



OHIO AIR QUALITY DEVELOPMENT AUTHORITY

# 2012 Annual Report

*Clean Air and Clean Energy  
are Good Business.*



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Letter to our Stakeholders:

2012 was a year characterized by constant activity for the Ohio Air Quality Development Authority (OAQDA). Almost every month witnessed the approval of financing by Authority members for at least one new project, primarily in the arena of energy efficiency and conservation.

Much of that activity centered around the Qualified Energy Conservation Bond program (QECB) administered in Ohio by OAQDA. A total of six QECB financings were approved by the Authority – two for Ohio counties, one for municipalities and the remaining three for public universities. In addition, OAQDA approved its first-ever federally tax-exempt financing for a recycling facility at our December meeting. These and other OAQDA actions during 2012 are detailed in the “Highlights” section that follows.

In addition to all of these positive developments last year, Authority members also addressed a few projects from earlier years which were part of the Advanced Energy Job Stimulus Program. While this three-year program came to an end in 2011, a number of its approved projects were still in progress and being monitored by OAQDA during 2012.

Finally, OAQDA’s two longest-serving members – Gayle Channing Tenenbaum and Clifford R. “Kip” Cloud – announced their retirements in December. Kip’s retirement was effective as of December 31, 2012, and Gayle’s on January 31, 2013. We thank them for their service and wish them all the best in their future endeavors. A brief tribute to each is included in this report.

As always, we appreciate your ongoing support and interest as we carry on with OAQDA’s mission to protect Ohio’s air quality and promote good energy stewardship.

Respectfully,

A handwritten signature in blue ink that reads "Michael H. Keenan".

**Michael H. Keenan**  
Chair

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

**Todd Nein**  
Interim Executive Director

# About the OAQDA

**“Clean air and clean energy are good business.”** That’s been OAQDA’s motto for many years, and it continues to be an accurate depiction of the Authority’s primary areas of responsibility.

OAQDA helps large and small Ohio businesses and government agencies comply with or exceed Clean Air Act standards through loans, grants and tax-exempt financing for equipment and construction of air quality facilities. In addition, OAQDA administers the Qualified Energy Conservation Bond program (QECCB) in Ohio, which helps public institutions in the financing of energy efficiency and conservation projects.

The Authority also can acquire, construct and operate air quality facilities itself, as well as engage in research and development related to air quality in Ohio.

The primary programs administered by OAQDA include the following:

## **Project Development and Finance**

To help businesses contribute to cleaner air, OAQDA provides financing support to encourage investment 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 to as little as \$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 offers lower-cost financing to help with the purchase of mandated pollution control equipment. In addition to helping small businesses pay for up-front costs of financing air quality projects, CARC also provides tax incentives through conduit financing and small business grants to cover closing costs. 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 QECCB financing for energy-conserving equipment and facilities. Under a QECCB 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 QECCB federal tax-credit bond. Combining funding from the two separate sources results in a lower, “blended” interest rate for the participating entity.

## A Fond Farewell to OAQDA's Two Longest-Serving Members



*Gayle Channing Tenenbaum*



*Clifford R. "Kip" Cloud*

**G**ayle Channing Tenenbaum and Clifford R. "Kip" Cloud announced their plans to retire from their long-time service with OAQDA at the Authority's December 2012 meeting. Kip's retirement took effect on December 31, 2012, and Gayle's on January 31, 2013.

Gayle first joined the Authority in 1975 and accumulated 28 total years of service. Just before her retirement, she served as Authority Chair, a post she also held in prior years. Gayle witnessed dramatic changes in OAQDA's responsibilities, evolving from a singular focus on authorizing bond issuances for industries and utilities to a broader range of financing packages that have also helped small businesses, clean coal research, advanced energy initiatives and energy conservation for local governments and public universities.

Gayle now devotes herself to her work as an advocate for Ohio's children and for mental health issues. She serves as director of policy and government affairs for the Public Children's Services Association of Ohio, and she is co-chairperson for Advocates for Ohio's Future.

Kip was appointed to the Authority in 1993 and served continuously for the past 18 years. He has frequently expressed pride in the fact that numerous Ohio governors and legislators have demonstrated ongoing confidence in the Authority's ability to manage new responsibilities in the environmental and energy fields. Kip also served OAQDA – and of course, the people of Ohio – as Authority Chair in previous years. He continues to operate his own law firm, Clifford R. Cloud and Associates.

# 2012 OAQDA Highlights

## *Continued investment and leadership in hazardous air emission reductions and energy efficiency and conservation*

### January

OAQDA approved \$5.8 million in financing for a variety of energy efficiency and conservation equipment and systems at the Ohio Reformatory for Women in



Ohio Reformatory for Women in Marysville was approved for energy financing that made a number of improvements including lighting and laundry systems.

Marysville. Improvements included new lighting fixtures and direct digital control equipment system-wide, as well as a new ozone laundry system and the conversion of the powerhouse from steam to hot water operation. The project will cut the reformatory's annual utility bills by \$664,682, or 30 percent, and cutting air emissions by the equivalent of removing 1,079 cars from the road.

### April

Twelve municipal buildings in the City of Trotwood received Authority approval of \$1.855 million in QECB financing for a variety of energy efficiency and conservation improvements. Those included mechanical and lighting systems, and a significant upgrade to the energy infrastructure of the Government Center. Total annual energy savings were projected at \$124,197, or 49 percent, with air emissions reductions equivalent to the avoided energy consumption of 81 homes.



### May

Authority members approved \$1,380,000 in QECB financing to help fund energy improvements at six Jefferson County buildings, including the Courthouse, Children's Services, Job and Family Services, Justice Center, Service Center and Veterans Services. The retrofits included lighting, water conservation systems and kitchen equipment. Total annual savings of \$188,693 were projected, along with reduced air emissions equivalent to the planting of 15,168 trees.



Energy conservation financing was approved for six buildings in Jefferson County, including the courthouse.

### June

Hocking College campuses in Nelsonville and New Lexington were approved for \$550,000 in financing. The funds were targeted for energy efficiency and conservation improvements that included comprehensive upgrades at campus facilities, new lighting fixtures and building automations and gas well reconditioning. Projected energy savings were \$57,460, or 12 percent, in addition to greenhouse gas emissions reductions equivalent to removing 100 cars from the road.



Energy efficiency projects were approved for Hocking College campuses in New Lexington and Nelsonville.

## July

Authority members approved \$29 million in QECB financing to help Ohio University install energy efficiency and conservation upgrades at 72 buildings on its main campus in Athens. Campus-wide lighting retrofits were installed, along with a host of other improvements at select buildings across campus. Those included new air systems, direct digital controls, variable frequency drives on four dozen fan motors and water conservation upgrades. The improvements will save \$1.9 million annually in energy costs and operational savings. This will represent the equivalent of removing 13,359 cars from the road or planting 16.7 million trees.



## September

Kent State University, a prior recipient of QECB financing from OAQDA, was authorized for an additional \$25 million for a variety of energy upgrades at buildings on its main campus. The improvements included interior, exterior and specialty lighting; steam trap repairs and valve installations; mechanical and water conservation upgrades; selected building envelope improvements; roof repairs; building controls and window improvements. The project is expected to save more than \$2.27 million in energy costs annually, and reduce air emissions by the equivalent of removing 2,101 cars from the road. Operational savings are estimated at \$183,000 per year as part of the project, for a total savings of \$2,453,000 per year.

Also at its September meeting, OAQDA authorized \$2.2 million in QECB financing for Phase 2 of Licking County's energy efficiency overhaul of 16

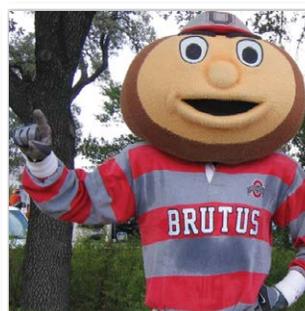
county buildings. The Justice Center was targeted for new building controls and boiler replacement, while other upgrades at the other buildings included lighting, water conservation, HVAC and building envelope upgrades. The project will save \$53,225 in energy costs annually, or the equivalent of removing 642 passenger cars from the road. With the overall annual savings from the reduction of operating costs, avoided future capital projects and estimated energy savings being \$141,000 annually.



Energy efficient equipment is installed in the Licking County courthouse

## November

OAQDA's final QECB project of the year was approved at its November meeting, when \$7.2 million was authorized to assist The Ohio State University with energy efficiency and conservation improvements at five buildings on its main campus in Columbus. All buildings received lighting and steam trap retrofits, along with



The Ohio State University was approved for energy upgrades for five buildings at the main campus

numerous piping and window upgrades. The improvements will reduce utility bills by \$1,191,226 annually, which is the equivalent of removing 7,326 cars from the road.

# 2012 OAQDA Highlights

## December

OAQDA authorized its first-ever federal tax-exempt financing for a recycling plant when it approved \$32 million in financing to assist Rumpke Consolidated Companies, Inc., in building a new facility in Cincinnati. The 84,000 square-foot facility will employ 110 workers and be capable of removing 55 tons per hour of residential waste and 20 tons per hour of commercial waste.



The December OAQDA meeting also saw approval of \$1.5 million in financing for energy system upgrades at the Jeff Wyler Automotive Family headquarters in Milford. Energy efficiency and conservation upgrades in the project include a two-stage water-source heat pump, lighting retrofits, a reflective roof membrane, insulation, double-paned windows, along with significant reductions in air emissions. Wyler Automotive employs a total of 1,000 workers at its 12 dealerships in Indiana, Kentucky and Ohio.

## 2012 Approved Project Development and Finance Projects

### 2012 Approved Project Development and Financing

Month	Company	Amount	Program
January	Ohio Reformatory for Women	\$5,800,000	Financing
February	Ohio Power Company	\$50,000,000	Financing
April	City of Trotwood	\$1,855,000	QECCB
May	Jefferson County	\$1,380,000	QECCB
June	Hocking College	\$550,000	Financing
July	Ohio University	\$29,000,000	QECCB
November	The Ohio State University	\$7,200,000	QECCB
December	Rumpke Consolidated Companies, Inc.	\$32,000,000	Financing
	Jeff Wyler Automotive Family	\$1,500,000	Financing

# The Advanced Energy Job Stimulus Program

The \$150 million bipartisan Advanced Energy Job Stimulus Program was approved by the Ohio General Assembly in June 2008, and the program was operational from 2009 until 2011. OAQDA was designated as the administering agency for this program. Eleven projects were approved for loans from the program.

Due to the worldwide downturn in the solar industry and the financial activities and situations of the companies involved, three solar energy projects were struggling in 2012 to remain on their agreed-upon loan repayment schedules. Accordingly, OAQDA engaged outside legal and financial counsel, as well as the assistance of the Ohio Attorney General's office, in working to document and resolve each situation.

## quasar energy group

This company received a loan of \$3,045,000 to build an anaerobic digester system in Columbus. The digester was built and the company's loan repayments are on schedule.

## Wayne Trail Technologies

Wayne Trail Technologies received a loan of \$838,440 to assist in establishing a unique manufacturing process used in lithium-ion battery packs at its facility in Fort Loramie. The company increased its jobs total from 108 to 182. It was sold to Lincoln Electric in May 2012, but the loan repayments remain on schedule and the purchased equipment is still in place.

## SoCore 203

A Toledo subsidiary of SoCore Energy LLC, SoCore 203 received a loan of \$5,237,400 for the purpose of placing 2.02 megawatts of solar rooftop photovoltaic energy systems on a total of 52 Walgreens stores in 38 Ohio cities. The construction job goal of 36 was met, along with the employment of four full-time workers. The rooftop systems have been installed, and loan repayments are on schedule.

## SCI Engineered Materials

This Columbus company received a loan of \$1,365,780 to assist in expanding its capacity to manufacture high-temperature superconductivity material and reached a total of 50 employees, although that number fell to 25 during 2012. As a result of financial challenges, it became necessary in 2012 for OAQDA to reduce its loan agreement with SCI Engineered Materials to \$368,906, and then later to restructure the agreement, in order for the company to become compliant with its loan repayment schedule.

## Stark County Port Authority

The Port Authority, in collaboration with Stark State College of Technology and the Timken Company, was approved to receive a loan of \$1,530,000 to aid in establishing the Wind Energy Research and Development Center. Per the loan agreement, no disbursements have been made to date, pending construction of the building to house the project.

## Willard & Kelsey

Willard & Kelsey was initially approved to receive a \$10 million loan in the planned expansion of its manufacturing plant in Perrysburg. The company fell short of its targeted employment numbers, and OAQDA only released \$5 million of the total loan amount due to lack of performance and not reaching their goals as laid out in the agreement with the company. The OAQDA ultimately declared Willard & Kelsey in payment default. The loan collection and recovery is now handled by the Ohio Attorney General.



### **Ohio Cooperative Solar**

This company received a \$1,530,000 loan to assist in the installation of photovoltaic solar panel modules on the roofs and commercial buildings of customers in Cleveland's University Circle area. Of that total, \$1,024,637 was disbursed. The project fell short of its stated employment goals and the company fell into non-compliance on its loan. Ohio Cooperative Solar is in communication with OAQDA and its outside energy industry vendor to restructure the loan agreement.

### **Buckeye Silicon**

Buckeye Silicon received a loan of \$1,428,000 to install and operate one "reductive combustion process" manufacturing system at its Toledo facility to supply the solar cell production and water production industries. The company fell short of its stated employment goals, fell into non-compliance on its loan and was declared to be in default by OAQDA in October 2012.

### **Xunlight Corporation**

This Toledo company received a loan of \$4,060,000 to significantly expand its capacity for manufacturing its amorphous silicon thin-film photovoltaic modules. The company fell short of its stated employment goals and required an amendment to its loan agreement with OAQDA, which occurred in October 2012, in order to remain compliant with the loan agreement schedule. The company submitted a Project Completion Certification document in late 2012 asserting that it reached the project's stated 25 megawatt capacity manufacturing goals.

### **Technology Management, Inc.**

Technology Management, Inc., a Cleveland developer of modular solid oxide fuel cell systems, received a loan of \$2,537,500 to work in collaboration with Lockheed Martin and Stark State College of Technology to further commercialize its technology. Of that total, \$1,747,500 was disbursed. The company reported 13 employees working on the project, compared to its stated goals of 14 jobs retained and 42 jobs created. It is current on its loan repayment schedule.

### **Isofoton North America**

This company was approved to receive a loan of \$5,000,000 to build a phased solar panel manufacturing facility in eastern Ohio. Of that amount, \$3,075,000 has been disbursed.

# 2012 Financial Statement (Unaudited)

## Ohio Air Quality Development Authority Management's Discussion and Analysis for the Year Ending December 31, 2012

TABLE 1

	NET POSITION (in 000s)			
	2012	Restated 2011	Dollar Change	Percent Change
<b>Assets:</b>				
Current and Other Assets	\$ 60,526,750	\$ 62,344,975	\$ (1,818,225)	-2.92%
Capital Assets, Net	7,480	10,164	(2,684)	-26.41%
Total Assets	60,534,230	62,355,139	(1,820,909)	-2.92%
<b>Liabilities:</b>				
Current and Other Liabilities	686,835	682,704	4,131	0.61%
Total Liabilities	686,835	682,704	4,131	0.61%
<b>Net Assets:</b>				
Invested in Capital Assets	7,480	10,164	(2,684)	-26.41%
Restricted:				
Coal Research & Development	48,192,290	49,870,045	(1,677,755)	-3.36%
Advanced Energy Projects	314,747	-	314,747	100.00%
Program administration	3,467	1,466	2,001	136.49%
Unrestricted	11,329,395	11,790,760	(461,349)	-3.91%
Net Assets	\$ 59,847,395	\$ 61,672,435	\$ 1,825,040	-2.96%

The figures are from the 2012 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.

# 2012 Financial Statement, cont.

## Ohio Air Quality Development Authority Statement of Activities for the Year Ending December 31, 2012

TABLE 2  
IN NET POSITION – ENTERPRISE FUNDS

	Air Quality Development	Energy Strategy Development	Total
<b>Operating Revenues:</b>			
Project administration fees	\$ 680,652	\$ -	\$ 680,652
Small business ombudsman fees	258,741	\$ -	258,741
Small business assistance program fees	165,286	\$ -	165,286
Energy operation fees	9,625	352,569	362,194
Energy loan Income:			
Loan interest	–	533,658	533,658
Loan fees	–	14,303	14,303
Adjustment for doubtful accounts	–	389,687	389,687
Miscellaneous	15,776	–	15,776
Total operating revenues	<u>1,130,080</u>	<u>1,290,217</u>	<u>2,420,297</u>
<b>Operating Expenses:</b>			
Salaries and employee benefits	273,337	79,907	353,244
Professional fees	441,055	71,626	512,681
Travel	6,668	–	6,668
Research grants and projects	480,814	–	480,814
Intrastate remittance expense	1,600,715	–	1,600,715
Office supplies and other administrative expenses	109,951	67,970	177,921
Depreciation	2,684	–	2,684
Rental expense	53,796	24,702	78,498
Loan incentive expense	–	1,100,000	1,100,000
Total operating expenses	<u>1,130,080</u>	<u>1,290,217</u>	<u>2,420,297</u>
Operating loss	(238,225)	(1,654,703)	(1,892,928)
<b>Nonoperating revenues:</b>			
Investment earnings	1,147	66,741	67,888
Total nonoperating revenues	<u>1,147</u>	<u>66,741</u>	<u>67,888</u>
Change in net position	(237,078)	(1,587,962)	(1,825,040)
Net position, January 1, 2012 – Restated	11,412,658	50,258,777	61,672,435
Net position, December 31, 2012	<u>\$ 11,175,580</u>	<u>\$ 48,671,815</u>	<u>\$ 59,847,395</u>

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.

## 2012 Ohio Air Quality Development Authority Members

Gayle Channing Tenenbaum, *Chair*, Columbus

Clifford R. Cloud, *Vice Chair*, Columbus

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

John Haseley, Columbus

Michael H. Keenan, Dublin

### *Ex Officio members:*

Theodore “Ted” Wymyslo, *Director*, Ohio Department of Health

Scott Nally, *Director*, Ohio Environmental Protection Agency



Todd Nein, *Interim Executive Director*

**Ohio Air Quality Development Authority**  
50 West Broad St., Suite 1718  
Columbus, Ohio 43215

Phone: (614) 224-3383

Fax: (614) 752-9188

[www.ohioairquality.org](http://www.ohioairquality.org)