

Financing in Tough Times

THE GOOD NEWS...

Most manufacturers expect growth opportunities during the next year or so. In its 2010 forecast, Bank of America reports that nearly seven out of ten manufacturers are reviewing their financing options, either for capital expenditures or working capital.

THE BAD NEWS...

Two years ago, getting traditional financing was fairly straightforward. Today, banks are reluctant to finance many businesses as they try to limit their risk amid the economic turmoil. According to the Federal Deposit Insurance Corporation (FDIC), the volume of bank loans dropped in 2009 by \$588 billion from 2008 – the biggest full-year decline since World War II.

THE RESULT...

Many manufacturing companies are either struggling to stay afloat or finding it difficult to capitalize on upcoming growth opportunities. According to the 2009 Year-End Economic Report published by the National Small Business Association, 39 percent of small companies – including many manufacturers – report they are unable to get adequate financing for their businesses.

THE SOLUTION...

Agreeing that manufacturers should not be held hostage to the ongoing credit crisis – and that sometimes there are better alternatives to traditional bank financing – the OMA has joined with FirstEnergy and the Cleveland-Cuyahoga County Port Authority, Summit County Port Authority and Toledo-Lucas County Port Authority – to offer financing for new or expanded facilities and/or equipment through coordinated **Bond Fund Programs** offered separately by each Port Authority.

The Reserves of the **Bond Fund Programs** will receive additional capital in the aggregate amount of \$7.5 million provided by FirstEnergy Corp. and its Ohio utility companies – Cleveland Electric Illuminating Company, Ohio Edison and Toledo Edison. Each of the three Port Authorities will offer long-term, fixed-rate financing with predictable, fully-amortizable terms and at competitive rates to qualified manufacturers for projects that promote economic development and job retention. Funded projects will be designated by the OMA and manufacturers must be customers of one of FirstEnergy's Ohio utility companies and members of the OMA to be eligible for loans.

THE PROMISE...

According to Eric L. Burkland, president of the OMA, *"By providing more opportunities to finance projects that build Ohio's manufacturing base, these Bond Fund Programs will create new jobs in our sector, restore prosperity and revitalize our communities. This new funding, when added to existing port authority resources, has the potential for supporting more than \$37 million in loans to OMA members over a three-year-plus period."*

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ASSOCIATION

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A New Source of Capital for Ohio Manufacturers

Ohio's future prosperity depends on our success in transforming and building upon the state's manufacturing strengths. It requires the implementation of a broad public-private agenda that streamlines the regulatory process, assures access to affordable and reliable energy, and develops a highly skilled manufacturing workforce for the 21st century.

Manufacturers are ready to sharpen Ohio's competitive edge. Yet, they cannot do it alone.

It also demands that manufacturers have access to the capital needed for new or expanded facilities and/or for the equipment that will be needed to build their capacity and sustain their competitiveness.

A new partnership of The Ohio Manufacturers' Association, FirstEnergy Corp. and three Ohio Port Authorities – Cleveland-Cuyahoga County, Summit County and Toledo-Lucas County – is ready to help meet this need. With funding provided by FirstEnergy Corp., this innovative partnership offers manufacturers an alternative to traditional bank financing. It gives Ohio manufacturers a competitive edge!

In Partnership:

FirstEnergy

PORT OF
CLEVELAND
Cleveland – Cuyahoga County Port Authority

SUMMIT COUNTY
PORT AUTHORITY
INVESTING IN SUMMIT COUNTY & NORTHEAST OHIO

TOLEDO | LUCAS COUNTY
PORT AUTHORITY

The OMA-FirstEnergy Bond Fund Programs

A Smart Option for Ohio Manufacturers

When times are difficult, securing financing through banks and other financial institutions can be a real challenge. And as traditional financial organizations limit their industrial lending activities, manufacturers can find themselves blocked as they seek to take advantage of promising growth opportunities.

If your manufacturing business is looking for financing, the best advice is to consider all the options. But here are some of the things you should know about the **Bond Fund Programs** – and why they may be your smartest option.

1. What kinds of projects are eligible for funding?

To be eligible, manufacturers must be customers of one of FirstEnergy Corp's Ohio utility companies and members of the OMA. Projects must support new economic development and job retention, and must involve about \$1 million in capital investments. In addition, projects should represent new electrical load of 100 kilowatts or more and meet the established guidelines for the Port Authorities' existing bond fund financing initiatives.

2. How much money do the Bond Fund Programs have available for lending?

Under the agreement between the OMA and FirstEnergy Corp., the three participating Port Authorities will receive \$2.5 million over three years to be deposited in the Reserve Funds for each of their **Bond Fund Programs**, which will allow the programs to support projects designated by the OMA. These new dollars have the potential to leverage the Port Authorities' existing resources, making more than \$37 million available for loans to OMA members over a three-year-plus period.

3. Why are the OMA and FirstEnergy Corp. using three Port Authorities to make loans to qualified manufacturing projects?

First of all, the OMA and FirstEnergy Corp. are working together because in today's competitive environment, no organization can go it alone. For industry giants and small businesses alike, strategic partnerships are critical to success in fast-changing regional, national and global markets. Tremendous value can be created through partnering.

The Port Authorities' **Bond Fund Programs** have been selected for several reasons:

- They are well-established and are already operating with strong, proven records of performance. They are trusted in the marketplace – and as a result, they offer access to capital markets and can get funding to qualified projects quickly.

FirstEnergy



Summit County
Port Authority
INVESTING IN SUMMIT COUNTY & NORTHEAST OHIO



- They provide an alternative to traditional financing through investment-grade, rated lending mechanisms.
- They generally are able to offer fixed-rate financing with predictable terms and competitive rates. In contrast to traditional bank financing, there are no "call" terms and no market rate volatility. Those who receive loans can be assured that there will not be any down-the-line costs of resetting terms.
- Qualified manufacturers can potentially obtain long-term and fixed-rate loans – at lower interest rates – because the **Bond Fund Programs** potentially can issue tax-exempt "qualified small issue" manufacturing bonds to fund the loans.
- The **Bond Fund Programs** have money to lend – and we want to help lend it.

4. Are manufacturers restricted to working only with the Port Authorities in their own areas (e.g., Akron, Cleveland or Toledo), or can they pursue funding from other Port Authorities?

Through cooperative arrangements among the Port Authorities, there are no territorial limitations. In fact, all three Port Authorities routinely work collaboratively, providing joint funding for qualified projects.

5. Why have the OMA and FirstEnergy Corp. launched this partnership in cooperation with the Port Authorities?

Anthony Alexander, FirstEnergy's president and chief executive officer has said: "By leveraging our resources with those of the OMA and the Port Authorities, we believe FirstEnergy can make a real impact on the regional economy by helping existing businesses expand and by attracting new businesses and jobs to our communities."

The Bond Fund Programs have money to lend – and we want to help lend it.

Learn more about this smart financing option for Ohio manufacturers:

To find out how the **Bond Fund Programs** can benefit your company, contact OMA's Kevin Schmidt, Energy Services Product Manager, at (614) 629-6816 or (800) 662-4463; or e-mail him at kschmidt@ohiomfg.com.



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ABOUT THE OMA AND ITS PARTNERS

The mission of **The Ohio Manufacturers' Association** is to protect and grow Ohio manufacturing. Through the OMA, manufacturers and manufacturing stakeholders work directly with the members of the Ohio General Assembly, state regulatory agencies, the judiciary community and statewide media with the sole focus of improving business conditions for manufacturers in Ohio.



FirstEnergy Corp. is a diversified energy company headquartered in Akron, Ohio. Its subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity, as well as energy management and other energy-related services. The company's seven electric utility operating companies comprise the nation's fifth largest investor-owned electric system, based on 4.5 million customers served, within a 36,100-square-mile area of Ohio, Pennsylvania and New Jersey; and its generation subsidiaries control more than 14,000 megawatts of capacity.

The Cleveland-Cuyahoga Port Authority assists private industry in retaining and creating jobs by providing waterborne transportation/ services, and by providing economic development facilitation services through financing services and other development tools in partnership with state and local development agencies. The Port Authority keeps industries connected to the world by supporting a thriving manufacturing hub and providing businesses with a competitive advantage. The port moves an average of more than 13 million tons of cargo each year, generating more than \$572 million in personal incomes through the 11,000 jobs generated by port activities.

The Summit County Port Authority works with executives, economic development professionals, financial professionals and the business community to bring economic development to Summit County and Northeast Ohio. Its overarching goal is to drive community development and enhance the economy and quality of life in our region. The Port Authority combines the power of a municipality with business and financial acumen to the mutual benefit of its industry partners and community. The Authority provides significant funding and trade advantages to businesses expanding or relocating in or near the county.

The Toledo-Lucas County Port Authority's business is transportation and economic development. That business is shaped by its mission to move people and cargo through the region while employing innovative programs to stimulate economic development. Founded in 1955, the Port Authority was the first port authority in Ohio. Today, it focuses on three initiatives: Maritime, Aviation and Economic Development. The Authority operates the Port of Toledo, Toledo Express Airport and Metcalf Field.