was weighted based on the number of awards of each type. The AGO randomly selected and reviewed six (6) grants, four (4) loans, 12 tax credits, and one (1) workforce award. The AGO contacted the selected award recipients and requested they provide

supporting documentation including payroll and training records, invoices, and financial ledgers used to determine compliance with the agreements. The results of the evaluation are contained in this report.

KEY FINDINGS

All Awards

In its review of the 149 in-scope economic development awards, the AGO determined that 97 recipients had complied and 109 had substantially complied with the terms and conditions of their agreements. On the opposite end of the spectrum, recipients of 52 awards had not complied and 40 had not substantially complied, representing an **overall compliance rate of 65.1 percent and substantial compliance rate of 73.2 percent**. These percentages represent “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 1 details the number of 2018 closeout awards by award type:

2018 Awards by Award Type

Type of Award	Value of Awards	Total Awards
Grant	\$16,916,605	43
Loan	\$32,355,723	24
Tax credit	\$14,514,411	81
Workforce	\$300,000	1
Total	\$64,086,739	149

- Figure 2 details the compliance rate by award type:

Overall Compliance by Award Type

Type of Award	Total Awards	Awards Compliant	Percentage Compliant	Awards Substantially Compliant	Percentage Substantially Compliant
Grant	43	41	95.3%	42	97.7%
Loan	24	11	45.8%	12	50.0%
Tax credit	81	44	54.3%	54	66.7%
Workforce	1	1	100.0%	1	100.0%
Overall Compliance	149	97	65.1%	109	73.2%

Grant Awards

The ODSA awarded 43 grants with a closeout year of 2018 and a total combined value of \$16.9 million. Six (6) of these were selected for the Phase 3 terms-and-conditions evaluation by the AGO. Supporting documentation for project expenses was evaluated to ascertain both eligible costs and compliance with the terms and conditions of the agreements. The AGO also reviewed grantee payroll records to determine compliance with job creation and retention requirements per each individual agreement. Additionally, payroll records for contractors were reviewed to ensure compliance with prevailing wage requirements of Ohio Revised Code Chapter 4115.

Phase 3 testing did not identify any additional noncompliance.

The AGO determined that 41 of the Grant Award recipients had complied and 42 substantially complied with the terms and conditions of their award agreements, representing an overall Grant Award compliance rate of 95.3 percent and a substantial compliance rate of 97.7 percent. **Noncompliant awardees had received a total of \$1.5 million; substantially noncompliant awardees had received \$500,000.**

- Figure 3 details the compliance rate of 2018 closeout Grant Awards by program type:

Grant Compliance Rate by Type

Type of Award	Amount of Award	Number of Award Type	Percentage Compliant	Percentage Substantially Compliant
Economic Development Contingency	\$2,691,000	5	80%	100%
Roadwork Development	\$13,410,605	34	100%	100%
Big Business Investment	\$500,000	1	0%	0%
Rapid Outreach	\$315,000	3	100%	100%

- Figure 4 details the award amounts given to noncompliant grant awardees by grant type:

Grant Noncompliance Amounts by Type

Type of Award	Noncompliant	Amount Noncompliant	Substantially Noncompliant	Amount Substantially Noncompliant
Economic Development Contingency	1	\$1,000,000	0	\$0
Roadwork Development	0	\$0	0	\$0
Big Business Investment	1	\$500,000	1	\$500,000
Rapid Outreach	0	\$0	0	\$0

A list of the award recipients that did not comply with the terms and conditions (including certain performance metrics of their agreements) as well as the reasons for noncompliance and any remedial actions being taken by the ODSA can be found in Appendix 4.

Other Grant Findings

For the Roadwork Development grants only, the AGO review found that, outside of completing the roadwork project, contract language for most of these awards did not require commitments such as job creation or retention. Instead, they contained aspirational commitments. For example, one entity hoped to create a specified number of jobs but ended up not meeting that goal. Because of the contract language, this did not result in noncompliance. The three grant awards without firm commitments had amended contracts that eliminated required commitments. The annual report submissions for awards without firm job creation commitments did not require the recipient to disclose its progress toward aspirational commitments; as a result, awards totaling \$13,410,605 were given without firm commitments to create or retain jobs. The recipients without firm commitments are listed in Appendix 3.

An analysis of prior-year Roadwork Development grant documentation showed that the percentage of firm commitments for job creation has been declining for this type of grant. In 2015, slightly more than 63 percent of such awards required job creation or retention commitments in order to be compliant with the award agreements. In 2018, as noted, no such grants had required commitments to create or retain jobs.

- Figure 5 details the percentage of Roadwork Development grants with firm job creation or retention commitments during the past four years:

Roadwork Development Grant Job Creation Commitments

Award Year	Total Roadwork Awards	Awards With Firm Job Commitments	Percentage
2018	34	0	0.0%
2017	32	3	9.4%
2016	58	34	58.6%
2015	41	26	63.4%

Loan Awards

The ODSA awarded 24 loans with a closeout year of 2018 and a total combined value of \$32.4 million. Four (4) Loan Awards were selected for the Phase 3 terms and conditions evaluation. Supporting documentation for project expenses were evaluated to ascertain eligible costs and compliance with terms and conditions of the agreements. The AGO also reviewed the borrower’s payroll records to determine compliance with job creation and retention requirements. In addition, auditors reviewed contractor payroll records to ensure compliance with prevailing wage requirements of Ohio Revised Code Chapter 4115. Finally, awardee files were reviewed to ensure compliance with timely loan repayments, equity contributions, proper insurance coverage and, if required, environmental audits.

Phase 3 testing did not identify any additional noncompliance.

The AGO determined that 11 of the Loan Award recipients had complied with the terms and conditions of their agreement and 12 had substantially complied, representing an overall Loan Award compliance rate of 45.8 and a substantial compliance rate of 50.0 percent. **Noncompliant awardees had received a total of \$13.9 million in loans, substantially noncompliant awardees had received \$5.6 million in loans.**

- Figure 6 details the compliance rate of 2018 closeout Loan Awards by program type:

Loan Compliance Rate by Type

Type of Award	Amount of Award	Number of Award Type	Percentage Compliant	Percentage Substantially Compliant
166 Direct Loan Program	\$5,764,443	2	100%	100%
Regional 166 Direct	\$4,602,280	16	44%	50%
Innovation Ohio Loan Fund Program	\$4,900,000	4	25%	25%
Logistics & Distribution	\$17,089,000	2	50%	100%

- Figure 7 details the amount of loans given to noncompliant Loan Award recipients by type:

Loan Non-Compliance Amounts by Type

Type of Award	Noncompliant	Amount Noncompliant	Substantially Noncompliant	Amount Substantially Noncompliant
166 Direct Loan Program	0	\$0	0	\$0
Regional 166 Direct	9	\$2,868,755	7	\$2,018,755
Innovation Ohio Loan	3	\$3,600,000	3	\$3,600,000
Logistics & Distribution	1	\$7,500,000	0	\$0

For the 10 substantially noncompliant loan recipients, the ODSA increased the interest rate for eight (8) of the recipients⁴. Despite compliance determinations, unless otherwise forgiven by the ODSA, all borrowers must repay the full value of their loans.

A list of award recipients that did not comply with the terms and conditions (including certain performance metrics) as well as the reasons for noncompliance and any remedial actions being taken by the ODSA can be found in Appendix 5.

⁴ Of the other two substantially noncompliant loans, one was paid off in 2019 and one had no action taken by the ODSA as detailed in Appendix 5

Tax Credit Awards

The ODSA maintained 81 Tax Credit Awards with a closeout year of 2018 and a total initial claimed value of \$14.5 million.⁵ Twelve (12) tax awards were selected for the Phase 3 evaluation of terms and conditions. To determine compliance, the AGO reviewed total employee payroll, including Ohio-specific payroll; Ohio income taxes paid by the awardees; and total number of full-time equivalent employees. Additionally, the AGO independently recalculated the tax credit for all 2018 closeouts and confirmed amounts with the ODSA awards.

Phase 3 testing identified one award recipient that overstated its total reported payroll by \$261,543, which resulted in an inflated tax credit award of \$3,052. This finding was reported to the ODSA for remedial action. This awardee also failed to meet the job creation requirement.

The AGO determined that 44 of the Tax Credit Award recipients had complied and 54 had substantially complied with the terms and conditions of their agreements based on information provided to the AGO by the ODSA. The findings resulted in an overall Tax Credit Award compliance rate of 54.3 and a substantial compliance rate of 66.7 percent. **Noncompliant awardees had received a total of \$7.1 million in tax credits, and substantially noncompliant awardees had received \$4.8 million in tax credits.**

- Figure 8 details the compliance rate of 2018 closeout Tax Credit Awards:

Tax Credit Compliance Rate

Type of Award	Amount of Awards	Count of Award	Percent Compliant	Percent Substantially Compliant
Job Creation	\$14,514,411	81	54.30%	66.70%

- Figure 9 details the amount of tax credits given to noncompliant awardees:

Tax Credit Noncompliance Amount

Type of Award	Noncompliant	Amount Noncompliant	Substantially Noncompliant	Amount Substantially Noncompliant
Job Creation	37	\$7,093,028	27	\$4,814,595

In an effort to achieve compliance prior to the metric evaluation date, five (5) entities pursued amendments to reduce their commitments in exchange for a reduced tax credit percentage. This reduced the overall tax credits by \$25,907.

Remedial actions were taken for tax credit awardees that failed to meet either job creation or overall payroll commitments.

⁵ Only Tax Certificates provided by the ODSA up to Aug. 9, 2019 were reviewed. Additional Tax Certificates issued in 2019 may increase this value.

A list of recipients that did not comply with the terms and conditions (including performance metrics) of award agreements as well as the reasons for noncompliance and any remedial actions being taken by the ODSA can be found in Appendix 6.

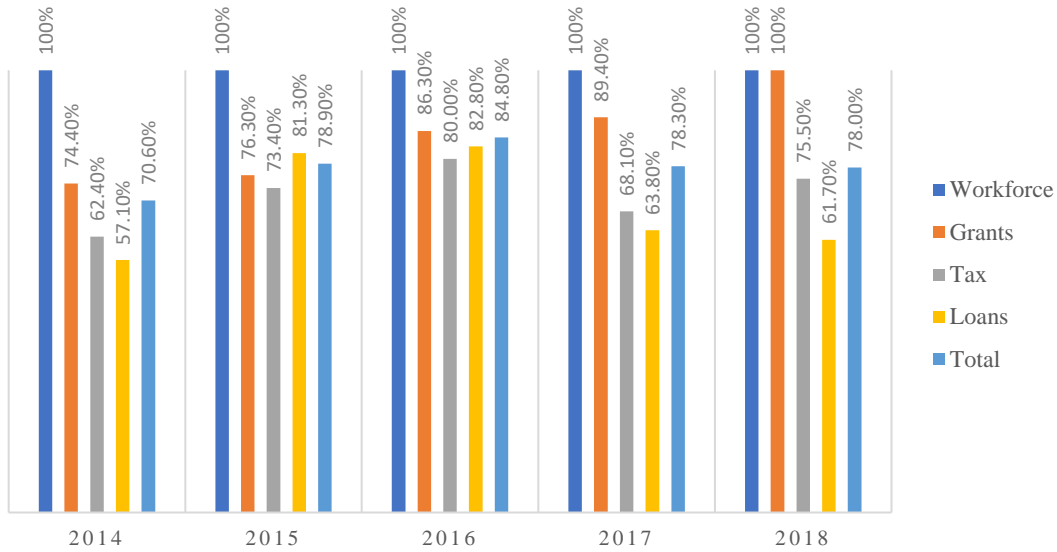
Workforce Awards

Among all active awards administered by the ODSA, one Workforce Award, with a value of \$300,000, had a closeout year of 2018. This award was selected for the Phase 3 terms and conditions evaluation. Supporting documentation for training and associated expenses were reviewed and evaluated for compliance with the terms of the agreement.

Phase 3 testing identified no noncompliance.

The AGO determined that the Workforce Award recipient had complied with the terms and conditions of its award agreement, representing an overall Workforce Award compliance rate of 100 percent.

Appendix 1: Previous Five Years' Compliance Rates



2018 Report Compliance Rates

Overall Compliance Rate	78%	(145/186)
Workforce Compliance Rate	100%	(3/3)
Workforce Training Grant	100%	(2/2)
Ohio Workforce Guarantee	100%	(1/1)
Grant Compliance Rate	100%	(42/42)
Rapid Outreach	100%	(4/4)
Roadwork Development	100%	(32/32)
Economic Development Contingency	100%	(4/4)
Business Investment	100%	(2/2)
Tax Credit Compliance Rate	76%	(71/94)
Job Creation Tax Credit	76%	(71/94)
Loan Compliance Rate	62%	(29/47)
166 Direct	64%	(7/11)
Regional 166 Direct	83%	(10/12)
Research & Development Investment	60%	(3/5)
Innovation Ohio Loan	11%	(1/9)
Ohio Enterprise Bond Fund	86%	(6/7)
Logistics & Distribution	100%	(2/2)
Minority Business Direct Fund	0%	(0/1)

2017 Report Compliance Rates

Overall Compliance Rate	78%	(213/272)
Workforce Compliance Rate	100%	(11/11)
Workforce Training Grant	100%	(10/10)
Ohio Workforce Guarantee	100%	(1/1)
Grant Compliance Rate	89%	(110/123)
Rapid Outreach	80%	(36/45)
Roadwork Development	100%	(58/58)
Economic Development Contingency	84%	(16/19)
Business Investment	0%	(0/1)
Tax Credit Compliance Rate	68%	(62/91)
Job Creation Tax Credit	67%	(59/88)
Job Retention Tax Credit	100%	(3/3)
Loan Compliance Rate	64%	(30/47)
166 Direct	67%	(6/9)
Regional 166 Direct	94%	(17/18)
Research & Development Investment	50%	(2/4)
Innovation Ohio Loan	17%	(2/12)
Ohio Enterprise Bond Fund	100%	(2/2)
Logistics & Distribution	50%	(1/2)

2016 Report Compliance Rates**2014 Report Compliance Rates**

Overall Compliance Rate	85%	(279/329)	Overall Compliance Rate	71%	(180/255)
Workforce Compliance Rate	100%	(33/33)	Workforce Compliance Rate	100%	(49/49)
Workforce Training Grant	100%	(20/20)	Appalachian Training Investment	100%	(8/8)
Ohio Workforce Guarantee	100%	(13/13)	Legacy-Ohio Workforce Guarantee	100%	(1/1)
Grant Compliance Rate	86%	(101/117)	Ohio Workforce Guarantee	100%	(40/40)
Rapid Outreach	75%	(39/52)	Grant Compliance Rate	74%	(29/39)
Roadwork Development	100%	(41/41)	Rapid Outreach	53%	(10/19)
Economic Development Contingency	89%	(16/18)	Roadwork Development	100%	(15/15)
Business Investment	83%	(5/6)	Economic Development Contingency	80%	(4/5)
Tax Credit Compliance Rate	80%	(92/115)	Tax Credit Compliance Rate	62%	(78/125)
Job Creation Tax Credit	80%	(90/113)	Job Creation Tax Credit	60%	(70/117)
Job Retention Tax Credit	100%	(2/2)	Job Retention Tax Credit	100%	(8/8)
Loan Compliance Rate	83%	(53/64)	Loan Compliance Rate	57%	(24/42)
166 Direct	78%	(14/18)	166 Direct	82%	(9/11)
Regional 166 Direct	96%	(22/23)	Regional 166 Direct	63%	(5/8)
Research & Development Investment	100%	(4/4)	Research & Development Investment	50%	(1/2)
Innovation Ohio Loan	33%	(3/9)	Innovation Ohio Loan	20%	(3/15)
Ohio Enterprise Bond Fund	100%	(5/5)	Ohio Enterprise Bond Fund	100%	(6/6)
Minority Business Direct Fund	100%	(1/1)			
Logistics & Distribution	100%	(4/4)			

2015 Report Compliance Rates

Overall Compliance Rate	79%	(269/341)
Workforce Compliance Rate	100%	(43/43)
WTG Workforce Training	100%	(23/23)
Ohio Investment in Training	100%	(1/1)
Ohio Workforce Guarantee	100%	(19/19)
Grant Compliance Rate	76%	(58/76)
Rapid Outreach	65%	(26/40)
Roadwork Development	92%	(23/25)
Economic Development Contingency	82%	(9/11)
Tax Credit Compliance Rate	73%	(116/158)
Job Creation Tax Credit	72%	(107/149)
Job Retention Tax Credit	100%	(9/9)
Loan Compliance Rate	81%	(52/64)
166 Direct	77%	(10/13)
Regional 166 Direct	93%	(25/27)
Research & Development Investment	100%	(2/2)
Innovation Ohio Loan	56%	(5/9)
Ohio Enterprise Bond Fund	83%	(5/6)
Minority Business Direct Fund	33%	(1/3)
Logistics & Distribution	100%	(4/4)

Appendix 2: Ohio Development Services Agency Director Letter



Development
Services Agency

Mike DeWine, Governor
Jon Husted, Lt. Governor

Lydia L. Mihalik, Director

January 17, 2020

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

Dear Attorney General Yost,

The overall performance of economic development incentives for year-end 2018 shows strong results.

These companies delivered more than \$3 billion in new investment and opportunities for Ohio families with the creation and retention of more than 26,000 jobs. We are proud to provide a service that brings such a strong return on the taxpayers' investment.

Thank you to you and your team for a thorough review of the incentives that came to maturity. At Development, we welcome independent review of the awards we use to attract investment and job creation. The fact that your results verify our findings is welcome news.

We are proud of our track record. Just last month, the Public Interest Research Group (PIRG) awarded Ohio the only "A" grade among all 50 states for consistent transparency in economic development spending. Your review provides additional information that economic development in Ohio is well executed and monitored by business, government and the citizenry.

- Businesses made commitments to invest \$2,028,630,150.00 in Ohio by 2018 and delivered \$3,371,812,668, which is 166.2% of their commitments.
- Communities made commitments to build roads to increase economic impact in their area. As your report confirms: all committed roads were built by 2018.
- The state also requires a commitment of job creation and retention, where appropriate. Where Job Creation Tax Credits are offered, credits are only issued for the actual jobs created. Companies promised 25,812 jobs in return for the 2018 economic development incentives and delivered 26,486 jobs, a total of 102.6% of job commitments.

A job means a family has a roof over their head, food on the table, and so much more. When basic needs are met, people feel confident to go into the community and interact with and assist others. The entire community prospers when its members are secure in employment. Investment in an individual is investment in the community.

As a former mayor of a mid-size city in Ohio, I have worked with companies and their talent to help solve community issues. A sustainable business is integral to the social infrastructure. Company contributions include service to nonprofits that support people in need, volunteers in schools, providing schools with technology upgrades and more.

Ohio companies have overall outperformed their 2018 commitment to invest, and the communities they call home will reap the benefits well into the future.

At Development, we are committed to continuous improvement. In 2019, we reexamined our Reporting and Quality Assurance process for selecting a sample of companies for review of their annual reporting and have refined that process. As you join us in that work, we are proud that there was only one adjustment and we are working with the company about reconciling the \$3,052.00 of the more than \$1.8 Billion in new payroll created.

On behalf of the communities of Ohio that share in this positive advancement of jobs and investment, I am proud to participate in economic development in Ohio. There is still much work to be done to ensure the future of Ohio families, businesses and communities. Thank you for your partnership in these efforts.

Sincerely,



Lydia Mihalik

Director, Ohio Development Services Agency

Appendix 3: Breakdown of Roadwork Development Award Recipients

Roadwork Development Awardees with no firm commitments		
Allen County Board of Commissioners	City of New Albany	Meigs County
City of Bellevue	City of New Franklin	Ray Fogg Building Methods Inc
City of Brookville	City of North Ridgeville	Southern Ohio Port Authority
City of Columbus	City of Northwood	Union County CIC
City of Dublin	City of Sidney	Village of Boston Heights
City of Euclid	City of Vandalia	Village of Columbus Grove
City of Hamilton	City of Youngstown	Village of Fayette
City of Hilliard	CIC of Springfield and Clark County, Ohio	Village of Hicksville
City of Jackson	Coshocton County Commissioners	Village of Paulding
City of Middletown	Holmes County Commissioners	Williams County Commissioners
City of Mount Vernon		

Roadwork Development Award recipients with award amendments that changed required job commitments from firm to aspirational
City of Brooklyn
City of Dublin
Village of Strasburg

Appendix 4: Noncompliant Grant Award Recipients

Award Recipient	Location	Program Type	Total Amount Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	ODSA Comments
Festos Americas LLC	Mason, OH	Big Business Investment	\$500,000	Job Creation: 250 Job Retention: 0	Jobs Created: 211 Jobs Retained: 0	Failure to create jobs	No action taken	Mitigating economic impact circumstances
Libbey Glass Inc	Toledo, OH	Legacy EDC	\$1,000,000	Job Creation: 0 Job Retention: 1275	Jobs Created: 0 Jobs Retained: 1153	Failure to retain jobs	No action taken	ODSA deemed substantially compliant because recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain

Appendix 5: Noncompliant Loan Award Recipients

Award Recipient	Location	Program Type	Total Amount Received	Commitment	Performance	Reason for Non-Compliance	Loan Status as of 9/18/18	Remedial Action	ODSA Comments
7signal Solutions Inc	Akron, OH	Innovation Ohio Loan Fund Program (IOLF)	\$600,000	Job Creation: 18 Job Retention: 9	Jobs Created: 15 Jobs Retained: 9	Failure to create jobs	Current	No action taken	No action at this time - 88.9% jobs compliance rate; Payroll @ 76.55% of target
Genom Oncology LLC	Cleveland, OH	Innovation Ohio Loan Fund Program (IOLF)	\$2,000,000	Job Creation: 60 Job Retention: 25	Jobs Created: 6 Jobs Retained: 25	Failure to create jobs	Current	ODSA increased the effective interest rate by 1% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current
HyperDrive Interactive Ltd	Loveland, OH	Regional 166 Direct Loan Program	\$212,000	Job Creation: 8 Job Retention: 14	Jobs Created: 3 Jobs Retained: 14	Failure to create jobs	Current	ODSA increased the effective interest rate by 1% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current
Intelligent Mobile Support	Solon, OH	Innovation Ohio Loan Fund Program (IOLF)	\$1,000,000	Job Creation: 29 Job Retention: 2	Jobs Created: 5 Jobs Retained: 2	Failure to create jobs	Current	ODSA increased the effective interest rate by 3% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current
Irving Enterprises LLC	Tiffin, OH.	Regional 166 Direct Loan Program	\$394,800	Job Creation: 10 Job Retention: 18	Jobs Created: 2 Jobs Retained: 18	Failure to create jobs	Current	ODSA increased the effective interest rate by 1% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current

Award Recipient	Location	Program Type	Total Amount Received	Commitment	Performance	Reason for Non-Compliance	Loan Status as of 9/18/18	Remedial Action	ODSA Comments
Lucas County Improvement Corporation	Toledo, OH	Logistics and Distribution Loan	\$7,500,000	Job Creation: 40 Job Retention: 0	Jobs Created: 38 Jobs Retained: 0	Failure to create jobs	Forgiven effective 3/12/2015 and final effective 9/27/2019	No action taken	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
McRoyal Industries Inc	Youngstown, OH	Regional 166 Direct Loan Program	\$79,855	Job Creation: 2 Job Retention: 15	Jobs Created: 0 Jobs Retained: 8	Failure to create and retain jobs	Current	ODSA increased the effective interest rate by 3% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current
Pro-Pak Industries Inc	Maumee, OH	Regional 166 Direct Loan Program	\$500,000	Job Creation: 10 Job Retention: 97	Jobs Created: 7 Jobs Retained: 97	Failure to create jobs	Current	No action taken	ODSA deemed substantially compliant because Recipient attained 90% or greater of the aggregate number of jobs it agreed to create and retain
Renewable Energy Services of Ohio LLC	Milan, OH	Regional 166 Direct Loan Program	\$204,350	Job Creation: 3 Job Retention: 3	Jobs Created: 0 Jobs Retained: 3	Failure to create jobs	Current	ODSA increased the effective interest rate by 1% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current

Award Recipient	Location	Program Type	Total Amount Received	Commitment	Performance	Reason for Non-Compliance	Loan Status as of 9/18/18	Remedial Action	ODSA Comments
Syscom Advanced Materials Inc	Columbus, OH	Regional 166 Direct Loan Program	\$294,750	Job Creation: 8 Job Retention: 0	Jobs Created: 0 Jobs Retained: 5	Failure to create jobs	Paid	None, loan paid off on 1/28/2019	Payoff acknowledgement letter sent 9/5/2019 via certified mail
True Label Inc	Toledo, OH	Regional 166 Direct Loan Program	\$350,000	Job Creation: 7 Job Retention: 0	Jobs Created: 6 Jobs Retained: 18	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
Vivo Brothers LTD	Columbian a, OH	Regional 166 Direct Loan Program	\$333,000	Job Creation: 8 Job Retention: 0	Jobs Created: 0 Jobs Retained: 19	Failure to create jobs	Current	ODSA increased the effective interest rate by 1% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current
Wegman Investments Ltd	Cincinnati, OH	Regional 166 Direct Loan Program	\$500,000	Job Creation: 10 Job Retention: 54	Jobs Created: 0 Jobs Retained: 48	Failure to create and retain jobs	Current	ODSA increased the effective interest rate by 1% effective 12/1/2019	Penalty recommended to be waived at the discretion of the Director if debt service remains current

Appendix 6: Noncompliant Tax Credit Award Recipients

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
A-Brite LP	Cleveland, OH	Job Creation Tax Credit	\$64,721	Job Creation: 104 Job Retention: 165 New Payroll: \$2,700,000	Jobs Created: 33 Jobs Retained: 165 New Payroll: \$2,163,413	Failure to create new jobs and generate sufficient new payroll	Reduction of the term from 6 to 5 years; reduction of the rate for years 2019 and 2020 from 0.937% to 0.800%	None
Arhaus, LLC	Boston Heights, OH	Job Creation Tax Credit	\$304,082	Job Creation: 162 Job Retention: 274 New Payroll: \$6,610,734	Jobs Created: 157 Jobs Retained: 274 New Payroll: \$14,070,957	Failure to create new jobs	No action taken; ODSA deemed substantially compliant	Entity was deemed substantially compliant due to having attained 90% or greater of job creation commitments
Barclays Services Ohio	Hamilton, OH	Job Creation Tax Credit	\$677,575	Job Creation: 1500 Job Retention: 0 New Payroll: \$49,863,333	Jobs Created: 444 Jobs Retained: 0 New Payroll: \$19,444,391	Failure to create new jobs and generate sufficient new payroll	Tax Credit Percentage is reduced from 1.753% to 1.000% effective January 1, 2019. The term is reduced by 1 year from 12/31/2022 to 12/31/2021	None
Bocchi Laboratories Ohio, LLC	New Albany, OH	Job Creation Tax Credit	\$265,588	Job Creation: 300 Job Retention: 0 New Payroll: \$7,488,000	Jobs Created: 120 Jobs Retained: 0 New Payroll: \$6,516,873	Failure to create new jobs and generate sufficient new payroll	The tax credit reduction rate is reduced from 60% to 50% for years 2019 through 2022 effective 1/1/2019	None

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
BrewDog Brewing Company LLC	Canal Winchester, OH	Job Creation Tax Credit	\$26,195	Job Creation: 125 Job Retention: 0 New Payroll: \$5,250,000	Jobs Created: 33 Jobs Retained: 0 New Payroll: \$1,768,352	Failure to create new jobs and generate sufficient new payroll	Term is reduced from 8 to 6 years ending in 2021 and the tax credit reduction rate is adjusted from 1.669% to 1.350% for years 2019 through 2021 effective 1/1/2019	None
Cable Manufacturing & Assembly Inc	Bolivar, OH	Job Creation Tax Credit	\$36,149	Job Creation: 51 Job Retention: 75 New Payroll: \$1,270,000	Jobs Created: 40 Jobs Retained: 75 New Payroll: \$2,094,757	Failure to create new jobs	No action taken	Entity was deemed substantially compliant based on their total new payroll created
CC Kitchens LLC	Cincinnati, OH	Job Creation Tax Credit	\$65,466	Job Creation: 355 Job Retention: 5 New Payroll: \$9,064,213	Jobs Created: 101 Jobs Retained: 5 New Payroll: \$4,401,421	Failure to create new jobs and generate sufficient new payroll	Grantee failed to maintain operations at the project location. Due to this failure and after taking into consideration market conditions, the Authority terminated the agreement with repayment of \$30,000	None
CDK Global, LLC	Norwood, OH	Job Creation Tax Credit	\$892,238	Job Creation: 720 Job Retention: 80 New Payroll: \$32,000,000	Jobs Created: 434 Jobs Retained: 80 New Payroll: \$24,412,360	Failure to create new jobs and generate sufficient new payroll	Reduction of the Tax Credit Percentage from 2.319% to 1.800% effective January 1, 2019 (through 2023). The 8-year term remains	None

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
Cincinnati Fan & Ventilator	Mason, OH	Job Creation Tax Credit	\$15,682	Job Creation: 63 Job Retention: 107 New Payroll: \$2,000,000	Jobs Created: 60 Jobs Retained: 107 New Payroll: \$2,974,943	Failure to create new jobs	No Action Taken; ODSA deemed substantially compliant	Entity was deemed substantially compliant due to having attained 90% or greater of job creation commitments
Corvac Composites, LLC	Greenfield, OH	Job Creation Tax Credit	\$73,679	Job Creation: 100 Job Retention: 0 New Payroll: \$3,750,000	Jobs Created: 108 Jobs Retained: 0 New Payroll: \$3,489,340	Failure to generate sufficient new payroll	No Action Taken; ODSA deemed substantially compliant	Entity was deemed substantially compliant due to having generated at least 90% of new payroll commitments
Dollar Shave Club Inc.	Grove City, OH	Job Creation Tax Credit	\$0	Job Creation: 185 Job Retention: 0 New Payroll: \$5,825,872	Jobs Created: 63 Jobs Retained: 0 New Payroll: \$2,080,000	Failure to create new jobs and generate sufficient new payroll	The tax credit reduction rate is reduced from 1.222% to 1.072% for years 2020 through 2021	None
Empower Media Marketing,	Cincinnati, OH	Job Creation Tax Credit	\$0	Job Creation: 40 Job Retention: 157 New Payroll: \$2,800,000	Jobs Created: 0 Jobs Retained: 144 New Payroll: \$3,752,490	Failure to create new jobs, retain jobs, and generate sufficient new payroll	Grantee failed to meet the minimum eligibility requirements of the program. The term is reduced to three years ending December 31, 2018	None
FedEx Supply Chain, Inc.	Columbus, OH	Job Creation Tax Credit	\$67,696	Job Creation: 82 Job Retention: 0 New Payroll: \$2,996,739	Jobs Created: 51 Jobs Retained: 0 New Payroll: \$2,109,124	Failure to create new jobs and generate sufficient new payroll	The Tax Credit Percentage is reduced from 1.153% to 1.000% effective January 1, 2020. Term is to remain at 6 years	None

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
Festo Corporation	Mason, OH	Job Creation Tax Credit	\$609,104	Job Creation: 250 Job Retention: 0 New Payroll: \$10,301,200	Jobs Created: 211 Jobs Retained: 0 New Payroll: \$12,064,619	Failure to create new jobs	No remedial action at this time	None
Grad Leaders, LLC	Dublin, OH	Job Creation Tax Credit	\$27,138	Job Creation: 22 Job Retention: 29 New Payroll: \$1,100,000	Jobs Created: 5 Jobs Retained: 29 New Payroll: \$780,386	Failure to create new jobs and generate sufficient new payroll	Voluntarily terminated	None
iMFLUX, Inc.	Hamilton, OH	Job Creation Tax Credit	\$1,009,159	Job Creation: 221 Job Retention: 0 New Payroll: \$17,500,000	Jobs Created: 119 Jobs Retained: 0 New Payroll: \$18,103,046	Failure to create new jobs	Tax Credit reduced for years 2019 through 2021 from 60% to 55%. The term (eight years) remains the same	None
iSqFt, Inc.	Cincinnati, OH	Job Creation Tax Credit	\$0	Job Creation: 110 Job Retention: 300 New Payroll: \$2,921,000	Jobs Created: 0 Jobs Retained: 297 New Payroll: \$77,836	Failure to create new jobs, retain jobs, and generate sufficient new payroll	Term of the Agreement reduced to three years ending December 31, 2018	None
J.E. Grote Company, Inc.	Columbus, OH	Job Creation Tax Credit	\$18,952	Job Creation: 13 Job Retention: 100 New Payroll: \$700,000	Jobs Created: 0 Jobs Retained: 100 New Payroll: \$1,616,904	Failure to create new jobs	Term of the Agreement reduced to three years ending December 31, 2018	None
Key Resin Company	Batavia, OH	Job Creation Tax Credit	\$28,517	Job Creation: 23 Job Retention: 31 New Payroll: \$770,480	Jobs Created: 19 Jobs Retained: 31 New Payroll: \$1,232,907	Failure to create new jobs and generate sufficient new payroll	No action taken	Entity was deemed substantially compliant based on their total new payroll created

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
Legacy Measurement	Brookfield, OH	Job Creation Tax Credit	\$287,315	Job Creation: 150 Job Retention: 0 New Payroll: \$6,800,000	Jobs Created: 85 Jobs Retained: 0 New Payroll: \$5,217,879	Failure to create new jobs and generate sufficient new payroll	Grantee ceased operations during the term of the Agreement. Required repayment of 100% of credits issued	None
Milacron LLC	Cincinnati, OH	Job Creation Tax Credit	\$391,322	Job Creation: 294 Job Retention: 933 New Payroll: \$13,836,960	Jobs Created: 290 Jobs Retained: 933 New Payroll: \$23,807,837	Failure to create new jobs	No action taken	Entity was deemed substantially compliant based on figures reported in their 2017 Annual Progress Report
Navigator Management Partners LLC	Grandview Heights, OH	Job Creation Tax Credit	\$19,718	Job Creation: 43 Job Retention: 103 New Payroll: \$4,386,000	Jobs Created: 23 Jobs Retained: 103 New Payroll: \$4,481,956	Failure to create new jobs	No action taken	None
NOX US LLC	Fostoria, OH	Job Creation Tax Credit	\$85,845	Job Creation: 150 Job Retention: 0 New Payroll: \$4,680,000	Jobs Created: 115 Jobs Retained: 0 New Payroll: \$5,162,835	Failure to create new jobs	No action taken	None
ODW LTS LLC	Hamilton, OH	Job Creation Tax Credit	\$68,660	Job Creation: 40 Job Retention: 40 New Payroll: \$2,000,000	Jobs Created: 26 Jobs Retained: 40 New Payroll: \$2,697,732	Failure to create new jobs	Tax Credit Percentage reduced from 1.271% to 1.100% for one year effective 1/1/2020	None
Pactiv LLC	Columbus, OH	Job Creation Tax Credit	\$21,661	Job Creation: 65 Job Retention: 108 New Payroll: \$2,398,080	Jobs Created: 13 Jobs Retained: 108 New Payroll: \$228,415	Failure to create new jobs and generate sufficient new payroll	Tax Credit Authority reduce the term of the tax credit to three years, ending December 31, 2018	None

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
Pentaflex, Inc.	Springfield, OH	Job Creation Tax Credit	\$3,560	Job Creation: 40 Job Retention: 106 New Payroll: \$1,304,020	Jobs Created: 22 Jobs Retained: 106 New Payroll: \$311,197	Failure to create new jobs and generate sufficient new payroll	Tax Credit Authority reduce the term of the tax credit to three years, ending December 31, 2018	None
Quotient Technology Inc.	Cincinnati, OH	Job Creation Tax Credit	\$118,453	Job Creation: 122 Job Retention: 25 New Payroll: \$9,527,795	Jobs Created: 0 Jobs Retained: 0 New Payroll: \$0	Failure to create new jobs, retain jobs, and generate sufficient new payroll	No submission of 2018 AR as of 12/6/2019	None
Real Alloy Recycling, LLC	Beachwood, OH	Job Creation Tax Credit	\$213,611	Job Creation: 35 Job Retention: 45 New Payroll: \$3,860,000	Jobs Created: 32 Jobs Retained: 45 New Payroll: \$4,709,343	Failure to create new jobs	No action taken	Entity was deemed substantially compliant due to having attained 90% or greater of job creation commitments
Sedgwick Claims Services, Inc.	Seven Hills, OH	Job Creation Tax Credit	\$1,086,439	Job Creation: 286 Job Retention: 249 New Payroll: \$11,845,429	Jobs Created: 276 Jobs Retained: 249 New Payroll: \$13,699,289	Failure to create new jobs	No action taken	Entity was deemed substantially compliant based on figures reported in their 2016 Annual Progress Report
Sekisui Plastics USA, Inc.	Kenton, OH	Job Creation Tax Credit	\$42,095	Job Creation: 50 Job Retention: 0 New Payroll: \$1,664,000	Jobs Created: 45 Jobs Retained: 0 New Payroll: \$1,718,878	Failure to create new jobs	No action taken	Entity was deemed substantially compliant due to having attained 90% or greater of job creation commitments
Sky Climber Fabricating LLC	Delaware, OH	Job Creation Tax Credit	\$30,659	Job Creation: 35 Job Retention: 0 New Payroll: \$2,570,000	Jobs Created: 0 Jobs Retained: 0 New Payroll: \$1,040,493	Failure to create new jobs and generate sufficient new payroll	Required repayment of \$5,000 in issued credits based on market conditions and other factors	None

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
Tooling Technology, LLC	Fort Loramie, OH	Job Creation Tax Credit	\$23,937	Job Creation: 25 Job Retention: 76 New Payroll: \$1,050,000	Jobs Created: 17 Jobs Retained: 76 New Payroll: \$984,576	Failure to create new jobs	No action taken	Based on figures reported in their 2016 Annual Progress Report, the entity generated sufficient payroll to comply with generation of new payroll commitment, however, the entity failed to create sufficient jobs to be deemed compliant or substantially compliant as of the metric evaluation date
Total Quality Logistics, LLC Akron	Akron, OH	Job Creation Tax Credit	\$38,498	Job Creation: 37 Job Retention: 0 New Payroll: \$1,800,000	Jobs Created: 34 Jobs Retained: 0 New Payroll: \$1,497,725	Failure to create new jobs and generate sufficient new payroll	No action taken	Entity was deemed substantially compliant due to having attained at least 90% of job creation and new payroll commitments
Total Quality Logistics, LLC Maumee	Maumee, OH	Job Creation Tax Credit	\$27,782	Job Creation: 30 Job Retention: 0 New Payroll: \$1,600,000	Jobs Created: 29 Jobs Retained: 0 New Payroll: \$1,660,598	Failure to create new jobs	No action taken	Entity was deemed substantially compliant due to having attained 90% or greater of job creation commitments
Tramec Sloan LLC	Galion, OH	Job Creation Tax Credit	\$5,079	Job Creation: 90 Job Retention: 147 New Payroll: \$2,106,000	Jobs Created: 0 Jobs Retained: 125 New Payroll: \$767,883	Failure to create new jobs, retain jobs, and generate sufficient new payroll	Tax Credit Authority reduce the term of the tax credit to three years, ending December 31, 2018	None

Entity Name	Location	Program Type	Total Tax Credits Received	Commitments	Performance	Reason for Non-Compliance	Remedial Action	AGO Comments
Valfilm, LLC	Findlay, OH	Job Creation Tax Credit	\$85,243	Job Creation: 80 Job Retention: 55 New Payroll: \$2,500,000	Jobs Created: 75 Jobs Retained: 55 New Payroll: \$3,842,472	Failure to create new jobs	No action taken	Entity was deemed substantially compliant due to having attained 90% or greater of job creation commitments
Whirlpool Corp.	Greenville, OH	Job Creation Tax Credit	\$479,663	Job Creation: 566 Job Retention: 636 New Payroll: \$17,181,976	Jobs Created: 411 Jobs Retained: 636 New Payroll: \$26,459,759	Failure to create new jobs	No action at this time; 123% payroll target met; 87% jobs target. Economic impact exceeds projection on JCTC agreement	None



DAVE YOST
OHIO ATTORNEY GENERAL

**2019 REPORT TO THE GENERAL ASSEMBLY:
COMPLIANCE WITH STATE AWARDS
FOR ECONOMIC DEVELOPMENT**

Ohio Attorney General's Office
30 E. Broad St. 17th Floor
Columbus, OH 43215
800-282-0515
www.OhioAttorneyGeneral.gov