

**OHIO TAX CREDIT AUTHORITY MEETING
MEETING MINUTES
MEETING DATE: OCTOBER 27, 2014**

The regular meeting of the Ohio Job Creation Tax Credit Authority was called to order at 10:00 a.m. on October 27, 2014 in Columbus, Ohio by David Goodman.

Roll Call:	David Goodman, Chair	Present
	David Smith	Absent
	Emmett Kelly	Present
	Rod Crider	Present
	Brian Cooper	Present

Staff Members Present: John Werkman, Daniel Strasser, Stephanie Gostomski, and Sean Byrne

Others present: Andrew Charlton, Taylor Stepp, Chris Strayer, Karsten Sommer, and Lisa Wagner

Minutes Approval: Goodman made a motion to approve the minutes of the September 29, 2014 meeting. Crider seconded. The vote was 3-0 yes. Voting Goodman, Crider, and Cooper.

PROJECTS

R. K. Administrative Services, LLC appeared before the Tax Credit Authority requesting a tax credit for a project in the City of Waverly, Pike County. Goodman made a motion to approve a tax credit of 50% for 7 years for R. K. Administrative Services, LLC in exchange for a commitment to create 120 new full-time equivalent employees generating \$3,224,832 in new annual payroll at the project location in the City of Waverly, Pike County. In addition, the company will claim the tax credit on income tax revenue generated at the project location in excess of the company's baseline income tax revenue at the project location. The tax credit would begin on 1/1/2015 and end on 12/31/2021. Cooper seconded. The vote was 3-0. All present voted yes.

Lubrication Specialties, Inc. appeared before the Tax Credit Authority requesting a tax credit for a project in Chester Township, Morrow County. Goodman made a motion to approve a tax credit of 35% for 5 years for Lubrication Specialties, Inc. in exchange for a commitment to create 20 new full-time equivalent employees generating \$780,320 in new annual payroll and retaining \$598,275 in existing payroll at the project location in Chester Township, Morrow County. In addition, the company will claim the tax credit on income tax revenue generated at the project location in excess of the company's baseline income tax revenue at the project location. The tax credit would begin on 1/1/2015 and end on 12/31/2019. Crider seconded. The vote was 4-0. All present voted yes.

Sage Sustainable Electronics LLC appeared before the Tax Credit Authority requesting a tax credit for a project in the City of Columbus, Franklin County. Goodman made a motion to approve a tax credit of 45% for 6 years for Sage Sustainable Electronics LLC in exchange for a commitment to create 52 new full-time equivalent employees generating \$3,200,000 in new annual payroll and retaining \$109,000 in existing payroll at the project location in the City of Columbus, Franklin County. In addition, the company will claim the tax credit on income tax revenue generated at the project location in excess of the company's baseline income tax revenue at the project location. The tax credit would begin on 1/1/2015 and end on 12/31/2020. Kelly seconded. The vote was 4-0. All present voted yes.

Ampacet (Ohio), Inc. appeared before the Tax Credit Authority requesting a tax credit for a project at a to-be-determined location. Goodman made a motion to approve a tax credit of 40% for 5 years for Ampacet (Ohio), Inc. in exchange for a commitment to create 14 new full-time equivalent employees generating \$2,060,000 in new annual payroll and retaining \$365,000 in existing payroll at the project location at the to-be-determined location. In addition, the company will claim the tax credit on income tax revenue generated at the project location in excess of the company's baseline income tax revenue at the project location. The tax credit would begin on 1/1/2016 and end on 12/31/2020. Crider seconded. The vote was 4-0. All present voted yes.

Webster Industries, Inc. appeared before the Tax Credit Authority requesting a tax credit for a project in the City of Tiffin, Seneca County. Goodman made a motion to approve a tax credit of 45% for 7 years for Webster Industries, Inc. in exchange for a commitment to create 65 new full-time equivalent employees generating \$2,470,000 in new annual payroll and retaining \$11,868,480 in existing payroll at the project location in the City of Tiffin, Seneca County. In addition, the company will claim the tax credit on income tax revenue generated at the project location in excess of the company's baseline income tax revenue at the project location. The tax credit would begin on 1/1/2015 and end on 12/31/2021. Cooper seconded. The vote was 4-0. All present voted yes.

OTHER BUSINESS

ABC Manufacturing, Inc. (Village of Malta/ Morgan County)

The staff recommends that the Authority terminate the tax credit agreement with clawback for failure to maintain operations during the term of the agreement. On 12/3/2007, the grantee was approved for a 55%/6 year tax credit in exchange for a commitment to create 200 new jobs at the project location. In addition, on 12/10/2012, the Authority reduced the term of the agreement to 4 years with post-term reporting requirements through 2015. Despite multiple attempts, DSA has been unable to reach the grantee to provide the 2013 annual reporting documents or to receive evidence of market conditions that impacted the grantee's ability to maintain operations. Additional research indicates that the grantee entered into bankruptcy proceedings and subsequently ceased operations at the project location. Due to this failure, the Authority has statutory authorization to require clawback of the credits issued. Based on this information, the staff recommends that the Authority terminate the agreement with the maximum clawback allowed by law.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

Faurecia Interior Systems, Inc. (City of Northwood/ Wood County)

The staff recommends that the Authority terminate the tax credit agreement with clawback for failure to maintain operations during the post-term reporting period. On 9/26/2005, the grantee was approved for a 60%/7 year tax credit in exchange for a commitment to create 75 new jobs at the project location. In June 2014, DSA learned that the grantee's Northwood facility was closed during the active term of the agreement. Due to this failure, the Authority has statutory authorization to require clawback of 100% of the credits issued, which totaled \$272,831.51. The grantee provided DSA with a statement on adverse market conditions. Based on this information, the staff recommends a clawback of \$90,000.

Goodman made a motion to accept staff recommendation and Crider seconded; Kelly abstained. The vote was 3-0. All present voted yes.

Jason Wisconsin, Incorporated (City of Norwalk/ Huron County & Village of Newcomerstown/ Tuscarawas County)

The staff recommends that the Authority terminate tax credit agreements 96-068 and 00-024 in exchange for a combined settlement payment of \$150,000 for failure to maintain operations during the post-term reporting period. This recommendation takes into account the market conditions and extenuating circumstances that impacted the grantee. In light of the fact that the grantee will maintain operations in Norwalk until late 2014, DSA considers the grantee to have fulfilled its post-term reporting obligations for JCTC agreement 93-080, and considers the matter of its continued operations under that agreement to be closed.

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

Shearer's Foods, Inc. (City of Massillon/ Stark County)

The staff recommends that the Authority terminate the tax credit agreement for failure to submit annual reports for years 2010-2013. On 1/28/2008, the grantee was approved for a 50%/8 year tax credit in exchange for a commitment to create 181 new jobs and retain 178 jobs at the project location. The grantee received a letter from DSA dated July 29, 2014 requiring that the outstanding 2010-2013 annual reports be submitted by August 29, 2014. To Date, DSA has not received the annual reports, and according to section 5 of the agreement, the grantee is in default. Based on this information, the staff recommends terminating the agreement without clawback, as no certificates were issued to the company.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

Resource Ventures, Ltd. (City of Cincinnati/ Hamilton County)

The staff recommends that the Authority reduce the term of the tax credit for failure to create the required number of jobs as set forth in the agreement. Due to this failure, the Authority has statutory authorization to reduce the term of the tax credit agreement. On 3/29/2010, the grantee was approved for a 45%/6 year tax credit in exchange for a commitment to create 10 new FTEs and retain 9 FTEs at the project location. The grantee's 2012 annual report shows 15 total full-time jobs, thereby making the grantee noncompliant with the terms of the agreement. Based on this information, the staff recommends that the Authority reduce the term of the tax credit agreement to 5 years, ending 12/31/2014. Post-term reporting requirements may be fulfilled by filing annual progress reports with DSA for years 2015 - 2017.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

Specialty Retailers, Inc. (City of Jeffersonville/ Fayette County)

The staff recommends that the Authority reduce the term of the tax credit for failure to create the required number of jobs as set forth in the agreement. Due to this failure, the Authority has statutory authorization to reduce the term of the tax credit agreement. On 7/30/2007, the grantee was approved for a 35%/7 year tax credit in exchange for a commitment to create 160 new jobs at the project location. Annual reports submitted by the grantee for years 2009 - 2013 show that the grantee was only able to create a total of 67 jobs at its highest point, thereby making the grantee non-compliant with the agreement. Based on this information, the staff recommends that the Authority reduce the term of the tax credit agreement to 6 years, ending 1/1/2015. Post-term reporting requirements may be fulfilled by filing annual progress reports with DSA for years 2015 - 2020.

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

U.S. Bank, National Association (City of Cincinnati/ Hamilton County)

***Tabled until December meeting*

Cornerstone Consolidated Services Group, Inc. (City of Fairfield/ Butler County)

The staff recommends that the Authority reassign the agreement from Cornerstone Consolidated Services Group, Inc. (and associated FEIN) to Cornerstone Services Inc. (and associated FEIN).

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

Corporate Express Office Products, Inc. (City of Fairfield/ Butler County)

The staff recommends that the Authority reassign the agreement from Corporate Express Office Products, Inc. (and associated FEIN) to Staples Contract & Commercial, Inc. (and associated FEIN). Staples acquired Corporate Express in July 2008.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

GEI of Columbiana, Inc. (City of Youngstown/ Columbiana County)

The staff recommends that the Authority reassign the agreement from GEI of Columbiana, Inc. (and associated FEIN) to Lefton Metal Enterprises Corporation dba Pennex Aluminum Company, LLC (and associated FEIN). Additionally, the staff recommends that the Authority remove the grantee, GEI Corporation of Ohio from the tax credit agreement.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

VXI Global Solutions, Inc. (City of Youngstown/ Mahoning County; City of Canton/ Stark County; & City of Forest Park/ Hamilton County)

The staff recommends that the Authority reassign the tax credits from VXI Global Solutions, Inc. (and associated FEIN) to VXI Global Solutions, LLC (and associated FEIN). The company converted to an LLC.

Goodman made a motion to accept staff recommendation and Cooper seconded. The vote was 4-0. All present voted yes.

Entex Information Services (City of Mason/ Warren County)

The staff recommends that the Authority reassign the tax credit from Entex IT Services, Inc. (and associated FEIN) to Atos IT Solutions and Services, Inc. (and associated FEIN).

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

Shadow Holdings, LLC (City of New Albany/ Licking County)

The staff recommends that the Authority approve the following changes:

- (1) Reassign the tax credit agreement from Shadow Holdings, LLC (and associated FEIN) to Bocchi Laboratories Ohio, LLC (and associated FEIN).
- (2) Add 9200 Smith's Mill Road, New Albany, OH 43054 as the project location.

At the time of the original TCA approval, the project location had not been finalized and the operating entity did not exist. Since then, Bocchi Laboratories Ohio, LLC has been established and will be the employer of record.

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

Homeworks, Inc. (Village of Boston Heights/ Summit County)

The staff recommends that the Authority change the name of the beneficiary on the agreement from Homeworks, Inc. to Arhaus, LLC. The company gained new minority ownership and needed to legally restructure. The FEIN remains the same.

Goodman made a motion to accept staff recommendation and Kelly seconded; Cooper abstained. The vote was 3-0. All present voted yes.

Minova USA Inc. (Village of South Point/ Lawrence County)

The staff recommends that the Authority change the name of the beneficiary on the agreement from Minova USA Inc. to Orica Limited. The FEIN remains the same.

Goodman made a motion to accept staff recommendation and Cooper seconded; Kelly abstained. The vote was 3-0. All present voted yes.

Equity Administrative Services, Inc. (City of Elyria/ Lorain County)

The staff recommends that the Authority remove the grantee, Sterling Administrative Services, LLC (and associated FEIN) from the tax credit agreement.

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

Allstate Insurance Company (City of Hudson/ Hudson County)

The staff recommends that the Authority make the following changes:

- (1) Reduce the job retention commitment from 1,363 to 1,190 FTEs;
- (2) Reduce the maximum annual certificate amount from \$143,700 to \$122,000.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

SRI Ohio, Inc. (City of Lancaster/ Fairfield County)

The staff recommends that the Authority make the following changes:

- (1) Change the tax credit effective date from 1/1/2010 to 1/1/2011;
- (2) Reduce the created job commitment from 90 to 50 FTEs;
- (3) Reduce the created payroll commitment from \$3,000,000 to \$2,900,000;
- (4) Reduce the rate from 45% to 40% (the term will remain at 6 years).

These changes are due to project delays in hiring and actual performance in the closeout year of the agreement.

Goodman made a motion to accept staff recommendation and Cooper seconded. The vote was 4-0. All present voted yes.

Hamlet Protein Inc. (City of Findlay/ Hancock County)

The staff recommends that the Authority make the following changes:

- (1) Reduce the new job commitment from 25 to 20 FTEs;
- (2) Reduce the new payroll from \$1,100,000 to \$1,000,000;
- (3) Reduce the rate from 50% to 45% (the term will remain at 6 years).

Goodman made a motion to accept staff recommendation and Cooper seconded. The vote was 4-0. All present voted yes.

Big Sandy Distribution, Inc. (Green Township/ Scioto County)

The staff recommends that the Authority make the following changes:

- (1) Add the grantee, Big Sandy Furniture, Inc. (and associated FEIN);
- (2) Reduce the retained job commitment from 30 to 8 FTEs;
- (3) Increase the retained payroll commitment from \$200,000 to \$242,872;
- (4) Reduce the original withholding amount from \$65,967.51 to \$3,220.28.

The additional grantee will be effective 1/1/2014, while all other changes are effective 1/1/2012. These changes are due to an administrative error on the original application.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

Pier 1 Imports (U.S.) Inc. (City of Grove City/ Franklin County)

The staff recommends that the Authority change the tax credit effective date from 1/1/2014 to 1/1/2015.

Goodman made a motion to accept staff recommendation and Kelly seconded. The vote was 4-0. All present voted yes.

ExpressPoint Technology Services, Inc. (City of Grove City/ Franklin County)

The staff recommends that the Authority change the project location from the City of Columbus to 5701 North Meadows Dr., Grove City, OH 43123.

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

e-Cycle LLC (City of Hilliard/ Franklin County)

With the company's written consent, the staff recommends that the Authority approve the reduction of the grantee's new job commitment from 183 FTEs to 40 FTEs. To align with the new commitment, the staff recommends that the Authority reduce the grantee's 55%/11 year tax credit to 40%/2 years, 55%/3 years, and 40%/1 year (40% for 2010 - 2011, 55% for 2012 - 2014, and 40% for 2015), for a total of 6 years. Post-term reporting requirements may be fulfilled by filing annual progress reports with DSA for years 2016-2018.

Goodman made a motion to accept staff recommendation and Cooper seconded. The vote was 4-0. All present voted yes.

Quantum Health, Inc. (City of Columbus/ Franklin County)

With the company's written consent, the staff recommends that the Authority approve the reduction of the grantee's new job commitment from 525 FTEs to 210 FTEs. New payroll will be reduced from \$24,400,000 to \$15,000,000. To align with the new commitment, the staff recommends that the Authority reduce the grantee's 60%/8 year tax credit to 60%/2 years and 55%/5 years (60% for 2012 - 2013 and 55% for 2014 - 2018), for a total of 7 years. Post-term reporting requirements may be fulfilled by filing annual progress reports with DSA for years 2019-2021.

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

Hydrodec North American Holdings, Inc. (City of Canton/ Stark County)

Per the company's request, the staff recommends that the Authority terminate the tax credit agreement. The company was issued a 2009 tax credit certificate, but DSA was able to confirm that it was never claimed. Additionally, the company has agreed to waive any pending or unissued tax credit certificates.

Goodman made a motion to accept staff recommendation and Cooper seconded. The vote was 4-0. All present voted yes.

CANCELLATIONS

The staff recommends that the Authority cancel the following tax credits. The companies have never executed the tax credit agreements and have not received any tax credit certificates.

- ABS Materials, Inc. (City of Wooster/ Wayne County)
- American Trailer Works Inc. (Village of Mt.Orab/ Brown County)
- Ashlawn Energy, LLC (City of Painesville/ Lake County)
- Composite Technologies Co., LLC (City of Dayton/ Montgomery County)
- FRAM Group Operations LLC (City of Perrysburg/ Wood County)
- Funai Service Corporation (City of Groveport/ Franklin County)
- Invado International, LLC (Village of Richfield/ Summit County)
- Metrolinked, LLC (City of Upper Arlington/ Franklin County)
- Netsmart Technologies, Inc. (City of Dublin/ Franklin County)
- OGM, Ltd. dba Clean Water, Ltd. (Jefferson Township/ Montgomery County)
- OGM, Ltd. dba Clean Water, Ltd. (City of Mansfield/ Richland County)
- Orion Allied Services LLC (TBD/TBD)
- PeopleToMySite.com, LLC (City of Gahanna/ Franklin County)
- Rockfish Interactive, Inc. (City of Cincinnati/ Hamilton County)
- The Dow Chemical Company (City of Findlay/ Hancock County)
- Xchanging, Inc. (TBD/TBD)

Goodman made a motion to accept staff recommendation and Crider seconded. The vote was 4-0. All present voted yes.

MOTION TO AJOURN

The meeting was adjourned at 11:02 pm by David Goodman.

The next meeting is scheduled December 3, 2014 at 10:00 a.m. on the 31st Floor.

Chair of Ohio Tax Credit Authority's Signature

