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**2013 Report to the General Assembly:  
Award Recipient Compliance with State Awards  
for Economic Development**

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*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:

The following pages document the compliance of economic development award recipients whose performance periods ended in the 2012 calendar year.

Every year, the Ohio Development Services Agency (formerly known as the Ohio Department of Development) works to improve the state's economic climate by offering incentives that enable businesses already here to expand, attract new enterprises, retain current jobs, and train workers for new skills. As directed by the 127th General Assembly through a measure enacted in December, 2008, the Ohio Attorney General's Office supports the ODSA's efforts by monitoring and reporting on the compliance of economic development award recipients.

While the state rightfully encourages growth in business, capital investments, and workforce retention and enhancement, it must also be a good steward of taxpayer dollars. As such, my office reports whether economic development award recipients have met the terms and conditions, including any applicable performance metrics, issued by the ODSA. This is our report to the General Assembly in which we compare the expectations of the award agreements to the results delivered by the recipients in the 2012 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).

**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.

**"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 127<sup>th</sup> General Assembly as part of Am. Sub. H.B. 420, the Ohio Attorney General's office ("AGO") conducted a three-phase review. The review was performed to determine the level of compliance of Award Recipients having a 2012 closeout year with the terms and conditions, including performance metrics, if any, of state awards for economic development administered by the Ohio Development Services Agency ("ODSA"), formerly known as the Ohio Department of Development.

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

In the first phase of the review, in an ongoing effort to ensure compliance with its duties under R.C. 125.112(G), the AGO and ODSA reviewed ODSA's current award programs to determine if any additional programs should be reviewed pursuant to the AGO's statutory duties.<sup>1</sup>

The second phase of the review was an information-gathering phase in which the AGO requested files from ODSA for all economic development awards with a performance period ending in calendar year 2012. The AGO also utilized the results of the previous years' reviews to help identify some economic development awards administered by ODSA that most likely had performance periods ending in calendar year 2012. The AGO received 286 awards<sup>2</sup> from ODSA that ODSA identified as having performance periods ending in calendar year 2012.<sup>3</sup> The AGO also requested the results of ODSA's compliance review for each award, conducted independently of the AGO review.

In the third phase of the review, the AGO conducted its compliance review of the 286 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 266 of the 286 awards did in fact have a performance period ending in calendar year 2012.<sup>4</sup> Of those 266 awards, Recipients receiving 146 awards substantially complied (met at least 90% of the commitments) with the terms and

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<sup>1</sup> See discussion on page 8 for further detail.

<sup>2</sup> See discussion on page 8 for further detail.

<sup>3</sup> 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.

<sup>4</sup> 20 of the 286 awards reviewed were found not to have a performance period ending in calendar year 2012 and therefore not included in the compliance numbers.

conditions of their state awards for economic development, whereas Recipients receiving 120 awards did not comply, representing an overall compliance rate of 54.9%. Below is a breakdown of the compliance rates for each award category and the specific award programs<sup>5</sup> within those categories.<sup>6</sup>

<b>Overall Compliance Rate</b>	<b>54.9%</b>	<b>(146/266)</b>
• <b>Workforce Compliance Rate<sup>7</sup></b>	<b>100%</b>	<b>(14/14)</b>
○ Appalachian Training Investment	100%	(2/2)
○ Ohio Workforce Guarantee	100%	(12/12)
• <b>Grant Compliance Rate</b>	<b>49.5%</b>	<b>(52/105)</b>
○ Rapid Outreach	50%	(34/68)
○ Roadwork Development	46.4 <sup>0</sup> %	(13/28)
○ Economic Development Contingency	55.6%	(5/9)
• <b>Tax Credit Compliance Rate</b>	<b>53.8%</b>	<b>(56/104)</b>
○ Job Creation Tax Credit	52.9%	(54/102)
○ Job Retention Tax Credit <sup>8</sup>	100%	(2/2)
• <b>Loan Compliance Rate<sup>9</sup></b>	<b>55.8%</b>	<b>(24/43)</b>
○ 166 Direct	27.2%	(3/11)
○ Regional 166 Direct	80%	(16/20)
○ Research and Development Investment	50%	(1/2)
○ Innovation Ohio Loan	16.7%	(1/6)
○ Pioneer Rural Loan	0%	(0/1)
○ Other/Combination	100%	(3/3)

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<sup>5</sup> Award programs offered by ODSA vary from year to year, and some of the specific award programs are no longer offered by ODSA.

<sup>6</sup> See Appendix 1 for previous years' compliance rates.

<sup>7</sup> The Workforce compliance rate includes two Recipients that trained fewer workers than promised and were therefore reimbursed proportionately to the number of workers trained.

<sup>8</sup> Job Retention Tax Credits do not have a closeout year for performance commitments. See note 2 above.

<sup>9</sup> 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.

## BACKGROUND

In December 2008, the 127<sup>th</sup> 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.”<sup>10</sup> 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.<sup>11</sup> 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.<sup>12</sup>

State awards for economic development are awarded and administered by the Ohio Development Services Agency. 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. During fiscal year 2012, for example, ODSA provided financial incentives for 616 projects with an estimated value of more than \$476 million.<sup>13</sup>

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 2012 closeout year as determined by the award agreement, most of which were awarded between 2008 and 2010. 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 at least ninety (90) percent of 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

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<sup>10</sup> Legislative Service Commission, *Final Analysis: Am. Sub. H.B. 420, 127<sup>th</sup> 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).

<sup>11</sup> R.C. 125.112(G).

<sup>12</sup> R.C. 125.112(G).

<sup>13</sup> Ohio Department of Development, *Fiscal Year 2012 Annual Report*, (Aug. 2012), pg. 4.



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. According to the National Bureau of Economic Research, the period of December 2007 through June 2009 was the longest recession in the United States since World War II.<sup>14</sup>

Awards 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 does not ordinarily enforce these additional metrics. If a Recipient fails to meet its obligations under the award agreement, ODSA may, among other remedial actions, reduce the rate at which it will reimburse the Recipient for its training expenses. For purposes of this report, the AGO determined compliance based on the number of workers trained, consistent with ODSA practices.

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

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<sup>14</sup> National Bureau of Economic Research, *September 20, 2010 Report*, available at [www.nber.org/cycles/sept2010.html](http://www.nber.org/cycles/sept2010.html) (accessed Dec. 6, 2012).

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

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

## COMPLIANCE REVIEW METHODOLOGY

With a view toward maintaining the goals set forth in both the 2011 and 2012 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 three-phase method for monitoring Recipient compliance for this year's review. In addition, ODSA has implemented several internal improvements to their award monitoring and record keeping processes, as further described in Appendix 2.

### Phase One: Program Review

For the first phase of the review, in order to accomplish the additional goals of improving the review process and meeting the AGO's statutory duties, the AGO reviewed the award programs listed on ODSA's website. The purpose of the review was to identify any additional programs that would be subject to this review and drafted a memo to ODSA requesting a response about whether the programs listed in the memo would be subject to review under R.C. 125.112(G). One additional program, the Ohio Vacant Facilities Fund, was identified that would be subject to review; however, it is a newer program and no award files have reached their closeout year.

### Phase Two: Data and Information Collection

The second phase of the review was an information-gathering phase in which the AGO requested, and received, files from ODSA for all economic development awards with a performance period ending in calendar year 2012. 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 2012 closeout report if filed by the Award Recipient. The AGO also utilized the results of the previous years' reviews to help identify some economic development awards administered by ODSA that most likely had performance periods ending in calendar year 2012. The AGO received 286 award files from ODSA that ODSA identified as having performance periods ending in calendar year 2012. 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 Three: Compliance Evaluation

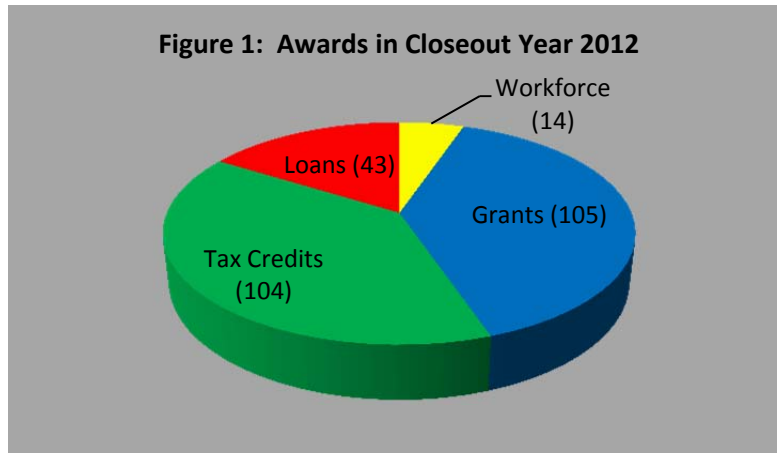
In the third phase of the review, the AGO conducted a detailed compliance review of the 286 award files received from ODSA to determine the level of compliance of Award Recipients with the terms and conditions of their award agreements. This compliance review took place over a six-month period and also involved discussion with ODSA to answer any questions the reviewers had or provide any missing documentation needed for the reviews. All non-compliant results were double-checked, and then shared with ODSA. The results of the compliance review are set forth in this report.

## KEY FINDINGS

### All Awards

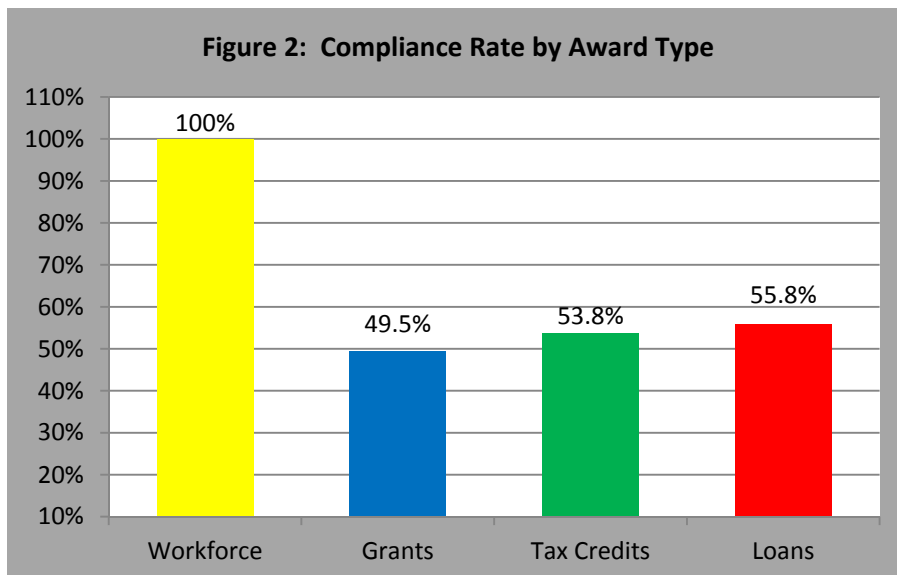
The AGO reviewed 286 economic development awards, 20 of which were out of scope (having a closeout year other than 2012).

- Figure 1 details the number of 2012 closeout awards by award type:



Of the 266 in scope awards, the AGO determined that Recipients receiving 146 awards had substantially complied with the terms and conditions of their award agreements, whereas Recipients receiving 120 awards did not comply, representing an overall compliance rate of **54.9%**. 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:

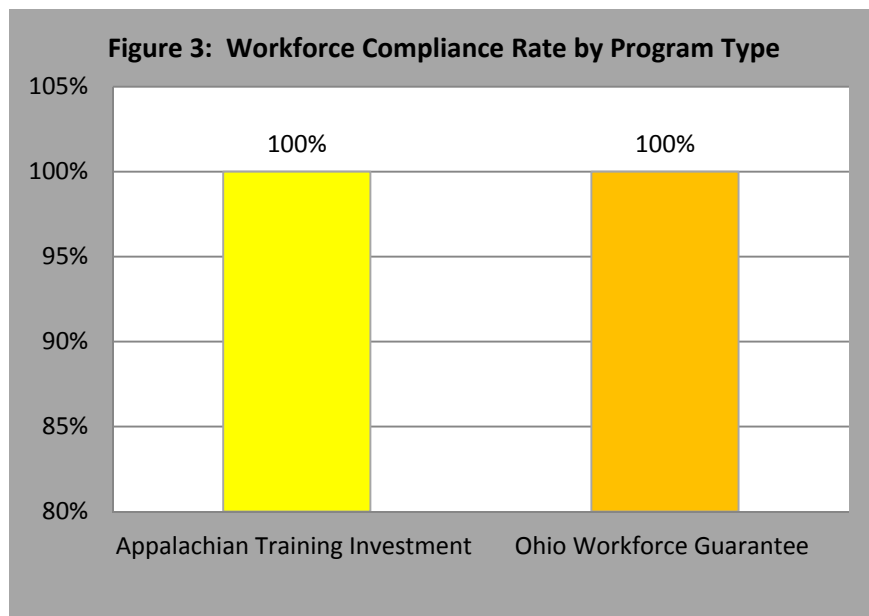


### Workforce Awards

Among all active awards administered by ODSA, 14 Workforce awards with a total combined value of \$2.058 million had a closeout year of 2012. The AGO determined that 14 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%**.

Two Recipients trained fewer workers than promised but were only reimbursed proportionately based on the actual number of workers trained. The two Recipients are included in the compliant numbers.

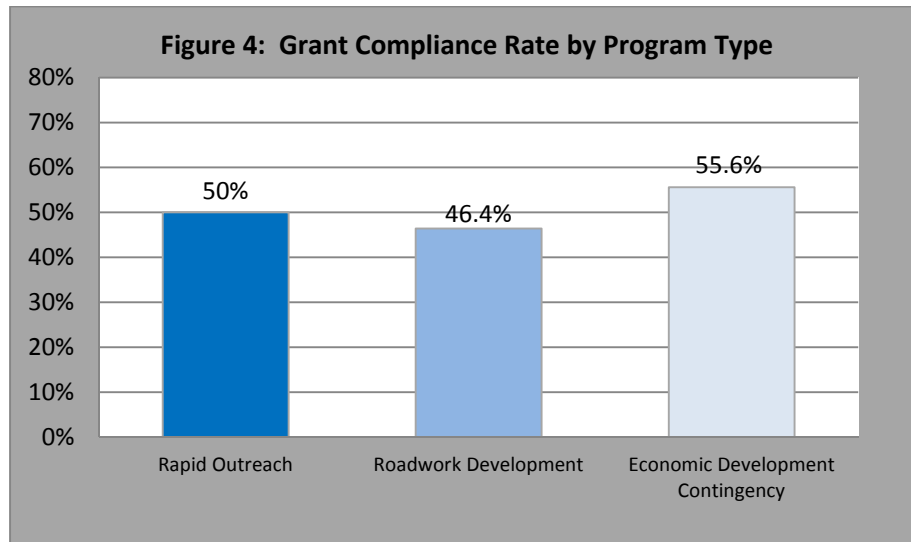
- Figure 3 details the compliance rate of 2012 closeout Workforce awards by program type:



### Grant Awards

ODSA awarded 105 Grants with a closeout year of 2012, having a total combined value of \$21.3 million. The AGO determined that 52 of the Grant Award Recipients had substantially complied with the terms and conditions of their award agreements, and 53 Award Recipients did not comply, representing an overall Grant compliance rate of **49.5%**.

- Figure 4 details the compliance rate of 2012 closeout Grant awards by program type:

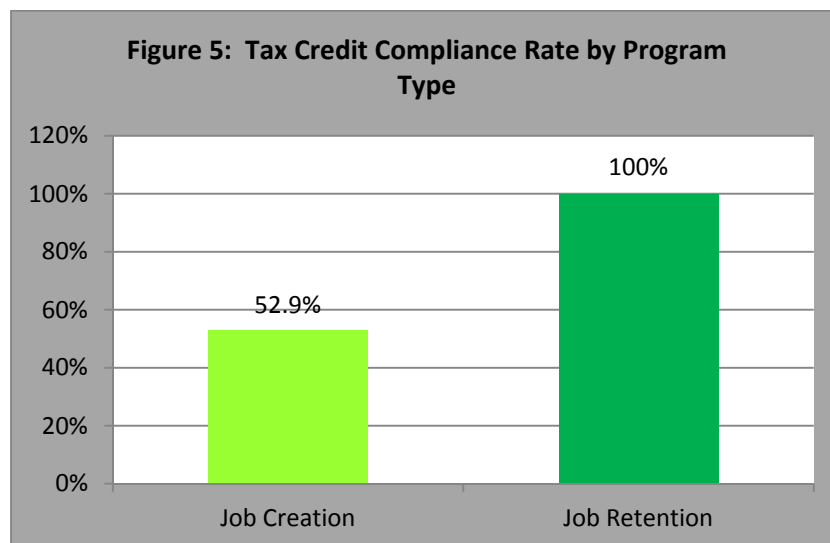


A list of Recipients that did not comply with the terms and conditions, including certain performance metrics, of their Grant award agreements, as well as the reasons for non-compliance and any remedial actions being taken by ODSA, are attached as Appendix 3.

#### Tax Credit Awards

ODSA maintained 104 Tax Credit awards with a total claimed value of \$27.2 million that had a closeout year of 2012. The AGO determined that 56 of the Tax Credit Award Recipients had substantially complied with the terms and conditions of their award agreements, and 48 Award Recipients did not comply, resulting in an overall Tax Credit award compliance rate of **53.8%**.

- Figure 5 details the compliance rate of 2012 closeout Tax Credit awards by program type:



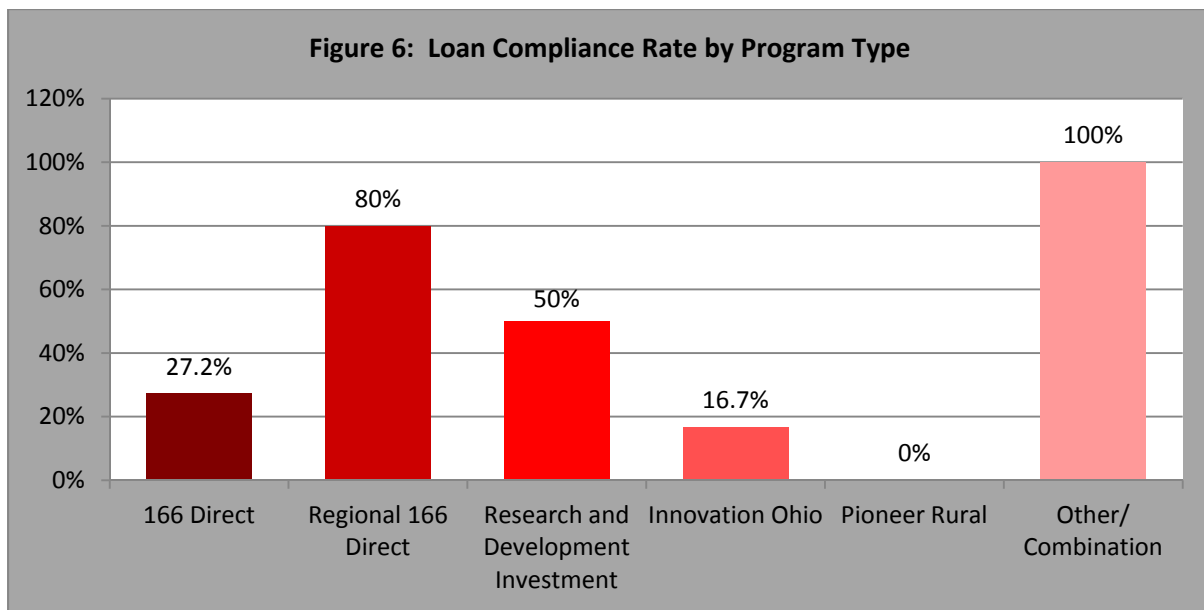
A list of Recipients that did not comply with the terms and conditions, including certain performance metrics, of their Tax Credit award agreements, as well as the reasons for non-compliance and any remedial actions being taken by ODSA, are attached as Appendix 4.

### Loan Awards

ODSA awarded 43 Loans with a total combined value of \$79.8 million that had closeout years in 2012. 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 19 Loan Recipients did not comply, representing an overall Loan compliance rate of **55.8%**.

One Recipient, Capital Transportation, Inc., met the job commitments contained in the award agreement but is not current on loan payments. ODSA certified this loan to the AGO for collection on December 13, 2013. This Recipient is included in the compliant numbers.

- Figure 6 details the compliance rate of 2012 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

### 2012 Report Compliance Rates

<b>Overall Compliance Rate</b>	<b>63.5%</b>	<b>(162/255)</b>
<ul style="list-style-type: none"> <li>• <b>Workforce Compliance Rate<sup>15</sup></b> <ul style="list-style-type: none"> <li>○ Appalachian Training Investment</li> <li>○ Ohio Investment in Training</li> <li>○ Ohio Workforce Guarantee</li> </ul> </li>   <li>• <b>Grant Compliance Rate</b> <ul style="list-style-type: none"> <li>○ Rapid Outreach</li> <li>○ Roadwork Development</li> <li>○ Economic Development Contingency</li> <li>○ Global Analyst Settlement</li> <li>○ Other/Combination</li> </ul> </li>   <li>• <b>Tax Credit Compliance Rate<sup>16</sup></b> <ul style="list-style-type: none"> <li>○ Job Creation Tax Credit</li> </ul> </li>   <li>• <b>Loan Compliance Rate</b> <ul style="list-style-type: none"> <li>○ 166 Direct</li> <li>○ Regional 166 Direct</li> <li>○ Research and Development Investment</li> <li>○ Innovation Ohio Loan</li> <li>○ Pioneer Rural Loan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>89.9%</b></li> <li>93.3%</li> <li>85.2%</li> <li>91.5%</li>   <li><b>48.6%</b></li> <li>47.6%</li> <li>55%</li> <li>44.4%</li> <li>0%</li> <li>100%</li>   <li><b>59.5%</b></li> <li>59.5%</li>   <li><b>42%</b></li> <li>25%</li> <li>81.8%</li> <li>37.5%</li> <li>50%</li> <li>0%</li> </ul>	<ul style="list-style-type: none"> <li><b>(80/89)</b></li> <li>(14/15)</li> <li>(23/27)</li> <li>(43/47)</li>   <li><b>(36/74)</b></li> <li>(20/42)</li> <li>(11/20)</li> <li>(4/9)</li> <li>(0/2)</li> <li>(1/1)</li>   <li><b>(25/42)</b></li> <li>(25/42)</li>   <li><b>(21/50)</b></li> <li>(6/24)</li> <li>(9/11)</li> <li>(3/8)</li> <li>(3/6)</li> <li>(0/1)</li> </ul>

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<sup>15</sup> The Workforce compliance rate includes ten Recipients that trained fewer workers than promised and were therefore reimbursed proportionately to the number of workers trained.

<sup>16</sup> 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>
<b>Overall Compliance Rate:</b>	<b>59.1% (199/337)</b>	<b>52.4% (220/420)</b>
<b>Grant Compliance Rate:</b>	<b>27.0% (17/63)</b>	<b>15.6% (12/77)</b>
• Rapid Outreach:	24.5% (12/49)	16% (7/44)
• Roadwork Development:	27.3% (3/11)	4% (1/25)
• ISIF:	N/A	80% (4/5)
• EDCA:	66.7% (2/3)	0% (0/3)
<b>Tax Credit Compliance Rate:</b>	<b>35.1% (17/54)</b>	<b>54.3% (50/92)</b>
• Job Creation:	35.1% (17/54)	53.3% (48/90)
• Job Retention:	N/A	100% (2/2)
<b>Loan Compliance Rate:</b>	<b>23.9% (11/46)</b>	<b>24.4% (20/82)</b>
• Regional 166:	21.7% (5/23)	20% (6/30)
• 166 Direct:	14.3% (2/14)	26% (6/23)
• IOLF:	0% (0/3)	7.7% (1/13)
• R&D:	33% (1/3)	33.3% (2/6)
• OEBC:	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)
<b>Workforce Compliance Rate:</b>	<b>88.5% (154/174)</b>	<b>81.7% (138/169)</b>
• OITP:	84.9% (73/86)	84% (74/88)
• OWG:	90.5% (67/74)	77.3% (51/66)
• ATIP:	100% (14/14)	86.7% (13/15)

## Appendix 2: Improvements Letter from ODSA



Development  
Services Agency

John R. Kasich, Governor

David Goodman, Director

December 12, 2013

The Honorable Mike DeWine  
Ohio Attorney General  
30 East Broad Street, 14<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Attorney General DeWine,

Thank you for the professionalism your staff exhibited during the review of the Development Services Agency's 2012 closeout incentives. As you know, DSA instituted new processes to monitor incentive metrics and hold incentive recipients accountable for their performance, since you assumed responsibility for the report in 2011. We kindly ask that you include the below highlights in your report.

- Prior to 2011, a return on investment analysis for State incentives was never done. Today, a rigorous process is in place to measure the State's potential return on investment.
- In partnership with JobsOhio, there is more evaluation and scrutiny of economic development projects than ever before. When public incentives are involved, projects do not receive funding without review and approval by independent authorities; for example Controlling Board and Tax Credit Authority.
- With the creation of JobsOhio, segregation of duties related to job attraction and performance monitoring are in place now. This creates a better model for accountability.
- Pre-emptive remedial steps are being taken. A record amount of taxpayer money was returned in 2013. *Tax credits, for example, show a 52% compliance rate. However, this is a performance-based incentive. So, the actual value of the tax credit is based on jobs created and new payroll tax generated. While 2012 closeouts represent awards with an estimated value of \$77 million, we awarded only \$30 million in tax credits, to date, for projects in this closeout year.*

### **Pro-Active Monitoring**

Each year we increased the annual report submission rate by companies, this year achieving 99%. In addition, we are reaching out to companies BEFORE their closeout year. If it looks like they will not achieve the job commitments, we can proactively reduce the benefit or start recovering money earlier.

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**Standardization & Technology**

This administration cleaned up legacy files and increased the standards for accountability for the use of taxpayer dollars. We standardized the monitoring systems allowing companies to file annual reports electronically and file only one consolidated report for all project incentives so we can better track progress.


Remedial action processes are now standardized. For example, we have processes in place with the Department of Taxation to ensure incentive recipients are current with tax obligations.

Better use of technology is reducing human error and increasing accountability. A centralized customer relationship management system allows us to coordinate all the pieces of a project; maintaining all pieces of a company file in one place. This gives us a holistic view of the client and eliminates overlap, duplication and error.

**Conclusion**

Since the Development Services Agency was created in 2012, processes related to compliance significantly improved. But, our job is not complete. We will continue to improve our processes and look forward to working with you on this evaluation in 2014.

Sincerely,



David Goodman  
Director

c: Mary Mertz, First Assistant Attorney General  
Susan Walker, Assistant Attorney General

### Appendix 3: Non-Compliant Grant Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Applicable Comments
Arisdyne Systems, Inc.	Cleveland/ Cuyahoga County	Rapid Outreach	\$ 52,000	Create 24 jobs; retain 6 jobs	Created 4 jobs; retained 6 jobs	Failure to create promised number of jobs	None	ODSA will forgo clawback in exchange for Recipient waiving 2012-13 tax certificates.
ArvinMeritor, Inc.	Heath/ Licking County	Economic Development Contingency	\$ 400,000	Retain 325 jobs	Retained 270 jobs	Failure to retain promised number of jobs	None	ODSA not seeking clawback; considered a de minimus amount
BAE Systems Survivability Systems LLC	Union Township/ Clermont County	Rapid Outreach	\$ 50,000	Create 150 jobs; retain 542 jobs	Created 0 jobs; retained 281 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$11,400 clawback	ODSA considered market conditions in the clawback determination; Payment received on 11/18/13
Budenheim USA, Inc.	Columbus/ Franklin County	Rapid Outreach	\$ 50,000	Create 40 jobs	Created 19 jobs	Failure to create promised number of jobs	ODSA sent notice of \$17,000 clawback	ODSA considered market conditions in the clawback determination; Payment received on 10/18/13
Butler County	West Chester Township/ Butler County	Roadwork Development	\$ 150,000	Create 500 jobs; retain 52 jobs	Created 266 jobs; retained 52 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
buyCastings.com, Inc.	Miamisburg/ Montgomery County	Rapid Outreach	\$ 30,000	Create 65 jobs; retain 2 jobs	Created 10 jobs; retained 2 jobs	Failure to create promised number of jobs	None	ODSA certified file to AGO for collection
Charles River Laboratories, Inc.	Spencerville/ Allen County	Rapid Outreach	\$ 150,000	Create 80 jobs; retain 204 jobs	Created 0 jobs; retained 119 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$30,000 clawback	Payment received on 10/21/13
Chieftain Biofuels LLC	Logan/ Hocking County	Rapid Outreach	\$ 20,000	Create 20 jobs; retain 3 jobs	Created 0 jobs; retained 0 jobs	Failure to create and retain promised number of jobs	Notice of default sent on 11/14/13	Recipient has until 12/16/13 to pay the clawback
City of Akron	Akron/ Summit County	Economic Development Contingency	\$ 200,000	Retain 3,500 jobs	Retained 3,052 jobs	Failure to retain promised number of jobs	None	ODSA will not pursue any further action
City of Mentor	Mentor/ Lake County	Roadwork Development	\$ 540,000	Create 365 jobs; retain 3,000 jobs	Created 0 jobs; retained 8 jobs	Failure to create and retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of Mount Vernon	Mount Vernon/ Knox County	Roadwork Development	\$ 275,000	Create 50 jobs; retain 213 jobs	Created 22 jobs; retained 213 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of North Canton	North Canton/ Stark County	Roadwork Development	\$ 350,000	Create 120 jobs	Created 0 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
City of Troy	Troy/ Miami County	Roadwork Development	\$ 125,000	Create 50 jobs	Created 13 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Community Improvement Corporation of Tuscarawas County	New Philadelphia/ Tuscarawas County	Roadwork Development	\$ 512,393	Create 600 jobs	Created 0 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Crown Solutions Co., LLC	Vandalia/ Montgomery County	Rapid Outreach	\$ 200,000	Create 157 jobs; retain 106 jobs	Created 85 jobs; retained 106 jobs	Failure to create promised number of jobs	ODSA sent notice of \$27,000 clawback on 10/31/13	ODSA considered market conditions in the clawback determination; Payment in 2 installments due 12/31/13 and 3/31/14
CSafe, LLC	Moraine/ Montgomery County	Rapid Outreach	\$ 50,000	Create 25 jobs	Created 12 jobs	Failure to create promised number of jobs	ODSA sent notice of \$18,000 clawback	Payment received 10/18/13
Defender Security Company	Forest Park/ Hamilton County	Rapid Outreach	\$ 25,000	Create 200 jobs; retain 70 jobs	Created 19 jobs; retained 70 jobs	Failure to create promised number of jobs	ODSA sent notice of \$16,700 clawback	Payment received 10/23/13
Diamondbeck II, Inc.	St. Henry/ Mercer County	Rapid Outreach	\$ 20,000	Create 33 jobs	Created 0 jobs	Failure to create promised number of jobs	None	ODSA certified file to AGO for collection

**Appendix 3 Continued: Non-Compliant Grant Award Recipients**

<b>Award Recipient</b>	<b>Location</b>	<b>Program Type</b>	<b>Amount Received</b>	<b>Commitment</b>	<b>Performance</b>	<b>Reason for Non-Compliance</b>	<b>Remedial Action</b>	<b>Applicable Comments</b>
Engauge	Columbus/ Franklin County	Rapid Outreach	\$ 25,000	Create 50 jobs; retain 67 jobs	Created 17 jobs; retained 67 jobs	Failure to create promised number of jobs	ODSA sent notice of \$4,000 clawback	Payment received on 10/24/13
Fayette County	Octa/ Fayette County	Economic Development Contingency	\$ 333,500	Create 1,500 jobs	Created 0 jobs	Failure to create promised number of jobs		ODSA is discussing a new project commitment with Recipient
Graham Packing Company	Minster/ Auglaize County	Rapid Outreach	\$ 20,000	Create 25 jobs	Created 18 jobs	Failure to create promised number of jobs	ODSA sent notice of \$5,600 clawback	Payment received
GXS, Inc.	Brook Park/ Cuyahoga County	Rapid Outreach	\$ 250,000	Create 75 jobs; retain 52 jobs	Created 61 jobs; retained 52 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient was 88.97% compliant through aggregation
H.J. Heinz Company L.P.	Mason/ Warren County	Rapid Outreach	\$ 50,000	Create 50 jobs; retain 380 jobs	Created 0 jobs; retained 322 jobs	Failure to create and retain promised number of jobs	None	ODSA not seeking clawback; considered a de minimus amount
Heath Newark Licking County Port Authority	Heath/ Licking County	Economic Development Contingency	\$ 40,000	Create 10 jobs; retain 587 jobs	Created 0 jobs; retained 500 jobs	Failure to create and retain promised number of jobs	None	ODSA considers this file out of scope
Heath Newark Licking County Port Authority	Heath/ Licking County	Roadwork Development	\$ 885,000	Retain 920 jobs	Retained 775 jobs	Failure to retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Kendle International, Inc.	Cincinnati/ Hamilton County	Rapid Outreach	\$ 100,000	Create 75 jobs; retain 558 jobs	Created 0 jobs; retained 226 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$18,600 clawback	Payment received on 10/17/13
Kurz-Kasch Inc.	Miamisburg/ Montgomery County	Rapid Outreach	\$ 150,000	Create 200 jobs	Created 0 jobs	Failure to create promised number of jobs	ODSA sent notice of \$66,750 clawback	Payment received on 10/22/13
Mercer County	Celina/ Mercer County	Roadwork Development	\$ 100,000	Create 20 jobs; retain 30 jobs	Created 0 jobs; retained 20 jobs	Failure to create and retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Mercer County	Coldwater/ Mercer County	Roadwork Development	\$ 45,000	Create 45 jobs	Created 6 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
MGA Entertainment Inc.	Hudson/ Summit County	Rapid Outreach	\$ 300,000	Create 66 jobs; retain 395 jobs	Created 12 jobs; retained 395 jobs	Failure to create promised number of jobs	ODSA sent notice of \$4,700 clawback	Payment received on 10/23/13
Morgan County	Malta/ Morgan County	Roadwork Development	\$ 40,000	Create 40 jobs	Created 0 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Netflix Inc.	Grove City/ Franklin County	Rapid Outreach	\$ 25,000	Create 104 jobs; retain 6 jobs	Created 45 jobs; retained 6 jobs	Failure to create promised number of jobs	ODSA sent notice of \$8,700 clawback	Payment received on 12/3/13
Neturen America Corporation	Hamilton/ Butler County	Rapid Outreach	\$ 50,000	Create 26 jobs	Created 21 jobs	Failure to create promised number of jobs	None	ODSA not seeking clawback based on Recipient's compliance in 2013 and the effects of market conditions
Ohio Basic Minerals, LLC	Liberty Township/ Jackson County	Rapid Outreach	\$ 45,000	Create 30 jobs; retain 7 jobs	Created 9 jobs; retained 7 jobs	Failure to create promised number of jobs	ODSA sent notice of \$17,000 clawback	ODSA is discussing with Recipient
Ohio Machinery Co.	Bolivar/ Tuscarawas County	Rapid Outreach	\$ 25,000	Create 25 jobs; retain 36 jobs	Created 6 jobs; retained 36 jobs	Failure to create promised number of jobs	ODSA sent notice of \$5,200 clawback	Payment received on 10/31/13
Olympic Steel, Inc.	Dover/ Tuscarawas County	Rapid Outreach	\$ 50,000	Create 25 jobs	Created 16 jobs	Failure to create promised number of jobs	ODSA sent notice of \$12,000 clawback	Payment received on 10/23/13

**Appendix 3 Continued: Non-Compliant Grant Award Recipients**

<b>Award Recipient</b>	<b>Location</b>	<b>Program Type</b>	<b>Amount Received</b>	<b>Commitment</b>	<b>Performance</b>	<b>Reason for Non-Compliance</b>	<b>Remedial Action</b>	<b>Applicable Comments</b>
PharmaForce, Inc.	New Albany/ Franklin County	Rapid Outreach	\$ 250,000	Create 200 jobs; retain 80 jobs	Created 0 jobs; retained 20 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$131,500 clawback	Payment received on 10/21/13
RevWires, LLC	Troy/ Miami County	Rapid Outreach	\$ 100,000	Create 50 jobs	Created 12 jobs	Failure to create promised number of jobs and to submit closeout report	\$63,400 clawback	ODSA considered market conditions in the clawback determination
Rotek Incorporated	Aurora/ Portage County	Rapid Outreach	\$ 300,000	Create 150 jobs; retain 215 jobs	Created 39 jobs; retained 215 jobs	Failure to create promised number of jobs	ODSA sent notice of \$60,000 clawback	Payment received on 10/23/13
Snyder Computer Systems, Inc.	Island Creek Township/ Jefferson County	Rapid Outreach	\$ 105,000	Create 100 jobs; retain 42 jobs		Failure to submit closeout report	None	ODSA certified file to AGO for collection
Teikuro Corporation	Springfield/ Clark County	Rapid Outreach	\$ 25,000	Create 25 jobs; retain 88 jobs	Created 0 jobs; retained 38 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$11,000 clawback	Payment received 10/23/13
The Boeing Company, dba Boeing Guidance Repair Center	Heath/ Licking County	Rapid Outreach	\$ 200,000	Create 10 jobs; retain 587 jobs	Created 0 jobs; retained 435 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$36,000 clawback	Payment received on 10/29/13
Trumbull County	Warren/ Trumbull County	Roadwork Development	\$ 336,100	Create 135 jobs; retain 95 jobs	Created 109 jobs; retained 95 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Ventaire, LLC	Logan/ Hocking County	Rapid Outreach	\$ 50,000	Create 50 jobs	Created 3 jobs	Failure to create promised number of jobs	ODSA sent notice of \$20,000 clawback on 11/27/13	Payment received 12/10/13
Village of Kalida	Kalida/ Putnam County	Roadwork Development	\$ 200,000	Retain 175 jobs	Retained 25 jobs	Failure to retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Village of Kalida	Kalida/ Putnam County	Roadwork Development	\$ 125,000	Create 25 jobs; retain 250 jobs	Created 0 jobs; retained 185 jobs	Failure to create and retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Village of Metamora	Metamora/ Fulton County	Roadwork Development	\$ 51,000	Retain 260 jobs	Retained 0 jobs	Failure to retain promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Village of Sherwood	Sherwood/ Defiance County	Rapid Outreach	\$ 30,000	Create 30 jobs		Failure to submit closeout report	None	ODSA certified file to AGO for collection
Village of Union City	Union City/ Darke County	Roadwork Development	\$ 100,000	Create 11 jobs	Created 0 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because the roadwork project was completed
Vitakraft Sun Seed, Inc.	Weston/ Wood County	Rapid Outreach	\$ 20,000	Create 15 jobs; retain 84 jobs	Created 0 jobs; retained 62 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$5,000 clawback	Payment received 12/4/13
Westhaven Services Co., LLC	Maumee/ Lucas County	Rapid Outreach	\$ 200,000	Create 225 jobs; retain 250 jobs	Created 151 jobs; retained 250 jobs	Failure to create promised number of jobs	ODSA sent notice of \$31,000 clawback	Payment received 10/21/13
Willard & Kelsey Solar Group, LLC	Perrysburg Township/ Wood County	Rapid Outreach	\$ 500,000	Create 400 jobs	Created 11 jobs	Failure to create promised number of jobs	None	ODSA certified file to AGO for collection
Worthpoint Corporation	Dublin/ Franklin County	Rapid Outreach	\$ 25,000	Create 32 jobs; retain 17 jobs	Created 0 jobs; retained 6 jobs	Failure to create and retain promised number of jobs	ODSA sent notice of \$15,000 clawback	ODSA considered market conditions in the clawback determination; Payment in 2 installments due 12/31/13 and 3/31/14

### Appendix 4: Non-Compliant Tax Credit Award Recipients

Award Recipient	Location	Program Type	Percent of Credit	Term of Credit (Years)	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Applicable Comments
A. Schulman, Inc.	Akron/ Summit County	Job Creation Tax Credit	40	5	Create 80 jobs; retain 15 jobs	Created 37 jobs; retained 15 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
Affymetrix, Inc. and USB Corporation	Warrensville Heights/ Cuyahoga County	Job Creation Tax Credit	50	7	Create 61 jobs; retain 78 jobs	Created 48 jobs; retained 78 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained per the 2011 annual report
Ameridial, Inc.	Canton/ Stark County	Job Creation Tax Credit	35	5	Create 170 jobs; retain 282 jobs	Created 92 jobs; retained 282 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 12/13/2013	Approved by the Ohio Tax Credit Authority
Arisdyne Systems, Inc.	Cleveland/ Cuyahoga County	Job Creation Tax Credit	45	6	Create 24 jobs; retain 8 jobs	Created 2 jobs; retained 8 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
Atrium Assembly Corporation, LLC, et al.	Johnstown/ Licking County	Job Creation Tax Credit	40	6	Create 25 jobs; retain 117 jobs	Created 0 jobs; retained 100 jobs	Failure to create and retain promised number of jobs	ODSA proposes to terminate the agreement	Will be presented to the Ohio Tax Credit Authority on 12/17/13
buyCastings.com, Inc.	Miamisburg/ Montgomery County	Job Creation Tax Credit	45	6	Create 65 jobs	Created 12 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
Carter Express, Inc.	Vandalia/ Montgomery County	Job Creation Tax Credit	50	6	Create 140 jobs	Created 45 jobs	Failure to create promised number of jobs	Reduce the rate to 40% for tax years 2013-2015	Approved by the Ohio Tax Credit Authority
Cintas Corporation No. 2	Miami Township/ Clermont County	Job Creation Tax Credit	45	6	Create 85 jobs; retain 213 jobs	Created 0 jobs; retained 192 jobs	Failure to create promised number of jobs	Agreement terminated on April 29, 2013	Approved by the Ohio Tax Credit Authority
Diamondbeck II, Inc.	St. Henry/ Mercer County	Job Creation Tax Credit	45	5	Create 33 jobs	Created 0 jobs	Failure to create promised number of jobs	Recipient notified ODSA that it went out of business in June 2013; Agreement terminated with 100% clawback	Approved by the Ohio Tax Credit Authority
Engineering Mechanics Corporation of Columbus	Upper Arlington/ Franklin County	Job Creation Tax Credit	45	8	Create 10 jobs; retain 12 jobs	Created 5 jobs; retained 12 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 3 years, ending 1/1/2013	Approved by the Ohio Tax Credit Authority
Genco I, Inc.	Groveport/ Franklin County	Job Creation Tax Credit	45	8	Create 80 jobs	Created 66 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 12/31/2014	Approved by the Ohio Tax Credit Authority
Gummer Wholesale, Inc.	Heath/ Licking County	Job Creation Tax Credit	45	6	Create 65 jobs; retain 76 jobs	Created 15 jobs; retained 76 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
H.J. Heinz Company LP	Mason/ Warren County	Job Creation Tax Credit	45	5	Create 25 jobs; retain 442 jobs	Created 4 jobs; retained 442 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained per the 2009 annual report

**Appendix 4 Continued: Non-Compliant Tax Credit Award Recipients**

Award Recipient	Location	Program Type	Percent of Credit	Term of Credit (Years)	Commitment	Performance	Reason for Non-Compliance	Remedial Action	Applicable Comments
Hunter Defense Technologies, Inc.	Solon/ Cuyahoga County	Job Creation Tax Credit	50	7	Create 50 jobs; retain 162 jobs	Created 33 jobs; retained 162 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained per the 2011 annual report
Island Oasis Frozen Cocktail Co., Inc.	Byesville/ Guernsey County	Job Creation Tax Credit	45	6	Create 100 jobs; retain 62 jobs	Created 66 jobs; retained 62 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 12/31/2014	Approved by the Ohio Tax Credit Authority
Mercury Plastics, Inc.	Middlefield Township/ Geauga County	Job Creation Tax Credit	45	6	Create 48 jobs; retain 198 jobs	Created 25 jobs; retained 198 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
MGA Entertainment, Inc./Little Tikes Company	Hudson/ Summit County	Job Creation Tax Credit	55	7	Create 63 jobs; retain 367 jobs	Created 40 jobs; retained 367 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
Motorists Mutual Insurance Company	Columbus/ Franklin County	Job Creation Tax Credit	45	6	Create 40 jobs; retain 590 jobs	Created 31 jobs; retained 590 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained per the 2009 annual report
NC Works, Inc.	Franklin/ Warren County	Job Creation Tax Credit	45	5	Create 30 jobs	Created 24 jobs	Failure to create promised number of jobs	Reduce the rate to 40% for tax years 2013 and 2014	Approved by the Ohio Tax Credit Authority
Netflix, Inc.	Grove City/ Franklin County	Job Creation Tax Credit	45	5	Create 104 jobs; retain 6 jobs	Created 45 jobs; retained 6 jobs	Failure to create promised number of jobs	None	No action can be taken because Recipient is in the last year of its term; ODSA sent a letter on 11/7/2013
Next Specialty Resins, Inc.	Sylvania Township/ Lucas County	Job Creation Tax Credit	40	6	Create 25 jobs	Created 16 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
Norwalk Custom Order Furniture, LLC, et al.	Norwalk/ Huron County	Job Creation Tax Credit	55	6	Create 260 jobs	Created 145 jobs	Failure to create promised number of jobs	Reduce the rate to 50% for tax year 2014 and reduce the creation commitment to 145 jobs	Approved by the Ohio Tax Credit Authority
NuGrowth Solutions, LLC	Columbus/ Franklin County	Job Creation Tax Credit	50	7	Create 88 jobs; retain 31 jobs	Created 14 jobs; retained 31 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 12/31/2014 and reduce the rate to 40% for tax years 2013 and 2014	Approved by the Ohio Tax Credit Authority
Ohio Basic Minerals, LLC	Liberty Township/ Jackson County	Job Creation Tax Credit	45	6	Create 30 jobs; retain 7 jobs	Created 9 jobs; retained 7 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority



**Appendix 4 Continued: Non-Compliant Tax Credit Award Recipients**

<b>Award Recipient</b>	<b>Location</b>	<b>Program Type</b>	<b>Percent of Credit</b>	<b>Term of Credit (Years)</b>	<b>Commitment</b>	<b>Performance</b>	<b>Reason for Non-Compliance</b>	<b>Remedial Action</b>	<b>Applicable Comments</b>
Orrvilon, Inc.	Orville/ Wayne County	Job Creation Tax Credit	45	6	Create 200 jobs; retain 102 jobs	Created 0 jobs; retained 98 jobs	Failure to create promised number of jobs	Agreement terminated effective 1/1/2013	Approved by the Ohio Tax Credit Authority
PF Polymers LLC	Lima/ Allen County	Job Creation Tax Credit	40	6	Create 60 jobs		Failure to submit closeout report	Agreement terminated effective 1/1/2014	Approved by the Ohio Tax Credit Authority
Proxy Biomedical Limited	Cleveland/ Cuyahoga County	Job Creation Tax Credit	50	6	Create 26 jobs	Created 1 job	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
Quickstep Composites LLC	Dayton/ Montgomery County	Job Creation Tax Credit	40	6	Create 20 jobs	Created 2 jobs	Failure to create promised number of jobs	Agreement terminated effective 1/1/2014 and canceled the 2011 and 2012 tax certificates	Approved by the Ohio Tax Credit Authority
RealPage, Inc.	Deerfield Township/ Warren County	Job Creation Tax Credit	50	6	Create 87 jobs	Created 27 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 12/31/2014 and reduce the rate to 40% for tax years 2013 and 2014	Approved by the Ohio Tax Credit Authority
Reliant Capital Solutions, LLC	Gahanna/ Franklin County	Job Creation Tax Credit	45	6	Create 50 jobs; retain 48 jobs	Created 30 jobs; retained 48 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 12/31/14 and reduce the rate to 35% for tax year 2014	Approved by the Ohio Tax Credit Authority
Revere Data, LLC	Youngstown/ Mahoning County	Job Creation Tax Credit	40	6	Create 40 jobs	Created 29 jobs	Failure to create promised number of jobs	Reduce the rate to 35% for tax years 2013-2015	Approved by the Ohio Tax Credit Authority
Rotek Incorporated	Aurora/ Portage County	Job Creation Tax Credit	65	7	Create 150 jobs; retain 215 jobs	Created 39 jobs; retained 215 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 6 years, ending 12/31/2015 and reduce the rate to 45%	Approved by the Ohio Tax Credit Authority
Smucker Bakery Manufacturing, Inc.	Toledo/ Lucas County	Job Creation Tax Credit	40	6	Create 25 jobs; retain 190 jobs	Created 9 jobs; retained 190 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
Stanley Steemer International, Inc.	Dublin/ Franklin County	Job Creation Tax Credit	50	6	Create 120 jobs; retain 93 jobs	Created 101 jobs; retained 93 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
Sutphen Corporation	German Township/ Clark County	Job Creation Tax Credit	45	5	Create 30 jobs; retain 76 jobs	Created 3 jobs; retained 76 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
TBC Retail Group, Inc.	Obetz/ Franklin County	Job Creation Tax Credit	45	7	Create 48 jobs; retain 11 jobs	Created 24 jobs; retained 11 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 5 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
Telamon Corporation	Columbus/ Franklin County	Job Creation Tax Credit	50	6	Create 38 jobs	Created 26 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 12/31/2013 and reduce the rate to 40% for tax year 2013	Approved by the Ohio Tax Credit Authority

**Appendix 4 Continued: Non-Compliant Tax Credit Award Recipients**

<b>Award Recipient</b>	<b>Location</b>	<b>Program Type</b>	<b>Percent of Credit</b>	<b>Term of Credit (Years)</b>	<b>Commitment</b>	<b>Performance</b>	<b>Reason for Non-Compliance</b>	<b>Remedial Action</b>	<b>Applicable Comments</b>
The James B. Oswald Company	Cleveland/ Cuyahoga County	Job Creation Tax Credit	55	7	Create 89 jobs; retain 182 jobs	Created 19 jobs; retained 182 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 12/31/2013 and reduce the rate to 45%	Approved by the Ohio Tax Credit Authority
The Scotts Company, LLC	Marysville/ Union County	Job Creation Tax Credit	50	10	Create 33 jobs; retain 303 jobs	Created 6 jobs; retained 303 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
Thermo Fisher Scientific Asheville, LLC	Marietta/ Washington County	Job Creation Tax Credit	50	7	Create 116 jobs; retain 480 jobs	Created 79 jobs; retained 480 jobs	Failure to create promised number of jobs	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
Total Packaging Solutions, LLC	Miamisburg/ Montgomery County	Job Creation Tax Credit	45	5	Create 35 jobs; retain 1 job	Retained 1 job	Failure to create promised number of jobs	Reduce the tax credit term to 4 years, ending 1/1/2014	Approved by the Ohio Tax Credit Authority
Touch Bionics, Inc.	Hilliard/ Franklin County	Job Creation Tax Credit	45	6	Create 20 jobs; retain 3 jobs		Failure to submit closeout report	Agreement terminated effective 7/29/2013	Recipient requested to terminate its agreement and waived any pending and unused tax credits; approved by the Ohio Tax Credit Authority
Ultra Premium Oilfield Services, Ltd.	Brookfield Township/ Trumbull County	Job Creation Tax Credit	55	9	Create 120 jobs	Created 73 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 6 years, ending 12/31/2015 and reduce the rate to 40%	Approved by the Ohio Tax Credit Authority
United States Endoscopy Group, Inc.	Mentor/ Lake County	Job Creation Tax Credit	50	7	Create 150 jobs; retain 281 jobs	Created 87 jobs; retained 281 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 6 years ending 12/31/2015 and reduce the rate to 45%	Approved by the Ohio Tax Credit Authority
Viewray Incorporated	Oakwood Village/ Cuyahoga County	Job Creation Tax Credit	45	5	Create 93 jobs	Created 34 jobs	Failure to create promised number of jobs	None	No action can be taken because Recipient is in the last year of its term; ODSA sent a letter on 9/24/2013
Westerman Nuclear LLC	Bremen/ Fairfield County	Job Creation Tax Credit	50	6	Create 84 jobs	Created 0 jobs	Failure to create promised number of jobs	Agreement terminated effective April 29, 2013	Approved by the Ohio Tax Credit Authority
Westhaven Services Co., LLC, et al.	Maumee/ Lucas County	Job Creation Tax Credit	50	7	Create 225 jobs; retain 250 jobs	Created 151 jobs; retained 250 jobs	Failure to create promised number of jobs	Reduce the tax credit term to 6 years	Approved by the Ohio Tax Credit Authority
Winston Products LLC	Glenwillow/ Cuyahoga County	Job Creation Tax Credit	45	6	Create 50 jobs; retain 17 jobs	Created 22 jobs; retained 17 jobs	Failure to create promised number of jobs	Reduce the rate to 40% for tax years 2013-2015	Approved by the Ohio Tax Credit Authority

## Appendix 5: Non-Compliant Loan Award Recipients

Award Recipient	Location	Program Type	Amount Received	Commitment	Performance	Reason for Non-Compliance	Loan Status as of 10/22/13	Remedial Action	Comments
Beech Engineering & Manufacturing, et al.	New Philadelphia/ Tuscarawas County	166 Direct	\$ 500,000	Create 15 jobs; retain 39 jobs	Created 0 jobs; retained 35 jobs	Failure to create promised number of jobs	Loan paid off in October 2013	ODSA sent letter of a 2% rate increase on September 17, 2013	
Bill J. Jernigan, Inc., dba Microfinish	Vandalia/ Montgomery County	Regional 166 Direct	\$ 120,000	Create 4 jobs	Created 0 jobs	Failure to create promised number of jobs	Current	None	ODSA sent a no further action letter on December 4, 2013 due to market conditions and improved 2013 job performance
Brilex Industries, Inc., et al.	Youngstown/ Mahoning County	166 Direct	\$ 500,000	Create 4 jobs; retain 124 jobs	Created 0 jobs; retained 120 jobs	Failure to create promised number of jobs	Current	None	ODSA deemed compliant because Recipient attained greater than 90% of the aggregate number of jobs promised to be created and retained
Chapman's Food Service, Inc.	Ashtabula/ Ashtabula County	Regional 166 Direct	\$ 270,000	Create 8 jobs		Failure to submit closeout report	Past due	None	ODSA certified file to AGO for collection
Charles H. Mack and Associates, Inc.	Cincinnati/ Hamilton County	Innovation Ohio	\$ 2,501,250	Create 70 jobs; retain 27 jobs	Created 20 jobs; retained 27 jobs	Failure to create promised number of jobs	Past due	None	Letter sent that ODSA taking no remedial action is conditional upon the loan being paid off by December 31, 2013
Chieftain Biofuels, LLC	Logan/ Hocking County	Pioneer Rural	\$ 500,000	Create 20 jobs; retain 7 jobs	Created 0 jobs; retained 0 jobs	Failure to create and retain promised number of jobs	Restructuring	None	ODSA is restructuring the loan
Gempco Holdings, LLC	Akron/ Summit County	Regional 166 Direct	\$ 350,000	Create 10 jobs	Created 0 jobs	Failure to create promised number of jobs	Past due 30 days, but makes monthly payments	None	ODSA deemed compliant based on job numbers from a related company, GMP Friction Products
Hanover Marine, LLC	Fairport Harbor/ Lake County	166 Direct	\$ 2,000,000	Create 90 jobs; retain 14 jobs	Created 45 jobs; retained 14 jobs	Failure to create promised number of jobs	Past due, restructuring	Pending	ODSA is restructuring the loan
Imalux Corporation	Cleveland/ Cuyahoga County	Innovation Ohio	\$ 500,000	Create 35 jobs; retain 2 jobs	Created 5 jobs; retained 2 jobs	Failure to create promised number of jobs	Insufficient funds for July-September 2013, paid for October 2013	None	ODSA will certify file to AGO for collection
Mountaineer Industries, LLC	Bellaire/ Belmont County	166 Direct	\$ 750,000	Create 25 jobs; retain 15 jobs	Created 19 jobs; retained 15 jobs	Failure to create promised number of jobs	Current	None	ODSA deemed compliant based on past year performance
MyriadHealth, LLC	Chagrin Falls/ Cuyahoga County	Innovation Ohio	\$ 750,000	Create 15 jobs; retain 3 jobs		Failure to submit closeout report	Past due	None	ODSA certified file to AGO for collection
Next Specialty Resins, Inc.	Sylvania Township/ Lucas County	166 Direct	\$ 429,000	Create 25 jobs	Created 16 jobs	Failure to create promised number of jobs	Current	ODSA sent letter of a 2% rate increase on November 7, 2013	ODSA considered the effect of market conditions
Ohio Basic Minerals, LLC	Liberty Township/ Jackson County	166 Direct	\$ 1,750,000	Create 43 jobs; retain 7 jobs	Created 9 jobs; retained 7 jobs	Failure to create promised number of jobs	Current	ODSA sent letter of a 2.5% rate increase on September 25, 2013	ODSA considered the effect of market conditions and is in talks with Recipient
PaceJet Logistics, Inc.	Lewis Center/ Delaware County	Innovation Ohio	\$ 805,500	Create 35 jobs	Created 20 jobs	Failure to create promised number of jobs	Current	ODSA sent letter of a 1% rate increase on August 14, 2013	
Stewart Ratcliff Aviation Services Inc.	Columbus/ Franklin County	Innovation Ohio	\$ 690,000	Create 46 jobs; retain 3 jobs	Created 3 jobs; retained 3 jobs	Failure to create promised number of jobs	Current	ODSA sent letter of a 3% rate increase on September 17, 2013	ODSA considered the effect of market conditions

**Appendix 5 Continued: Non-Compliant Loan Award Recipients**

<b>Award Recipient</b>	<b>Location</b>	<b>Program Type</b>	<b>Amount Received</b>	<b>Commitment</b>	<b>Performance</b>	<b>Reason for Non-Compliance</b>	<b>Loan Status as of 10/22/13</b>	<b>Remedial Action</b>	<b>Comments</b>
T. Kalar Enterprises, LLC	Willoughby/Lake County	Regional 166 Direct	\$ 206,500	Create 6 jobs; retain 15 jobs	Created 0 jobs; retained 7 jobs	Failure to create and retain promised number of jobs	Loan paid off in November 2013	ODSA sent an amendment for a 2% rate increase on November 7, 2013 for signature	
The Rookwood Corporation	Cincinnati/Hamilton County	166 Direct	\$ 673,500	Create 30 jobs; retain 30 jobs	Created 10 jobs; retained 30 jobs	Failure to create promised number of jobs	Current	None	ODSA sent a no further action letter on November 4, 2013 due to 2013 employment numbers
Ventaire, LLC	Logan/Hocking County	166 Direct	\$ 429,755	Create 50 jobs	Created 3 jobs	Failure to create promised number of jobs	Current	ODSA sent letter of a 3% rate increase on October 16, 2013	ODSA is discussing with Recipient
Willard & Kelsey Solar Group, LLC	Perrysburg/Wood County	Research & Development Investment	\$ 5,000,000	Create 400 jobs; retain 10 jobs	Created 1 job; retained 10 jobs	Failure to create promised number of jobs	Past due	None	ODSA certified file to AGO for collection