As we publish our first annual report, we reflect on how JobsOhio has dramatically changed the State’s job creation and economic development efforts. Yet with such change, our objectives remain straightforward – to create jobs for Ohioans and increase companies’ capital investment in the State, resulting in a more prosperous Ohio.

Our first full year was one of significant accomplishment for JobsOhio and we feel good about the organization’s progress in 2012. Here are some of the highlights:

- Posted solid 2012 results. JobsOhio worked with 277 companies that committed to create 20,979 jobs, retain 54,633 jobs, and make $5.8 billion in new capital investment.
- Implemented JobsOhio’s initial strategic plan, a first-of-its kind document built on industry strategies for the State of Ohio that provided a framework for proactive economic development.
- Completed our regional network partnership, forming an organized structure that unites JobsOhio, regional partners, and local economic development entities through a strategic plan, formal information sharing, and training.
- Finalized our contract with the Ohio Development Services Agency (ODSA), establishing JobsOhio as the lead economic development organization for the State of Ohio with ODSA providing essential services in support of those efforts.
- Launched ThriveInOhio, an advertising campaign to celebrate the success and growth of people and businesses in Ohio through a mix of television, print, and online ads.

In addition to the positive developments at JobsOhio, Governor Kasich’s administration continued to make Ohio’s business landscape more attractive. For instance, in one week last December, the Governor announced the upgrade of the State’s OARnet broadband network, an innovative Ohio Turnpike plan, and reform of the financial institutions tax. By improving the information highway, the transportation highway, and the capital highway, the Governor and his team have created a more business-friendly environment for companies inside and outside Ohio to grow and succeed. And, Governor Kasich’s recently proposed State budget, titled “Ohio’s Jobs Budget 2.0”, includes sweeping improvements to education, Medicaid, and tax reform, all of which greatly enhance the business prospects for companies in Ohio.

Results show that the new, innovative economic development model that is JobsOhio is working. Over the past year, major wins with companies such as IBM, Abbott, Emark, Cleveland Range, and dunnhumbyUSA (to name just a few), offer proof that this strategic approach, combined with a stable business environment, is effective and positively impacting Ohioans.

Our approach is centered around a ‘One Firm, One State’ concept; a cultural change from the way economic development was conducted in the past. Today, JobsOhio and its regional and local partners work as one organization. Collectively, we deliver the entire state and all of its resources to businesses and companies. We continue to work closely with the ODSA and we coordinate with other State agencies, such as the Ohio EPA, Transportation, Natural Resources, and Taxation to offer business solutions to companies’ strategic needs. As with most new organizations, developing a firm’s culture takes time. We have made meaningful progress and continue building out the working relationships with our state, regional, and local partners. We anticipate a number of steps in 2013 to strengthen the relationship and results with the JobsOhio Network.

As part of this change, we are more relationship-oriented and more focused on working with companies...
to help solve their issues. This approach improves our understanding of their businesses and enhances our dialogue with them. For example, we heard directly from one company about how long it takes to close a loan. In response to the feedback, we have made our loan process more efficient and provide loan proceeds in a more timely fashion. We believe that our focus on building relationships with companies distinguishes Ohio from other states, positioning us to more effectively attract businesses to Ohio and retain existing companies. These relationships often prove to be more important to companies than financial incentives when addressing their long-term strategic goals. Consequently, a greater number of projects were won for Ohio without incentives in 2012 than in 2011, showing the benefit of this strategic approach.

Additionally, many projects were won with incentive proposals that were lower than those offered by other states. One of our main economic development programs is the Job Creation Tax Credit (JCTC.) In 2012, we experienced a 35 percent decrease in the total JCTC offered per job created. We also have changed our approach with loan programs and shifted to financing a lower portion of a company’s project as well as increased participation from other private financial providers. Project incentives will continue to be part of the project equation, but only as they benefit the State and result in a positive return on investment.

We think our accomplishments during JobsOhio’s first full year are particularly noteworthy given our limited resources. Operating with only 22 associates, we are less than half of our originally planned team size. Despite significant bi-partisan support for JobsOhio, legal challenges delayed the long-term funding plan for economic development, hindering our efforts to facilitate the creation of more jobs for Ohioans. But with our recently secured financial resources to fund our development activities, we are now positioned to expand our team and ramp up our efforts in 2013.

On February 1, we completed the transfer of the State liquor enterprise to JobsOhio and our related $1.57 billion bond offering. The transfer, which includes previously executed agreements with the State’s Office of Budget and Management and Department of Commerce, grants JobsOhio a 25-year franchise on the liquor enterprise. During this time, the liquor enterprise will continue to be managed and operated by the Department of Commerce’s Division of Liquor Control and will provide JobsOhio with a dedicated and stable funding stream to carry out its mission of leading economic development and job growth. Our debt offering was successful; strong credit ratings and significant investor interest resulted in an oversubscribed offering, which allowed us to obtain attractive pricing. With the completion of this transaction, we have taken a significant step forward in Governor’s Kasich’s initiative to grow jobs and improve Ohio’s economy, but we still have a long way to go.

The 2012 successes and project wins were great, but we have only scratched the surface on driving economic development in Ohio and have more opportunities in 2013. Looking forward, we will focus on executing our two primary strategies: 1) retention and expansion, and 2) attraction. Both strategies include increasing our direct calling efforts to companies in our nine targeted industries and four business functions. Leveraging our regional partners’ local relationships and expertise, we will have more face-to-face contact with companies that already have a presence in Ohio. We also are pursuing companies outside of the State, pitching them on the business advantages of expanding into Ohio.

In addition to this more proactive outreach, we will increase our marketing and promotion of the State, touting key attributes including a talented workforce, strong infrastructure, and market access. Such attributes create a value proposition for businesses in Ohio.

So, where are we seeing opportunities in 2013? In terms of general attraction, we are targeting companies and site selectors in states where regulatory burdens are increasing and costs are rising. We also plan to step up our international attraction efforts, capitalizing on the rising costs of worldwide logistics, and increasing concerns about intellectual property protection.
We also seek to focus on one of the State’s most underutilized transportation resources: the Ohio River. We believe the Ohio River can play a more central role in the State’s economy and will take an active role this year in exploring how it can provide companies low-cost transportation alternatives. Over the longer term, we see both increased river traffic and the previously mentioned Ohio Turnpike development generating activity in the State’s logistics sector.

Development of the Utica/Point Pleasant shale formation is significant to Ohio. More than 200 horizontal wells have been drilled into the Utica shale, 48 of which are in production. Pipeline and midstream companies such as MarkWest, NiSource, and the M3 Midstream partnership have made approximately $3 billion in capital investment commitments and another $3 billion in projects is evolving. Development of the Utica also provides polymer and chemical companies unique opportunities for growth. Favorable site characteristics, low-cost energy, and the potential of feedstock sourced in the State are significant advantages to companies looking to expand in these industries.

Like the energy sector, we also see significant capital investment opportunities in advanced manufacturing and polymers and chemicals. Each involves large amounts of capital expenditures as well as research and development spending. These investments drive innovation and productivity, which lead to job creation. Several of our targeted industries provide prospects to grow their respective supply chains, including automotive and food processing. One of our lead job-creating sectors last year was information technology, where we continue to see growth throughout the State. These are just some of the opportunities in front of us and illustrate the industry diversification that Ohio enjoys.

Across all of our industries, we have built a strong pipeline of projects. Since January 2012, the number of new projects entering the pipeline has increased every quarter. To pursue these opportunities and carry out our pipeline, we will expand our team and financial resources this year.

Operationally, the first audit of our JobsOhio financial statements was completed through June 2012; our financial position remains sound. We also completed our organizational structure in 2012 for the transfer of the State’s liquor enterprise to JobsOhio Beverage System (JOBS). JobsOhio is the sole member of JOBS, formerly the Ohio Business Development Coalition, a nonprofit 501 (c)(3). We welcome to the JOBS Board our independent directors – Betty Montgomery and David Wilhelm – who bring valuable experience and leadership to the organization.

We would like to thank Mark Kvamme, a founder of JobsOhio, for building a solid foundation and core team at JobsOhio. We look forward to Mark’s continued contribution to JobsOhio as Director Emeritus. We welcome Brad Lindner to our JobsOhio Board of Directors. Brad, CEO of United Dairy Farmers, filled the seat vacated by Procter & Gamble CEO, Bob McDonald. We thank all of our directors for their commitment, guidance, and counsel. And finally, we thank our employees for their hard work and dedication as they address issues and resolve problems for companies in order to help their businesses grow and create jobs in Ohio.

With our partners, we have begun the process of reshaping Ohio’s economic future. Although much work still lies ahead, we have taken considerable steps forward, we have great prospects and opportunities, and we believe that our success will continue in 2013.

James C. Boland
Board Chairman

John F. Minor, Jr.
President & Chief Investment Officer