



OHIO AIR QUALITY DEVELOPMENT AUTHORITY  
**2011 Annual Report**

*Clean Air and Clean Energy  
are Good Business.*



## **Table of Contents**

Letter to Stakeholders .....	1
About the OAQDA .....	2
2011 Highlights .....	4
2011 OAQDA Approved Project Development and Financing .....	7
2010 OAQDA Financial Statement .....	8

# The Ohio Air Quality Development Authority

October 2012



CLEAN AIR & CLEAN ENERGY  
ARE GOOD BUSINESS

Letter to our Stakeholders:

Over the years, we have learned to anticipate change and evolution in the operations and responsibilities of the Ohio Air Quality Development Authority. But as 2011 unfolded, it became quite clear that we would be experiencing a year unlike any other in recent memory. Here are a few of the highlights.

Two outstanding, new individuals came aboard as Authority members in 2011. John Haseley joined our ranks in January, and Michael Keenan began his service in September. And in April, long-time OAQDA Executive Director Mark Shanahan retired.

We found out in the spring that the state's new biennial budget would include the transfer of the Ohio Coal Development Office and its employees, from OAQDA back to its original host agency, the Ohio Department of Development, effective July 1. Authority members and staff worked diligently with the new administration of Governor John Kasich and members of his Development Department to assure the smoothest possible transition.

Throughout 2011, we observed a significant increase in the number of energy conservation projects brought before the Authority for our consideration. They ranged from the acquisition of new energy-efficient washing machines by a dry cleaner in Licking County, to new paint booth technology for an auto body shop in Cuyahoga County, to the complete restoration of a historic, downtown Cincinnati hotel, to the installation of rooftop solar panels on all Ohio Walgreens stores.

In addition, a growing number of public entities across the state seeking to improve energy efficiency and cut hazardous air emissions approached us for financing through the Qualified Energy Conservation Bond (QECB) program, administered in Ohio by OAQDA. The program combines OAQDA tax-exempt revenue bonds with QECB federal tax-credit bonds to achieve blended, below-market-rate loan financing. During 2011, two Ohio municipalities, two counties and one state university took advantage of this unique program to implement major overhauls of their energy systems.

OAQDA continued our practice of issuing revenue bonds, refinancings and refundings on behalf of major Ohio manufacturers and utilities for the acquisition of air quality facilities. We also provided financial support for a number of advanced energy projects, including several from the Ohio Advanced Energy Job Stimulus Program. These included a waste-to-electricity project and the final clean coal technology project approved by the Authority just prior to the transfer of the coal program back to the Development Department.

In 2011, OAQDA enjoyed another year of service to the people of Ohio. We look forward to an equally diverse and impactful year in 2012.

Respectfully,

A handwritten signature in black ink that reads "Gayle Channing Tenenbaum".

**Gayle Channing Tenenbaum**  
Chair

A handwritten signature in black ink that reads "Todd Nein".

**Todd Nein**  
Interim Executive Director

# About the OAQDA:

The air we breathe isn't something we think about very often. Yet, the quality of that air is essential to our very existence.

In Ohio, combining protection of air quality with economic development is the job of the Ohio Air Quality Development Authority (OAQDA).

OAQDA helps large and small Ohio businesses and government agencies comply with federal Clean Air Act standards through loans, grants and tax exempt financing for equipment and construction. In addition, OAQDA plays a part in Ohio's role as a national leader in advanced energy technology through loans and grants to institutions for clean energy research.

OAQDA issues air quality revenue bonds, notes and refunding bonds and makes loans and grants to governmental agencies for the acquisition and construction of air quality facilities. For a variety of businesses and industries including public utility companies, the agency can make loans for equipment and construction projects that improve air quality.

In addition, OAQDA can acquire, construct and operate air quality facilities itself as well as engage in research and development with respect to air quality facilities.

OAQDA offers several programs aimed at advancing clean air and clean energy technology in Ohio:

## **Project Development and Finance**

To help Ohio businesses contribute to cleaner air, OAQDA provides financing support to encourage investing in the purchase, construction and/or installation of air quality facilities. All financing instruments issued by OAQDA are bonds, but they can be structured in various ways based on the needs of each project. This flexibility has allowed OAQDA to assist in financing projects ranging from more than \$350 million down to \$14,000. OAQDA bonds are in the "municipal debt" category and can be tax-exempt or taxable.

## **Small Business Assistance – Clean Air Resource Center (CARC)**

As the small business outreach arm of OAQDA, CARC works as a partner with small businesses to promote clean air and economic prosperity. Bond financing from CARC is available for up to 40 years. Historically, projects have ranged from \$13,000 to \$5 million.

## **Qualified Energy Conservation Bonds**

Local governments and public universities use QECB financing for energy-conserving equipment and facilities. Under a QECB financing package, OAQDA authorizes Air Quality Development Bonds for issuance as a Series A federally tax-exempt bond, along with another bond as a Series B Qualified Energy Conservation Bond (QECB) federal tax-credit bond. Combining funding from the two separate sources results in a lower, "blended" interest rate for the participating entity.

## **Advanced Energy Job Stimulus Program**

The Advanced Energy Job Stimulus Program was designed to create new jobs and boost Ohio's energy industry. The program officially closed in 2011 (it was designed as a three-year program capped at \$150 million). This program focused on advanced energy projects that serve to attract new investment to Ohio, build upon Ohio's manufacturing strength, advance energy technology development toward commercialization and prepare Ohio's workforce for the future. Project awards ranged from approximately \$50,000 to \$2 million, based on size and scope, on jobs created or maintained, investments and other impacts that may help economic development.



### **Hamilton County Courthouse**

*Hamilton County Commissioners utilized Qualified Energy Conservation Bonds to make energy efficiency upgrades to four county buildings.*



### **Licking County Courthouse**

*In Licking County, Commissioners were authorized, through Qualified Energy Conservation Bonds, to make energy efficiency upgrades to the courthouse, as well as other county buildings and facilities.*

# 2011 OAQDA Highlights

*A review of continued investment and leadership in energy conservation, hazardous air emission reductions and advanced energy technology support*

## February

At its February meeting, OAQDA authorized the issuance of \$5.4 million in financing for energy efficiency and conservation projects at Kent State University's Ashtabula, East Liverpool, Geauga, Salem and Trumbull regional campuses. The combined projects are expected to generate \$442,501, or 34 percent in annual energy savings, while also cutting greenhouse gas emissions in amounts equivalent to removing 466 cars from the road.



## March

In March, OAQDA authorized the issuance of \$3,039,574 in revenue bond financing to assist in the rehabilitation of the old Federal Reserve Building in downtown Cincinnati. The financing will be used to replace all of the building's electrical, HVAC, plumbing and lighting systems during its transformation into its original purpose, a luxury hotel.



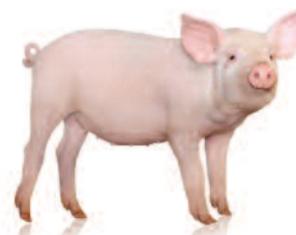
Also at its March meeting, the Authority approved two resolutions supporting Energy Industry of Ohio's project, "A Supplier Development Program for Clean Coal and Nuclear Energy Components", to develop the supply chain required to aid the commercialization of high-temperature materials in Ohio. OAQDA authorized \$305,842 for the clean coal project component and \$393,824 for the nuclear component.

## April

OAQDA achieved a milestone at its April meeting with the approval of QECB financing for the first two Ohio municipalities seeking assistance for energy conservation projects at their facilities. The Authority approved \$1,036,011 for the City of Findlay and \$772,291 for the City of South Euclid. Estimated annual energy costs savings are \$36,972 for Findlay and \$47,328 for South Euclid.



The April meeting also saw the authorization of \$9,675,000 to assist Suregreen Farms in Darke County in purchasing an anaerobic digester that will use pig manure and other by-products to generate 1.4 megawatts of electricity and recover waste heat to provide process heat and building heating. This advanced energy project will enable Suregreen Farms and its partners to more efficiently feed 600,000 pigs annually.



## May

Kent State University returned to OAQDA in May with a successful request for \$20 million in financing to install energy efficiency and conservation upgrades at 24 residence halls on its main campus. The project will result in reduced energy consumption of 37 percent annually and combined energy and water cost savings of more than \$1.8 million, or 39 percent.

The Authority also approved financing of \$170,000 in air quality bonds to enable Highlander Cleaning Centers of Newark to purchase new washers. Two years earlier, the company was approved for financing of \$50,000 to purchase a state-of-the-art energy efficient dryer.

Also in May, OAQDA authorized an Advanced Energy Research and Development loan of \$5,237,400 to SoCore Energy, LLC to install rooftop photovoltaic solar systems on 52 Walgreens stores



throughout Ohio. The systems will interconnect with the local grid, thereby offsetting the electricity usage at the Walgreens stores.

## June

The June meeting also marked a different kind of milestone for OAQDA when it approved its final clean coal project through its Ohio Coal Development Office (OCDO) program. Authority members authorized \$538,887 for a project of Babcock & Wilcox PPG, Inc., for the project “Advancing Oxy-firing for High-Sulfur Coal-Fired Boilers.” The project was part of the company’s

long-standing work to identify cost efficient and environmentally friendly ways to expand the use of Ohio’s high-sulfur coal. OCDO was transferred back to the Ohio Department Development, effective July 1, 2011, as part of the state’s new biennial budget.



## September

At its September meeting, OAQDA authorized a \$5 million Advanced Energy Research and Development loan to Isofoton North America to assist in the construction of a photovoltaic solar panel manufacturing facility in Henry County. The 86,000 square-foot plant is expected to create 121 new full-time jobs, while generating 27 megawatts of electricity. Subsequent planned plant expansions will increase generation to 96 megawatts.

Also in September, Licking County was approved for QEBC financing of \$4.7 million to assist in financing of numerous energy efficiency and conservation projects at 12 county government buildings. The various retrofits will result in annual energy consumption cost savings of \$91,315 and the avoidance of 580 tons of carbon dioxide. The greenhouse gas emission reductions are the equivalent of removing 114 passenger cars from the road or eliminating the energy consumption of 51 average homes.

# 2011 OAQDA Highlights

## October

In October, Hamilton County was authorized for QECB financing of \$5.5 million for an energy efficiency and conservation of four county buildings. Total annual energy savings are projected at \$402,807, along with the expected creation or retention of 80 jobs. The project will also cut annual emissions of greenhouse gases by the equivalent of removing 855 cars from the road, or fully powering 544 homes.



## December

At its December meeting, OAQDA authorized \$176,500 in financing for Harden Auto Body of South Euclid for the purchase of two new paint booths that will utilize cleaner water-based products. The new booths will help reduce the company's energy consumption, cut air emissions and increase productivity.

OAQDA also authorized a financing increase for the Hamilton County project from \$5.5 million to \$5.6 million to cover increased project cost estimates.

## 2011 Approved Project Development and Finance Projects

### 2011 Approved Project Development and Financing

Month	Company	Amount	Program
<b>February</b>	Kent State University	\$5,450,000	QECCB
<b>March</b>	21C Cincinnati LLC	\$3,039,574	Financing
	Maintenance Repair Supply, Inc. dba Convertapax	\$150,000	Financing
	SCR/CoalLogix	\$2,500,000	OCDO
	FirstEnergy Generation Corp	\$50,000,000	Financing
<b>April</b>	City of Findlay	\$1,036,011	QECCB
	City of South Euclid	\$772,291	QECCB
	Suregreen Farms	\$9,675,000	Financing
	Central Ohio Community Improvement Corp	\$2,600,000	Financing
<b>May</b>	Highlander Cleaning Centers, Inc.	\$170,000	Financing
	SoCore Energy LLC	\$5,237,400	Stimulus
	Kent State University	\$20,000,000	QECCB
<b>June</b>	Babcock & Wilcox PPG, Inc.	\$538,887	OCDO
<b>September</b>	Isofoton North America, Inc.	\$5,000,000	Stimulus
	Licking County	\$4,700,000	QECCB
<b>October</b>	Duke Energy Ohio, Inc.	\$187,000,000	Financing
	United States Steel Corporation	\$10,160,000	Financing
	Hamilton County	\$5,500,000	QECCB
<b>November</b>	KSU Field House 1, LLC	\$1,686,221	Financing
	AK Steel Corporation	\$36,000,000	Financing
<b>December</b>	Hamilton County*	\$5,600,000	QECCB
	Harden Auto Body	\$176,500	Financing

\*Due to a project cost increase, Hamilton County's original financing of \$5,500,000 was increased to \$5,600,000.

# 2011 Financial Statement (Unaudited)

## Ohio Air Quality Development Authority Summary of Net Assets for the Year Ending December 31, 2011

TABLE 1  
NET ASSETS (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and Other Assets	\$ -	\$ 5,577	\$ 62,756	\$ 67,613	\$ 62,756	\$ 73,190
Capital Assets, Net	-	-	12	17	12	17
Total Assets	-	5,577	62,768	67,630	62,768	73,207
<b>Liabilities:</b>						
Current and Other Liabilities	-	237	632	81	632	318
Total Liabilities	-	237	632	81	632	318
<b>Net Assets:</b>						
Invested in Capital Assets	-	-	12	17	12	17
Restricted:						
Coal Research & Development	-	5,340	-	-	-	5,340
Advanced Energy Projects	-	-	50,331	55,679	50,331	55,679
Program administration	-	-	2	-	2	-
Unrestricted	-	-	11,791	11,853	11,791	11,853
Net Assets	\$ -	\$ 5,340	\$ 62,136	\$ 67,549	\$ 62,136	\$ 72,889

The figures are from the 2011 Financial Statements prepared in response to the Auditor of State's initial review. The final review is not yet complete. The notes to the financial statement are an integral part of the statement. A full copy can be requested from the OAQDA.

# 2011 Financial Statement, cont.

## Ohio Air Quality Development Authority Statement of Activities for the Year Ending December 31, 2011

TABLE 2

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for services	Operating Grants	Governmental Activity	Business-Type Activities	Total
<b>Governmental Activity:</b>						
Community and economic development	\$ 2,503,437	\$ -	\$ 111,913	\$ (2,391,524)		\$ (2,391,524)
<b>Business-Type Activities:</b>						
Air quality development	1,089,975	353,367	435,188		(301,420)	(301,420)
Energy strategy development	5,613,267	7,200	-		(5,606,067)	(5,606,067)
Total Business-Type Activities:	6,703,242	360,567	435,188		(5,907,487)	(5,907,487)
Total	\$ 9,206,679	\$ 360,567	\$ 547,101	(2,391,524)	(5,907,487)	(8,299,011)
<b>General Revenues:</b>						
Investment earnings				11,360	88,491	99,851
Miscellaneous				-	29,358	29,358
Energy loan interest				-	361,180	361,180
Energy loan fees				-	15,415	15,415
Special Item - transfer of opinion unit				(2,959,767)	-	(2,959,767)
Total General Revenues and Special Item				(2,948,407)	494,444	(2,453,963)
Changes in net assets				(5,339,931)	(5,413,043)	(10,752,974)
Net assets at beginning of year				5,339,931	67,548,809	72,888,740
Net assets at end of year				\$ -	\$ 62,135,766	\$ 62,135,766

The figures are from the 2011 Financial Statements prepared in response to the Auditor of State's initial review. The final review is not yet complete. The notes to the financial statement are an integral part of the statement. A full copy can be requested from the OAQDA.

## 2011 Ohio Air Quality Development Authority Members

Gayle Channing Tenenbaum, *Chair*, Columbus

David M. Benjamin, *Vice Chair*, Aurora (term expired June 30, 2011)

Clifford R. Cloud, *Vice Chair*, Columbus

Jeffrey M. Jacobson, *Secretary-Treasurer*, Columbus

John Haseley, Columbus

Michael H. Keenan, Dublin

### *Ex Officio members:*

Dr. Theodore Wymyslo, Director of the Ohio Department of Health

Scott Nally, Director of the Ohio Environmental Protection Agency



Todd Nein, *Interim Executive Director*

### **Ohio Air Quality Development Authority**

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