

# OHIO AIR QUALITY DEVELOPMENT AUTHORITY



CLEAN AIR & CLEAN ENERGY  
ARE GOOD BUSINESS

**WEDNESDAY, FEBRUARY 24, 2021**

## **AGENDA**

*The training session will be conducted in accordance with open meeting laws within the State of Ohio. During the current state of emergency and to protect employees, partners and the public, the Authority is offering video conference access and a call line as an option to listen to the session remotely. To help ensure capacity on this conference line, please RSVP to [info@aqda.state.oh.us](mailto:info@aqda.state.oh.us) with your interest to participate.*

1. Welcome Executive Director, Christina O’Keeffe
2. Educational Session
3. Final Remarks Executive Director, Christina O’Keeffe

# OHIO AIR QUALITY DEVELOPMENT AUTHORITY

Mike DeWine  
Governor

**Members**

James S. Simon  
Chairman

Michael H. Keenan  
Vice-Chairman

Ted Celeste  
Michael F. Curtin  
Cara Dingus Brook

---

**Ex Officio**  
Stephanie McCloud  
Ohio Department of Health

Laurie Stevenson  
Ohio Environmental Protection Agency

**Executive Director**  
Christina O'Keeffe

**Secretary-Treasurer**  
Christina O'Keeffe

**Legal Counsel**  
Stephen J. Smith, Esq.

**Programs**  
Clean Air Improvement Program  
Clean Air Resource Center

**The *OHIO AIR QUALITY DEVELOPMENT AUTHORITY* will hold an Educational Session for its Members on Wednesday, February 24, 2021 at 1:00 pm via video conference. Please RSVP to [info@aqda.state.oh.us](mailto:info@aqda.state.oh.us) by 5:00pm on February 23, 2021 and a link will be provided for listening to the session.**

1118 LeVeque Tower  
50 West Broad Street  
Columbus, Ohio 43215-5910

P 614.466.6825  
F 614.752.9188  
W [ohioairquality.org](http://ohioairquality.org)



## OHIO AIR QUALITY DEVELOPMENT AUTHORITY

The Authority held an Educational Session for members on Wednesday, February 24, 2021 via Microsoft Teams video conference. The session began at 1:04 pm.

These are the notes from that session.

In attendance were:

James Simon, Chairman  
Michael Keenan, Vice Chairman  
Ted Celeste, Member  
Mike Curtin, Member  
Laura Factor, Member

Christina O’Keeffe, Executive Director  
Brooke Grant, Manager of Planning & Programs  
Sandra Langston, Administrative Manager  
Dawn Pertner, Fiscal Officer  
Gabe Lorenz, Customer Service Coordinator  
Thad Boggs, General Counsel  
Matt Schnackenberg, PFM Financial Advisors LLC

### 1. Welcome

Director O’Keeffe began the session by thanking everyone for participating and asked Sandra Langston to call the roll.

Chairman Simon – Present  
Vice Chairman Keenan – Present  
Member Celeste – Present  
Member Curtin – Present  
Member Dingus Brook – Absent  
Member Factor – Present  
Member Phillips – Present (joined at 1:30pm)

Director O’Keeffe asked General Counsel Thad Boggs to confirm the rules and provide his opinion for the educational session. General Counsel confirmed that it was a public and open special meeting with minutes recorded, and that the public notice for the educational session indicated its purpose as an educational session only. He stated that any action that would be taken on the items of discussion should be deferred until a meeting which will include notice that board action will be taken. He confirmed that this meeting was in compliance with legislation extending authorization for virtual meetings.

Director O’Keeffe introduced the Educational Session topics, which were focused on program updates including a discussion on the Green Bond verification process, a presentation on the Great Lakes Investment Platform, a discussion on the Clean Air Improvement Program (CAIP), and a legislative update on matters concerning the Authority. She also noted that this meeting was the first using BoardEffect as the only source for the Members’ meeting books. She asked Members to follow up with Gabe Lorenz or Sandra Langston if they had any questions or issues.

## 2. Educational Session

- Green Bonds Update & Recommendations

Director O’Keeffe introduced the presentation on Green Bonds, stating dialogue began last year regarding OAQDA’s role in the market and the potential use of Green Bonds. In June of 2020, the Authority members approved OAQDA pursuing the Green Bond designation. Following this, as the Authority’s financial advisor, PFM Financial Advisors began putting together a Green Bond Framework, and in September of 2020, OAQDA issued a request for proposals for a second party verifier. The Authority selected Sustainalytics in October 2020 and worked with PFM and OAQDA staff since then. She noted that it had been a useful learning experience to work with Sustainalytics to understand how OAQDA can best position itself in the market and utilize this tool.

Director O’Keeffe then introduced Matt Schnackenberg from PFM. Mr. Schnackenberg noted that the Authority members had already heard some of the benefits for Green Bonds when the discussions occurred last year. He stated that the first US Green Bond was issued in 2013 by the Commonwealth of Massachusetts, and that in 2020 there were 423 Green Bonds issued for a total of \$50.6 billion. He noted that this was still a growing part of the market, and that PFM, alone in its experience, advised clients on 1,000 issuances for over \$70 billion in 2020. He continued by discussing the pricing of Green Bonds and stated that the City of Boston issued both Green Bonds and non-Green Bonds, with Green Bonds were valued slightly better than non-Green Bonds on the same day with the same security.

Mr. Schnackenberg then discussed the benefits of Green Bonds, stating that the biggest benefit was diversifying investors, especially those who only invest in Green Bonds. Director O’Keeffe added that OAQDA was being asked by borrowers about the designation, and that many companies see Green Bonds as a mechanism for demonstrating alignment with their own sustainability goals.

Mr. Schackenberg then described the original plan, stating that the Authority hired Sustainalytics to help draft a Green Bonds framework. This framework will be used for borrowers as guidelines for qualifications to being labeled as Green Bonds. Following the completion of this, Sustainalytics would provide a Second Party Opinion (SPO) on the framework that will allow borrowers, through the CAIP program, to issue Green Bonds. As the original intent by OAQDA, this approach would not require the companies to incur outside work, additional costs, or their own verifier, since they can obtain the certification by participating in CAIP.

Sustainalytics had been providing information not only on OAQDA’s framework but on the Green Bond industry itself. While working through the process, it came up that OAQDA would need an exclusionary list within the framework that identified certain heavily fossil fuel-reliant industries that could not receive Green Bonds, regardless of the project. OAQDA worked with Sustainalytics to try to identify alternatives to including the exclusionary list, but this was not an option. He noted that he contacted other firms to confirm it was a standard practice as it relates to a SPO for an entire program. Chairman Simon asked if an excluded industry is trying to be greener, could that business in the particular industry receive a Green Bonds designation on an eligible project? Mr.

Schnackenberg confirmed that this could not be an option under this existing approach. Chairman Simon asked what this might do to the total universe of OAQDA issuances. Director O’Keeffe stated that it was in the recommendations to maintain or maximize the total number of OAQDA issuances that could be eligible for green bonds, and that the intent of OAQDA’s use of green bonds is not to restrict the eligibility of businesses or sectors that may want to participate. Chairman Simon then asked if the intent was to remain mindful of OAQDA’s history as a “carrot” to incentivize greener practices by industries. Director O’Keeffe agreed and stated that OAQDA’s historical approach has been transitional in achieving improved air quality or sustainability; the agency meets businesses where they are and provides the assistance for improvements.

Director O’Keeffe then presented the recommendations. They include not seeking a SPO at the program level, but rather present the SPO as an option for willing borrowers on a project-by-project basis to seek the green bond designation. She stated that there is value in the option for borrowers to obtain the third-party review and have a report that describes the detail and benefits specific to their project, whereas the program-wide approach would be focused around OAQDA’s programs and not on any individual project. She noted that this is similar to OAQDA’s role as a conduit issuer, as it’s an option made by the borrower, and would allow for enhanced verification on the efforts of the business to improve its environmental impact. She further noted that this would add cost to the projects related to the evaluation of a verifier and issuance of their SPO.

Chairman Simon asked if this recommended approach would allow OAQDA to provide maximum flexibility for borrowers in seeking this designation, and not limit applicants. Director O’Keeffe agreed and noted that, when thinking about this option, they reviewed some projects in the application pipeline that may otherwise be affected by a program-wide approach because the specific benefits of the project were not analyzed by the verifier.

Director O’Keeffe stated that they would move further in this direction, and that she asked General Counsel to review their existing contract with Sustainalytics. Additionally, they may also review the list of proposals from other third party verifiers submitted to their Request for Proposals last Fall that could participate in the verification of individual projects. For timing, she stated that she felt it may be launched alongside the first eligible project so that OAQDA can better demonstrate the benefits and process for attaining the designation.

Chairman Simon asked if this required board action. General Counsel stated that it would depend on the nature of changes that might be made to the scope of services with Sustainalytics, but that board action was not required. Vice-Chairman Keenan and Chairman Simon both stated that some sort of documentation should be provided about the discussion of the strategy on this topic, such as the nuances of the individual approach to Green Bond designation. General Counsel stated that it makes sense to have that documented as part of the minutes of this session, and that if more substantive action is required on the distinctions of project eligibility it could be brought forth in a resolution for the board. Mr. Keenan asked if the Green Bonds acceptability remains at the discretion of the Board. General Counsel confirmed that it does, much like the determination of whether a project qualifies as an Air Quality Facility. He further noted that Green Bond designation depended on what the market would bear, but that would not prevent a project from being designated as an Air Quality Facility. Director O’Keeffe stated that an applicant’s interest in

pursuing the Green Bond designation can be noted as part of the materials on the projects when presented to the Members for approval. She confirmed that the Green Bonds eligibility depends on the markets, and further stated that the team will perform its due diligence on next steps, including the addressing the contract with Sustainalytics and pivoting to a third party Green Bond verifier on individual projects as part of CAIP. Further follow-up action of the Members will occur in a future meeting.

- Great Lakes Investment Platform

Director O’Keeffe introduced the next topic. She said OAQDA was approached by the Great Lakes-St. Lawrence Governors and Premiers, which is an organization of the executives of U.S. states and Canadian provinces that border the Great Lakes. This organization focuses on development and sustainability for the Great Lakes region and have launched a new investment tool. They are hoping to identify projects in each of the states and provinces bordering the Great Lakes to showcase their benefits to the region. She stated that they are hoping OAQDA can be a partner. She further noted that Governor DeWine is the Vice-Chair of the organization, and that an event is scheduled for September in Cleveland where this investment platform may be part of the programming. They were hoping to highlight Ohio’s efforts, and the Governor’s Office appreciated OAQDA’s interest for participating. Director O’Keeffe indicated she is following up with the organization to join as a partner and will encourage projects to consider participation.

Chairman Simon said this presented an opportunity to supplement the work being done by the Governor, and that the organization and its work are interesting. He stated that if there is anything that he or other board members can do to help they would be glad to. Ms. Factor said she was not sure if she had heard about this specific platform, but she remembered an OAQDA energy efficiency project for a community’s wastewater treatment plant that could be a good example of OAQDA’s contribution to this area. Director O’Keeffe indicated the team will review this project.

- Clean Air Improvement Program Update & Recommendations

Director O’Keeffe introduced the next topic involving the Clean Air Improvement Program (CAIP) and introduced Brooke Grant. Ms. Grant provided a refresher on the CAIP launch and milestones, noting that the guidelines were adopted in August and there was an ongoing outreach campaign and pilot period for the program. The initial date for the pilot period was through the end of the first quarter in 2021, and the new fee schedule was effective on January 1, 2021. Ms. Grant then provided a summary of the outreach performed thus far, noting that OAQDA reached out with personalized letters on behalf of Director O’Keeffe to contacts including city mayors and economic development officers, port authorities, economic organizations, and media, and stated that this was an ongoing process including continued outreach and scheduling meetings.

Director O’Keeffe noted that Inspire PR had been setting up introductions and virtual coffee chats for her with media outlets across the state, and shared an article posted in Energy News Network about OAQDA’s work. She said OAQDA is continuing to build these relationships and noted that OAQDA wants to focus in on stakeholders in the rural areas of the state.

Ms. Grant discussed the lessons learned through the pilot period, noting that even before the launch of the program, staff anticipated the need to refine the process as part of the pilot period. Among the first things completed was updating the applications and revising the timing for executing agreements between technical reviewers and applicants. She further stated that the reporting format and metrics were standardized across all firms, which is the information presented in the projects summaries at board meetings to benefit the Members. She noted other improvements have been implemented based on feedback from applicants and technical reviewers to better streamline the information submitted to OAQDA. Project categories have been clarified and standardized language related to the revised fee schedule has been developed and agreed upon by bond and issuer's counsels. She then noted that the team is exploring easier routes for applicants to pay the new application fee.

Ms. Grant then presented a list of projects applying or approved under CAIP, noting it demonstrates the wide variety of OAQDA project types, including utility-scale solar, solid waste disposal, and energy efficiency, and issuance amounts. She noted that Dayton Area Lift is the only project that has come through the full application process to closing under the new guidelines.

Director O'Keeffe then presented on the recommendations related to CAIP. She stated that as part of the Resolution for the CAIP guidelines, the pilot period was designated through March 2021. She said that it has been a very informative and valuable period for OAQDA, applicants, legal counsel, and technical reviewers. She stated that, in discussions with Chairman Simon and the Authority staff, the question arose about whether there had been enough time to fully evaluate the program, primarily as a result of any effects of the pandemic. The recommendation is an extension of the pilot period through December 31, 2021 to allow for more time to gather additional feedback and work with more projects through the full process.

Additionally, Director O'Keeffe recommended integrating additional impact tools that can evaluate a project's effectiveness and monitoring, including the use of Co-Benefits Risk Assessment (CoBRA) Health Screening tool that identifies the health benefits of projects participating in CAIP. These tools will be evaluated and if adopted will be included in the materials provided to the board. Director O'Keeffe noted that as part of the extended pilot period, it would allow additional time for integrating the Green Bonds designation into the CAIP program. Additionally, she stated that it has come to OAQDA's attention that the 20% threshold for energy efficiency savings may be more aligned with industry's standards for the component isolation project performance and that more time to assess this change would be helpful.

She stated that the next steps would include a resolution for approval by the Members at the March board meeting to extend the pilot period until December 31, 2021.

Mr. Keenan said this approach makes a lot of sense and that a resolution was appropriate for the March meeting. Chairman Simon thanked Director O'Keeffe and Ms. Grant for their work and the approach they have taken. Director O'Keeffe thanked Ms. Grant for her work throughout the process.

### 3. Legislative Update

Director O’Keeffe then presented information on legislation that may impact the Authority and its programs. She noted the information is supported by the work of the Authority’s public affairs consultant, Deb Hackathorn, who could not participate in this session. Chairman Simon stated that the Authority was still in an open session, and the discussion would not include the pending litigation. General Counsel stated that the topics being covered were only legislative and not directly related to any litigation.

Director O’Keeffe updated the Authority members on administrative costs incurred by OAQDA and efforts to recover those expenditures. She noted that, in her budget testimony before the House Finance subcommittee, she received several questions related to House Bill 6, including OAQDA’s ability to pivot if there are legislative changes to the program, and the total costs incurred by the agency to date. Director O’Keeffe said that this questioning is a helpful sign, and they are following up on the financial details about the costs incurred.

She also shared discussions are underway with the Office of Budget and Management (OBM) to clarify the role OAQDA plays as a conduit bond issuer and explain the H.B. 6 program expenditures and need for revenue. OBM had recently replaced the budget analyst designated to OAQDA and it is an opportunity to provide an overview and education on OAQDA’s programs and operations. As the Authority’s Fiscal Officer, Dawn Pertner will be following up with OBM. Based on this discussion, Director O’Keeffe stated that OBM had a good understanding of OAQDA’s role. They likened this request to the similar approach of OAQDA’s small business assistance program, which agency expenses are reimbursed through allocated revenue to replenish the agency’s funds used for compliance on its bonds. She stated that she is hopeful that these conversations would allow OAQDA to get to a point where they have revenue to recoup expenditures to date, which is just under \$400,000 since July 2019.

Director O’Keeffe then provided an update on House Bill 6 legislative activity; stating that she would share information about each of the pending bills. Each chamber appears to be taking a different approach based on bills introduced and as discussed in committees thus far. In the Senate, there are different bills focused on different aspects of House Bill 6 to address specific policy questions. Senate Bill 10, introduced by Senator Romanchuk, focuses on the decoupling mechanism and was passed out of the Senate earlier in the month. Senate Bill 44, which was passed out of committee the previous day, was focused on repealing the nuclear subsidy but allowing the solar subsidy to continue for the approved facilities. Alternatively, in the House, House Bill 128, introduced by Representatives Hoops and Stein, intends to repeal the entire subsidy in H.B. 6. At some point, these bills may converge between both chambers into negotiations to determine the final outcome.

Chairman Simon asked General Counsel about the statement issued by Energy Harbor concerning the settlement to the litigation after it was consolidated and asked how that would affect House Bill 6 as Energy Harbor would not be accepting the subsidy. General Counsel stated that the litigation had created a preliminary injunction preventing collection of the subsidy, but that simultaneously there was a stay of the civil litigation related to discovery issues arising from the

pending criminal proceedings. He stated that if there was a legislative action to terminate House Bill 6, his expectation was that the civil litigation would be dismissed as well. He noted that, as OAQDA was not a plaintiff, this was not something that they sought.

Director O’Keeffe stated that although there is no money in the fund, OAQDA was still designated as the program administrator and continues to have responsibility with the program. She stated that there is still ongoing reporting, particularly on involving the solar fund, and that OAQDA’s obligations continue. Deb Hackathorn is remaining engaged on these matters with the House and Senate committees as it relates to these bills involving OAQDA. The consideration of a source of revenue to support OAQDA in its responsibility is actively being shared with bill sponsors and committee members, and legislative staff.

Director O’Keeffe stated that this topic concludes the educational session. She inquired if the Members had additional questions or comments and there were no further comments. Chairman Simon stated that the next board meeting would be on March 9 at 10 a.m. via Microsoft Teams, and that members would use BoardEffect without additional materials.

Session concluded at 2:08 pm.