NOTICE

Consistent with Section 5274 of the National Defense Authorization Act for Fiscal Year 2023, the Office of Inspector General includes with its reports written responses received within 30 days of publication from nongovernmental organizations or business entities specifically identified in those reports.

This attachment includes any written responses in their entirety. The content of each response is the sole responsibility of the submitting organization, and their inclusion here does not imply our endorsement or agreement. Questions regarding the content of the attached responses should be directed to the respective nongovernmental organization or business entity.

September 18, 2026

Mr. Arthur L. Scott, Jr.
Assistant Inspector General for Audit and Evaluation
U.S. Department of Commerce, Office of Inspector General

Re: Response to Audit of NIST MEP Awards to Ohio Department of Development, Report No. OIG-26-025-A

Dear Mr. Scott:

We appreciate the opportunity to review and respond to the findings and recommendations outlined in the Office of Inspector General (OIG) Office of Audit and Evaluation Report No. OIG-26-025A issued on August 19, 2026 ("Report").

The Ohio Department of Development ("Development") takes the findings in the Inspector General's report seriously and is committed to responsible stewardship of public funds. We have zero tolerance for fraud, waste, and abuse – and we expect the programs we administer, and the organizations that receive public funds through those programs – to meet the highest standards of accountability and compliance.

Development cooperated fully with the Inspector General throughout its multi-year audit examining awards going back nearly 10 years, and immediately suspended the Ohio MEP Program in consideration of the serious concerns identified in the initial report.

We will continue to work with the National Institute of Science and Technology (NIST) as it implements the audit recommendations. However, in order to fully cooperate with NIST's forthcoming action plan, including any potential revisions to our financial reporting, Development respectfully requests that you provide the specific terms and conditions supporting why each individual and questioned cost was cited. We also request all audit documentation demonstrating how each individually cited improper and questioned cost was evaluated and how these items were combined to determine the final total of improper and questioned costs. Timely access to this information is critical for us to conduct a thorough review of our records and those of our subrecipients, confirm allowability, and identify any corrective actions that may be required.

Development takes the stewardship of public funds seriously and remains committed to full compliance with all program requirements. We appreciate the OIG's review and remain available to work with both the OIG and NIST to ensure all issues in the audit are fully resolved.

77 South High Street
Columbus, Ohio 43215 U.S.A.

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800 | 848 1300
development.ohio.gov

The State of Ohio is an Equal Opportunity Employer and Provider of ADA Services

Sincerely,



Lydia L. Mihalik
Director, Department of Development
State of Ohio

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The State of Ohio is an Equal Opportunity Employer and Provider of ADA Services

CIFT
5555 AIRPORT HIGHWAY, SUITE 100 - TOLEDO, OHIO 43615-7320

September 15, 2026

Patricia McBarnette
Executive Director
Office of Audit and Evaluation
Office of Inspector General
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Subject: Management Response to REPORT NO. OIG-26-025-A

Dear Ms. McBarnette:

CIFT is one of six sub-recipients of the Ohio Department of Development (ODOD) dedicated to delivering services to manufacturers across the state of Ohio. ODOD joins 49 Centers that form the Hollings Manufacturing Extension Partnership (MEP) National Network designed to improve the competitiveness and resiliency of American manufacturers. This letter is in response to the report titled "Audit of NIST MEP Awards to Ohio Department of Development" issued on August 19, 2026, by the U.S. Department of Commerce Office of Inspector General (OIG).

The report questions $20,911,830 million in costs across Ohio's statewide MEP system, including $2,713,805 attributed to CIFT. CIFT does not concur with the findings or calculations associated with our organization. The findings identified two primary areas of concern: program income and unallowable costs. While CIFT does not agree with the findings, CIFT addressed each of these matters promptly when they were identified and repeatedly sought additional clarification to ensure that our practices fully complied with applicable requirements.

CIFT was under the impression that a draft report would be available and provide an opportunity to review and respond to the determinations before the report was issued. Despite efforts to seek clarification during the review, CIFT was not provided with the draft report or an opportunity to resolve questions. We appreciate the opportunity to respond now and have provided additional context and clarification, from our perspective.

CIFT has proudly served Ohio's food, agricultural, and regional manufacturing communities for 30 years. We take that responsibility seriously and remain committed to the integrity, accountability, and compliance of the services we provide. The impact of this process has been significant—not only for CIFT, but for the entire Ohio MEP network and, most importantly, for the Ohio companies that had previously benefited from these programs and services.

The information below represents CIFT's initial opportunity to respond to the matters identified in the OIG report. Additional background information regarding the reporting guidelines provided and followed, the adjustments made, and context regarding the interpretation of the guidance during the grant period is included. Any reference to adjusted actions does not indicate acknowledgement or agreement on CIFT's part of any noncompliance with the award terms and conditions.

Since the initiation of this audit, CIFT has cooperated fully and is committed to maintaining strong financial stewardship and compliance with federal requirements associated with the MEP program. Although the report's recommendations are directed towards ODOD, CIFT would like to clarify the areas of emphasis relating to our organization's compliance with policies and procedures.

Management Response to Audit Findings (summary table)

Finding	Management Position	Status
Program income reporting	Does not concur	Adjustments implemented
Questioned Subaward	Does not concur	Followed guidelines
Unallowable costs	Does not concur	Procedures refined

Finding 1 – Underreported Program Income

OIG Finding: The Center for Innovation Food Technology (CIFT) did not report $2,264,779 and $154,804 in program income under the base award and award renewal, respectively.

Management Position: Does not Concur

Management Response: CIFT's interpretation of program income reporting during 2017-2021 was consistent with the direction provided by ODOD. With further clarification, unlike other MEP Centers, CIFT is a membership organization with revenues predating its participation in the MEP program and includes non-manufacturing members. The underreporting resulted from two primary factors:

1. **Interpretation of Membership Revenue**
   CIFT interpreted membership dues as organizational revenue that predated its participation in the MEP program and therefore not generated *as a result of* federally supported activities. As defined in 2 CFR 200.307, program income includes gross income earned as a result of the Federal award. Based on CIFT's interpretation of the terms and conditions at the time, membership dues were considered separate from MEP-generated program income.

   Additionally, a portion of CIFT's membership includes universities, associations, and service providers that do not fall within the manufacturing client base (NAICS code 31-33) typically served under MEP activities. Therefore, these were not considered earned *as a result of* the MEP program.

   During the closeout of the 2018 MEP grant, CIFT received direction from the ODOD to reverse previously reported membership revenue. This instruction was communicated verbally and subsequently confirmed through email correspondence in January 2019. That

communication indicated membership revenue should be omitted in reporting. Given these communications, CIFT relied on the guidance provided by its pass-through entity (ODOD) in determining its reporting practices.

2. **Reporting After Cost Share Threshold Was Met**
   During several years within the audit period, income and expenses were not reported after the required non-federal cost share threshold had been met. ODOD defined the required cost share value within each grant agreement and once achieved, it was understood that the reporting obligations were met. This reflects CIFT following reporting expectations of ODOD. This is in accordance with 2 CFR200.332 (b2) and (e1) per the responsibility of the pass-through entity. Page 9 of the report, OIG noted, "In fact, multiple subrecipients informed us that ODOD directed them not to report program income beyond the budgeted amounts for each subaward."

During the audit review, OIG noted over $1,903,651 in program expenses by CIFT that had not been previously reported due to having met cost share requirements and would have offset income. CIFT believes this context is important when evaluating the overall financial reporting for the period. These expenses were not reflected in the finding or report.

The $154,804 referenced for the award renewal portion was an **active** 5-year grant without full expenses noted at the time of the audit review. Per the guidelines, program income needs to be expended by the end of the grant agreement but can be rolled over year to year in a multi-year award. It was understood that expenses could still be applied to this amount.

CIFT further notes that its historical, and good-faith interpretation of program income was consistent with previous practices, reflecting broader ambiguity in the application of 2 CFR 200.307 and limited subrecipient-level guidance at the time.

Upon receiving clarification from ODOD, CIFT worked collaboratively to reassess prior reporting and implement adjusted measures. CIFT emphasizes that this finding resulted from interpretation challenges and not from misuse or misappropriation of federal funds. CIFT takes stewardship of funds very seriously.

CIFT has consistently undergone external oversight, including multiple state audits (4), annual independent financial audits (9), and single audits (7) conducted in years when the federal threshold was met. These audits did not identify material findings related to program income.

CIFT has worked collaboratively with ODOD to develop an adjusted approach to reporting. Membership revenues are now tracked separately for manufacturing and non-manufacturing members to ensure only applicable revenues and expenses are included in program income calculations.

Timeline: Multiple requests for guidance on reporting of membership were made to ODOD upon notification by the OIG that an alternative approach was needed. Additionally, CIFT asked the OIG if the new reporting approach was acceptable to which the auditors indicated having no issue with the adjustment. The modified approach started October 1, 2023 and was implemented prior to a final report being released, thereby demonstrating immediate response to updated guidelines.

Finding 2 – Questioned subawards

OIG finding: ODOD made MEP subawards using federal funds under the base award that were unallowable to FastLane and CIFT for subsidizing client projects.

Management Position: Does not concur

Management Response: A subaward of $142,929 was provided to CIFT in 2020 for the purposes of assisting new and small manufacturers with MEP services. ODOD provided direction on the goals of the award and defined the mission. CIFT complied with the guidelines provided by ODOD and did not spend the funds outside the defined parameters. CIFT does not concur that this amount should be factored into CIFT's unallowable costs. Management of these funds were held with highest regard to compliance and assisted thirty-one manufacturers.

CIFT provided information to ODOD related to how many manufacturers were supported through this program and the services delivered.

Timeline: CIFT managed the program per the grant terms and approvals it received from ODOD.

Finding 3 – Unallowable costs

OIG finding: $294,222 was labeled as unallowable costs by CIFT.

Management Position: Does not concur

Management Response: CIFT does not concur with the characterization of the identified costs as unallowable nor the value referenced. On December 16, 2025 the OIG deemed $141,505 of the direct costs tested as unallowable and provided the spreadsheet of those questioned. It is unclear as to what constitutes the value of $294,222, referenced in the report. It is assumed that the $142,929 noted in finding #2 was factored in, which again was used per the direction of ODOD and does not fit this category. Even if this was part of the calculation, there remains a discrepancy of $9,788 with no indication as to what that relates to.

Many expenditures in question were incurred to directly support MEP program objectives, including industry outreach, client engagement, and service expansion. The specific unallowable cost referenced in the report (vegetable boxes) received *pre-approval* from ODOD.

These activities were strategically designed to advance the mission of the program:

- Create awareness of MEP services among small and medium-sized manufacturers
- Facilitate partnerships across industry, academia, and economic development organizations.
- Support workforce development and adoption of emerging technologies.
- Increase participation from underserved and rural manufacturers.
- Showcase innovation and improved operations.

CIFT maintains that $39,675 worth of these activities align with allowable **public relations and outreach costs under 2 CFR 200.421 and 2 CFR 200.461**, (recruiting project participants and publication and printing) specifically those necessary to meet Federal award requirements. Equally, $92,947 complies with **U.S. code 278k (d) activities (2) the active transfer and dissemination of research findings** and Center expertise to a wide range of companies and enterprises (focus groups and advanced technology projects). Costs were approved and reimbursed by ODOD as the

responsible pass-through entity per 2 CFR200.332 (b2) and (e1), and respective invoices provided for each.

A full breakdown of expenses and justifications are available for reference.

Furthermore:

- NIST MEP strategic plans (2017–2022 and 2023–2027) explicitly emphasize marketing, outreach, and brand awareness as key to a robust U.S. economy.
- Encouraged to publish materials, videos, blogs and other communication methods to showcase MEP and the impacts on small and medium manufacturers.
- Existing guidance provides branding parameters but does not clearly define thresholds for allowability or cost limitations.

CIFT's position is that these costs were reasonable, allocable, and aligned with programmatic intent, and were incurred in good faith based on available guidance and oversight structures and always branded as Ohio MEP.

CIFT has been responsive and cooperative throughout the audit process. Recommendations provided during the audit have been evaluated and incorporated into current practices, with improvements implemented and sustained prior to issuance of a final report. We are committed to strengthening the integrity and effectiveness of federal financial assistance programs.

For over 30 years, CIFT has assisted in the creation of **3,485 new jobs**, retained **8,836 existing jobs**, supported **$123 million in sales**, and partnered with companies that have invested more than **$322 million** back into Ohio's economy. These figures represent only the impacts reported directly by clients—actual benefits extend well beyond these numbers.

CIFT has lost 11 of 15 staff delivering critical services to food processors and manufacturers, had $1,672,220 withheld in 2026 funding, and intends to work collaboratively with ODOD and NIST to reconcile the applicable reports and ensure alignment with program requirements. Backup documentation related to all the above information is available. We respectfully request that this information be considered by the National Institute of Standards and Technology (NIST) when determining next steps.

CIFT remains committed to resolving these matters and ensuring continued compliance while protecting the interests of the Ohio businesses and communities we serve.

Sincerely,

Rebecca Singer
President & CEO
CIFT

Ethan Karp
Chief Executive Officer
Manufacturing Advocacy & Growth Network, Inc.
1800 E. 63rd Street
Cleveland, OH 44103

September 17, 2026

VIA ELECTRONIC MAIL

Patricia McBarnette
Executive Director
Office of Audit and Evaluation
Office of Inspector General
U.S. Department of Commerce

Re: MAGNET Response to Audit Report OIG-26-025-A, Audit of NIST MEP Awards to Ohio Department of Development (August 19, 2026); MAGNET Subawards under Awards 70NANB16H216, 70NANB21H144, 70NANB20H035, and 70NANB20H158

Dear Patricia:

I. Purpose of This Response

Manufacturing Advocacy & Growth Network, Inc. (MAGNET) submits this response to the findings in Audit Report OIG-26-025-A that are attributed to MAGNET. MAGNET is a subrecipient of the Ohio Department of Development (ODOD) under the awards identified above. MAGNET was not the audited entity, was not provided the draft report, and has had no opportunity within the audit process to respond to the specific findings before their publication. MAGNET submits this response now because the report attributes to MAGNET $4,305,590 in costs described as unallowable and $314,170 in costs described as unsupported, together with $105,271 in unreported program income and $130,518 in understated unexpended program income, and because Recommendation 2 asks NIST to determine the allowability of those amounts and recover any portion determined to be unallowable. MAGNET requests that this response and the accompanying issue-level analysis be made part of the administrative record NIST considers in preparing its action plan under Department Administrative Order 213-5 and in the audit resolution process under Section 6.03 of that Order.

MAGNET accepts responsibility for the errors identified in Section III below, including errors the audit report did not identify and that MAGNET identified through its own review. MAGNET contests the remaining findings on the grounds set out in Section IV and in Appendix A.

II. MAGNET's Status and the Applicable Regulatory Framework

MAGNET does not dispute that, as a subrecipient within the meaning of 2 C.F.R. 200.1, it is subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 C.F.R. Part 200 and to the NIST MEP General Terms and Conditions. MAGNET does not contend that ODOD's approval of an expense determines its allowability under 2 C.F.R. 200.403, and nothing in this response should be read to make that argument.

MAGNET's position is rooted in the allocation of responsibility that is established under 2 C.F.R. 200.332(a). Under this subsection, the pass-through entity must ensure that every subaward identifies the applicable federal requirements. Under 2 C.F.R. 200.332(a)(4), the pass-through entity must provide the subrecipient with an approved federally recognized indirect cost rate, a rate negotiated between the pass-through entity and the subrecipient, or the de minimis rate. Under 2 C.F.R. 200.332(d), the pass-through entity must monitor the subrecipient's activities to ensure that the subaward is used for authorized purposes and that performance goals are achieved. Under 2 C.F.R. 200.332(e), the pass-through entity may impose additional conditions and require corrective action.

Throughout the audit period MAGNET submitted its expenses to ODOD at the receipt level, with supporting documentation, and was reimbursed after ODOD review. In several of the matters addressed below, ODOD did not only approve an expense, but it also directed the underlying activity. The audit report itself finds that ODOD did not obtain required NIST preapprovals and directed subrecipients not to report program income beyond budgeted amounts. Those findings describe a pass-through entity that did not discharge the obligations that 2 C.F.R. 200.332 assigns to it, and they bear directly on where responsibility for the resulting noncompliance properly rests.

These facts are relevant to the allocation of responsibility under 2 C.F.R. 200.332. They are also pertinent to whether MAGNET acted with the prudence contemplated by 2 C.F.R. 200.404 (the reasonableness standard) in incurring costs that ODOD had reviewed, approved, and in some instances directed, as well as to the appropriate disposition of questioned costs in audit resolution.

III. Matters MAGNET Accepts

MAGNET accepts responsibility for the following. MAGNET identified several of these items itself, during a review it undertook after the report was published and reports them here although the audit did not report them.

Program income not reported

- A $30,000 event sponsorship and $3,800 in registration fees associated with a manufacturing conference charged to the award renewal should have been reported as program income under 2 C.F.R. 200.307 and Section 12 of the MEP General Terms and Conditions.
- MAGNET's own review identified an additional $1,400 in ticket revenue from a separate event that should likewise have been reported.

Unsupported costs

- The report describes $12,938 in board-related scholarship and telecommunications expenses that MAGNET could not explain. Based solely on the invoice, $6,382 was likely a contribution by MAGNET to a scholarship administered by the Economic Growth Foundation, matched by a contribution from a company that has a representative on MAGNET's board. Neither the board member nor the company received any benefit from the contribution, and the Foundation has no connection to any board member. MAGNET accepts the contribution as unallowable under 2 C.F.R. 200.434(a). MAGNET has not located documentation beyond the underlying receipts for the telecommunications portion, $6,556, and accepts that amount as unsupported within the meaning of 2 C.F.R. 200.302(b)(3).
- MAGNET's review identified an additional $4,096 with the same documentation deficiency, which MAGNET accepts on the same basis.

Vendor refund not pursued

- MAGNET paid $15,954 for a speaker engaged at ODOD's direction for the Ohio MEP Summit. The event was cancelled and the speaker did not appear. MAGNET did not pursue a refund from the vendor and did not credit the award. MAGNET accepts this as an administrative failure and will refund $15,954, subject to ODOD's instruction that MAGNET hold state payments pending completion of the audit. This is the only known occurrence of this issue regarding a vendor refund. MAGNET has modified its reimbursement process to ensure this does not happen again.

Costs improperly included in sponsorship packages

- Three event sponsorships included golf participation valued at $800, $160, and $200 respectively. Those amounts should have been separated from the sponsorship cost and excluded from the award. MAGNET identified the third instance itself. These are the only golf-related sponsorship costs in MAGNET's MEP records for the period 2016 through 2025.

FY 2023 indirect cost rate

- MAGNET's FY 2023 indirect cost rate proposal included rent for space that had been donated rather than paid. That was an error and MAGNET accepts it. MAGNET's records indicate that it billed FY 2023 at [redacted] percent rather than the [redacted] percent rate the Department of the Interior approved, so any recovery attributable to the rent correction is properly measured from the rate actually billed. MAGNET's recalculation of the rate with the donated rent removed lowers the indirect rate to [redacted] percent. Applied to the grant expenditures over this one-year time period, the corrected rate yields a recovery figure of $46,449, consistent with 2 C.F.R. 200.414. MAGNET has contacted the Department of Interior to correct this error, and the corrected computation is included in Appendix A.

IV. Matters MAGNET Contests

The issue-level analysis in Appendix A addresses each MAGNET finding in the report by page citation, states MAGNET's position, and identifies the supporting documentation available. The paragraphs below state the principal grounds by category.

A. Program income: rental and client revenue

The report treats a proportional share of MAGNET's rental income and client fee revenue as program income on the theory that MEP awards paid a share of the associated costs. MAGNET does not dispute that program income is measured on a gross basis under 2 C.F.R. 200.1, nor that costs charged to the federal award are unavailable for deduction under 2 C.F.R. 200.307(d).

MAGNET's position is that the report applies the theory without the analysis the theory requires. The determination of program income under 2 C.F.R. 200.307 is project specific. It depends on whether costs of generating particular revenue were charged to a MEP award, on what share of those costs the federal award bore, and on what generating costs were borne outside the award and are therefore properly deducted. The report performs that analysis for two illustrative transactions and then identifies gross figures of $1,039,051 in rental income and $25,353,470 in client revenue over a seven-year period without attributing either figure to specific projects or specific charged costs.

The $25,353,470 figure cited in the report is MAGNET's total earned revenue for the period, whether or not related to the MEP subawards. Based on an analysis of 2017-2024, 753 separate projects with manufacturers covering $15,560,816 of client income were considered for MAGNET’s analysis below. Precisely defining which projects should be counted as MEP projects requires a project-level determination that MAGNET's legacy financial system was not designed to support at the level of granularity the report's theory would demand. To avoid understating the scope of its review, MAGNET conducted a conservative analysis using the broadest available revenue set, encompassing $15,560,816 of client income across 753 separate manufacturer projects. In 2024, MAGNET implemented a new financial system capable of identifying and tracking MEP projects at the individual project level; however, the historical period covered by this audit predates that capability, and the analysis accordingly relies on data from the prior system. On that population, MAGNET's cost of delivering the work exceeded the revenue received by approximately $745,887—an average of $991 per project. The analysis demonstrates that when generating costs are accounted for, as 2 C.F.R. § 200.307(d) and Section 12.E of the MEP General Terms and Conditions requires, the gross client revenue figure cited in the report does not represent program income. MAGNET submits this analysis as part of the record and is prepared to provide the underlying data for verification.

With respect to rental income specifically, the space in question was leased by MAGNET and was occupied by startup manufacturers in MAGNET's incubator and subsequently by community nonprofit organizations. Further, MAGNET’s indirect cost pool allocates its costs based on underlying direct costs, so each MAGNET function bears its own portion of the indirect costs. No federal award holds an interest in the property. MAGNET disclosed the rental revenue in its audited financial statements throughout the period.

B. Program income: personal protective equipment

The report identifies $6,638,327 in personal protective equipment sales and states that NIST will need to determine the amount of program income attributable to the MEP awards. MAGNET agrees that a determination is required and submits the following for that purpose.

The $6,638,327 represents funds received from the State of Ohio and other purchasers and paid to Ohio manufacturers that produced the equipment. MAGNET applied no overhead to those transactions. More than 400 transactions across more than 35 vendors are documented in MAGNET's accounting system, and the full accounting is provided at Appendix A. The proceeds were disbursed to the producing manufacturers.

Separately, MAGNET received $1,012,800 under the NIST MEP Emergency Assistance Program subaward. The stated objective of that program, as set out in the Ohio MEP technical proposal for 2020-NIST-MEP-NEAP-01, was to support manufacturers in the accelerated production of personal protective equipment among other pandemic response activities. The expenses MAGNET charged to that subaward were incurred for the purpose the subaward was made to fund. ODOD approved the application of those funds, including to pre-award costs. The proposition that NIST was unaware of the activity is difficult to reconcile with the contemporaneous record of NIST MEP communications regarding MAGNET's personal protective equipment work, which is provided at Appendix A. The Ohio MEP Technical Proposal for the NIST MEP Emergency Assistance Program (2020-NIST-MEP-NEAP-01), which NIST reviewed and funded, expressly identified "the accelerated production of Personal Protective Equipment (PPE)" as a core objective of the $2,300,000 award, of which MAGNET received $1,012,800. ODOD further approved the application of that grant to pre-award PPE-related costs incurred as early as April 10, 2020, and authorized additional PPE costs to be charged to the core MEP grant for the period preceding that date—approvals that confirm the PPE work was known to, and sanctioned within, the award structure.

C. Indirect cost rates for FY 2020 and FY 2021

The report finds that MAGNET overbilled indirect costs by $720,169 in FY 2020 because it did not include approximately $6.6 million in purchase orders and $1.6 million in forgiven Paycheck Protection Program loan proceeds in its overhead rate calculations and did not adjust its rates downward.

MAGNET held a predetermined indirect cost rate negotiated with the National Science Foundation covering FY 2020 and FY 2021. A predetermined rate is defined at 2 C.F.R. 200.1 as a rate established for a specified current or future period on the basis of an estimate of the costs to be incurred, and the definition provides expressly that such a rate is not subject to adjustment. The remedy the report describes, a downward adjustment of the rate once actual amounts became known, is the remedy that a predetermined rate forecloses. MAGNET applied the rate it held for the periods that rate covered, as 2 C.F.R. 200.414 requires. This NSF rate determination letter is in Appendix A.

D. Indirect cost rate for FY 2022

MAGNET's federally negotiated rate expired at the beginning of the FY 2022 MEP year. MAGNET received no direct federal funding and had no cognizant agency for indirect costs at that time. Under 2 C.F.R. 200.332(a)(4), the obligation to provide the applicable rate in those circumstances rests with the pass-through entity. ODOD directed MAGNET to continue using its prior approved rate and approved budgets and invoices at that rate.

E. Outreach, marketing, and partnership development costs

The report questions $402,135 in public relations and video production costs and a series of individual sponsorship, event, and advertising expenditures. MAGNET's position is that these costs are allowable under 2 C.F.R. 200.421(b) and (d), which permit advertising and public relations costs incurred for the recruitment of personnel, the procurement of goods and services, and other specific purposes necessary to meet the requirements of the federal award, including costs of communicating with the public and press regarding specific activities or accomplishments resulting from performance of the award.

The statutory purposes of the Hollings Manufacturing Extension Partnership include the active dissemination of scientific, engineering, technical, and management information about manufacturing to industrial firms. The NIST MEP strategic plans in effect during the audit period directed centers to build a compelling story about manufacturing, to improve branding and marketing to increase market penetration, and to educate and inform appropriate authorities regarding the importance of manufacturing. The activities the report questions are the activities those documents describe.

MAGNET further notes that NIST MEP program staff encouraged, participated in, and in some instances funded comparable outreach activity by MAGNET during the same period. That record is provided at Appendix A. It bears on allocability under 2 C.F.R. 200.405(a) and on reasonableness under 2 C.F.R. 200.404, both of which are measured against what a prudent person would do in light of the responsibilities the entity carries under the award.

F. Conflicts of interest

The report identifies two contracting relationships involving MAGNET board members. MAGNET addresses each separately because the facts differ.

As to the contracts with The Ohio State University totaling $481,364: ODOD structured the arrangement and directed MAGNET to serve as fiscal agent for it. MAGNET exercised no discretion over whether the university was engaged, at what compensation, or for what scope. MAGNET disclosed the board relationship to its Executive Committee and obtained the analysis of counsel, consistent with the written standards of conduct it maintains under 2 C.F.R. 200.318(c)(1). For over half of this amount, the individual, his institutional affiliation, his role in the project, and the compensation to the Ohio Manufacturing Institute at Ohio State were identified in ODOD's application to NIST and in the project budget NIST reviewed and approved before making the award. The concern that conflict of interest requirements exist to address, that a conflicted relationship may influence a selection or award decision, is not present where the entity made no such decision.

As to MPI Group: the subaward ran from ODOD to MPI Group. MAGNET was not a party to it, did not select the firm, did not approve the subaward, and did not disburse funds under it. The report allocates the $366,270 to MPI Group rather than to MAGNET, and MAGNET understands the finding is directed at ODOD's procurement process. MAGNET requests that the final disposition reflect that allocation.

As to the internship wage reimbursements to two manufacturers whose executives served on MAGNET's board: MAGNET administered the program under state grant terms it understood to involve no federal funds. Every participating manufacturer met the same eligibility criteria and followed the same reimbursement process. The board members in question had no role in internship decisions.

G. Internship and subsidy costs

The report finds that ODOD drew federal funds under the base award to reimburse MAGNET for costs incurred under a state-funded program, and that subawards for internship wage reimbursement exceeded the $150,000 threshold requiring NIST preapproval that ODOD did not obtain.

MAGNET administered the program it was directed to administer, under the grant terms and approvals it received from ODOD, and understood the funding to be state funding. The decisions the report identifies as noncompliant, the drawdown of federal funds and the failure to obtain NIST preapproval, were made by ODOD. MAGNET did not select the funding source for its reimbursements and had no visibility into ODOD's drawdowns.

H. Economic impact reporting

NIST designed the MEP economic impact survey, authored its questions, and engaged an independent third party to administer it. The survey asks manufacturers to estimate the effect of center services on their operations. MAGNET does not select the respondents' answers, and the survey is voluntary.

The report raises concerns about identical economic impacts reported by a board-affiliated manufacturer in FY 2023 and FY 2024. MAGNET addresses the specific points the report raises. First, the figures in question were supplied by the manufacturer directly to the independent survey administrator, not by MAGNET. The manufacturer received similar workforce-related services over consecutive years, and reported the impacts it attributed to those services. Second, under the verification protocol NIST established, when a client's reported impact exceeded a specified threshold, the center was asked to describe the project and confirm that the respondent intended to report the figures submitted. MAGNET performed both steps in each instance and submitted verification narratives to NIST describing the services provided to the manufacturer. MAGNET was not directed to independently audit a respondent's voluntary estimates or to obtain additional substantiation from the company, and the protocol did not provide for either step. The verification standard MAGNET applied is the standard set out in NIST's own Center Assessment and Reporting guidelines. Third, the board members whose affiliated companies are referenced in the report were recruited to MAGNET's board precisely because their companies are active users of MEP services and are well positioned to provide feedback on center operations—a governance practice MAGNET considers consistent with nonprofit best practices. The fact that these companies are among the most innovative and growth-oriented manufacturers in the region is why their reported impacts are significant; on a proportional basis, the impacts reported by these

large manufacturers represent approximately 0.2 to 0.3 percent of their total jobs and revenue, well within the historical range for large-company survey respondents regardless of board affiliation.

MAGNET's certifications to NIST were made against the standard the verification protocol set, and MAGNET provided the service documentation and explanatory narratives the protocol required. The underlying verification narratives and service descriptions are provided at Appendix A.

V. Outstanding Information and Requests

The transaction-level detail MAGNET has not received

MAGNET is unable to reconcile a number of the figures attributed to it. The report states aggregate amounts by award and provides illustrative examples, but does not identify the underlying transactions, the periods to which they were charged, or the specific provision on which each unallowability determination rests. MAGNET requested that detail from the Office of Inspector General by letter dated March 27, 2026, before the draft report was issued, and did not receive it.

When the audit began on May 15, 2024, in written communications from the OIG, an exit interview was planned December 2024, a draft report in March 2025 and the final report in May 2025. That was pushed back in May of 2025 to June, August, and September for an exit interview, draft, and final report respectively. For a third time, the report was delayed again in September to October, December, and February. The award was suspended on December 5, pending the audit being produced. New dates, in writing, for the exit interview, draft report, and final report were set as February, April, and May 2026. By the end of February 2026, OIG told MAGNET the exit interview would be imminent. By March 27, 2026, no exit interview or details of findings were discussed with MAGNET. MAGNET formally requested a detailing of all findings on that date. OIG made it clear that NIST should respond. No responses were given. On May 1, 2026, OIG informed MAGNET that no exit interview or draft report would be shared with ODOD (and thus MAGNET).

As a consequence of the lack of information regarding specific findings, MAGNET has done its best to match figures cited in this report to its response. Among the figures MAGNET cannot presently verify with full accuracy include the $70,271 in program income from rental income, the $1,039,051 and $25,353,470 in rental and client revenue, the exact amount referenced as the $33,052 listed as conference rental (and catering and event), $720,169 and $105,289 indirect cost recovery computations, the $60,252 event figure, the $5,308 in labor charges, the composition of the $402,135 marketing total, the exact OSU contract expenses, the MAGNET portion of the $607,950 in state program reimbursements, and the majority of the $314,170 in unsupported costs. MAGNET has responded to each on the best interpretation available from the report's description.

MAGNET raises this not as an objection to the audit but because a recovery determination under 2 C.F.R. 200.339 requires a factual and regulatory basis specific enough for the affected party to address. MAGNET is prepared to respond to each transaction on receipt of the schedule.

Requests

On the basis of the foregoing, MAGNET respectfully requests that NIST:

1. Provide, or obtain from the Office of Inspector General, a transaction-level schedule of the costs questioned under MAGNET's subawards, identifying for each item the vendor, date, amount, subaward and invoice period charged, and the specific regulatory or award provision on which the determination rests.
2. Accept this response and Appendix A and B into the administrative record for the action plan required by October 18, 2026, and for the audit resolution process under Section 6.03 of Department Administrative Order 213-5.
3. Confirm that the $366,270 associated with the MPI Group subaward is allocated to MPI Group and not to MAGNET, consistent with Table 5 of the report.
4. Provide MAGNET a reasonable period following receipt of the transaction-level schedule to submit supplemental documentation, and confirm that no allowability determination affecting MAGNET will be finalized before that period has run.
5. Consider, in connection with Recommendation 1, that the suspension of the ODOD award renewal has been in effect since December 5, 2025, that MAGNET has reduced its workforce from approximately 75 to 39 employees during that period, and that MAGNET is the sole Ohio MEP center still delivering services to manufacturers.

VI. Reservation of Rights

Except as expressly stated in Section III, nothing in this response constitutes an admission by MAGNET that any transaction constitutes program income, that any cost is unallowable or unsupported, that any conflict-of-interest disclosure obligation attached to MAGNET, or that MAGNET is liable for repayment to ODOD, NIST, or the United States. MAGNET reserves all rights to contest the classification, valuation, and disposition of any amount addressed in the report, and to present a complete factual and regulatory defense in accordance with applicable audit resolution procedures. MAGNET further reserves its right to pursue any administrative appeal, hearing, or other remedy available under 2 C.F.R. 200.342, Department Administrative Order 213-5, and any other applicable federal or departmental procedures.

MAGNET has cooperated with this audit since May 2024. It has responded to every document request and participated in every interview. It has continued to serve Ohio manufacturers throughout the suspension period. MAGNET is available to meet with NIST staff at any time and will make its accounting personnel and outside compliance advisors available for a working session on any of the matters addressed here.

Respectfully submitted,



Ethan Karp
President and Chief Executive Officer
Manufacturing Advocacy & Growth Network, Inc.

Appendix A: MAGNET Issue-Level Response to OIG-26-025-A, with supporting documentation

Appendix B: MAGNET letter to the Office of Inspector General dated March 27, 2026

cc: Amy Egan, Audit Liaison, National Institute of Standards and Technology
Arthur L. Scott Jr., Assistant Inspector General for Audit and Evaluation
Lydia Mihalik, Director, Ohio Department of Development

APPENDIX A: MAGNET OIG Audit Report Details and Support Documentation

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
1	P. 7 - FY2022 rental income: OIG says MAGNET should have reported about half of its rental revenue because MEP awards paid about half of its indirect costs. P. 7 - MAGNET confirmed it reported no rental income	$140,542 rental revenue; $70,271 OIG-calculated program income; FY2022. $1,039,051 rental income	False	**MAGNET disclosed its rental revenue, and disputes treating it as MEP program income.** MAGNET reported all rent totaled over eight years in audited financial statements. The rent came mainly from startup manufacturers in MAGNET's incubator until 2022 and community non-profits sharing MAGNET's leased space since then. This rent was not generated by the MEP program. NIST has no ownership stake in the building and therefore MAGNET disputes the treatment of any rental income as MEP program income across all years (the claimed $1,039,051 and $140,542).	Audits available upon request	N/A
2	P. 7 - Client-fee example: MAGNET charged related expenses to the base award renewal but did not report the client revenue as program income. P. 7 - MAGNET charged expenses to MEP awards but did not report the corresponding revenue as program income, allowing it to retain the money without award restrictions. p. 7 - MAGNET confirmed it did not fully report all client fees. OIG says NIST must determine the full unreported amount	$25,526 charged expenses; $35,000 client revenue. $25,353,470 client revenue; July 2017-June 2024.	Disputed	**MAGNET's consulting revenue is not unreported MEP program income.** The $25.4 million represents eight years of client projects, many unrelated to the federal award. MAGNET's nonprofit business model is designed to provide consulting at a price small and midsized manufacturers can afford. The majority of MAGNET projects lose money after the cost of delivering the work is counted. In total, MAGNET has spent more money than clients have paid. Under Section 12.E of the NIST MEP terms, eligible generating costs not already charged to the award are deducted before program income is calculated. There is no income to report when work is delivered at a loss. Zero percent of zero is zero. OIG cites one example involving $35,000 in revenue and $25,526 in award costs that it says made money. MAGNET cannot identify this example until OIG identifies the project.	Program income explanation and rules regarding treatment of program income	N/A
3	P. 7-8 - MAGNET had additional unreported program income from PPE sales. OIG says NIST was unaware of the sales and did not approve the allocation of related expenses to MEP awards. "ODOD participants are profiting" is a quote in this section that is relevant.	$6,638,327 PPE sales; $1,012,800 in related expenses allocated to the COVID award, plus additional base-award expenses; amount attributable to MEP undetermined.	False	**The $6.6 million paid to Ohio manufacturers for emergency PPE was not unreported MEP program income.** MAGNET mobilized manufacturers during the pandemic to make PPE. More than 400 transactions involving over 35 vendors show the money came in to purchase PPE and was paid to the Ohio companies that made it. MAGNET added no overhead. Under Section 12.E, the eligible costs of generating the revenue are deducted before program income is calculated. After those expenses were counted, there was no program income to report.	Summary of revenue and spend for $6.6M PPE and details of grant purpose and alignment with NIST goals	Yes

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
4	P. 10 - MAGNET charged an unnecessary and unreasonable headquarters groundbreaking event to the award.	$60,252 for planning, staging, landscaping, catering, entertainment and security.	False	**OIG falsely calls a regional manufacturing strategy launch a headquarters groundbreaking.** The event was the June 2021 launch of the Blueprint for Manufacturing, a regional strategy led by MAGNET for the future of smart manufacturing in Northeast Ohio, shaped by more than 400 manufacturing and community leaders. The invoices describe a networking and strategy event to reinvigorate and reinvent manufacturing in the region, not a groundbreaking. In fact, NIST's website promoted the Blueprint that same month. OIG has not provided the transactions behind its $60,252 figure but this is the only event held in that timeframe. This event was strategically launched on the site of MAGNET's future Technology, Innovation and Job Center, in line with NIST-MEP Strategic goals. News coverage of the event is here: MAGNET offers blueprint for manufacturing success in Northeast Ohio - cleveland.com	Details regarding the strategic alignment of NIST-MEP to the Blueprint NIST announcement of the Blueprint List of estimated blueprint event expenses referred to in the Report Blueprint event vendor invoices ODOD pre-approval	Yes
5	P. 10 - MAGNET charged conference costs to the award renewal and did not report related sponsorship and registration revenue as program income.	$33,052 conference costs; $30,000 sponsorship; $3,800 registration fees.	Accept as administrative error	**MAGNET accepts responsibility for a reporting mistake tied to a manufacturing conference**. Auditors found that a $30,000 contribution and $3,800 in ticket revenue from a Strategic Blueprint (as described above) update conference for 200 plus manufacturers and community leaders should have been reported as program income. MAGNET's own follow-up review found another $1,400 in ticket sales related to another event. These were administrative oversights. MAGNET accepts them and takes responsibility.	None	N/A
6	P. 10 - MAGNET spent award funds on unallowable public relations and video production.	$402,135 total.	Disputed	**The money MAGNET spent promoting manufacturing was an allowable expense.** Under 2 C.F.R. § 200.421 federal cost rules advertising and public relations are allowable when needed for program outreach and other specific award purposes. Congress also made the "active dissemination of scientific, engineering, technical, and management information about manufacturing" an MEP objective and directed centers to provide information about manufacturing and careers. These communications helped manufacturers find MEP support, shared useful industry information, and promoted manufacturing careers. NIST repeatedly encouraged MAGNET to undertake PR and marketing activities designed to promote manufacturing to help MEP achieve its mission goals around workforce, technology, and innovation. From day one, these activities were front and center in MAGNET's original Ohio MEP grant proposal, NIST-MEP's strategic plan, and NIST-MEP even paid for similar services on MAGNET's behalf.	Evaluation of public relations expense including MAGNET application to Ohio MEP, NIST praise for work, NIST's MEP strategy to do PR and raise MEP profile, and more permissibility examples	Yes

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
7	P. 10 - MAGNET paid for ghostwritten business-publication articles on its president's behalf.	$18,210; included in the $402,135 marketing total.	False	**The $18,210 spent on articles about the future of manufacturing was an allowable expense.** Under 2 C.F.R. § 200.421 federal cost rules, advertising and communications costs are allowable when needed for program outreach and other specific award purposes. These articles distributed practical information about issues shaping manufacturing and connected the industry with MEP ideas and services. That supports Congress's instruction that MEP actively disseminates technical and management information about manufacturing. MAGNET submitted the finished articles and expenses to the State and was reimbursed. NIST praised MAGNET's efforts, referred MAGNET to media, and paid for articles to be written for MAGNET. Articles were focused on promoting manufacturing as a career, providing advice to manufacturing leaders about strategy, technology, innovation and building the future of smart manufacturing.	Detailed explanations with vendor invoices and example evidence of ODOD NIST strategic plans, legal statute references, examples of NIST paying for ghostwriting and more approvals	Yes
8	P. 10 - MAGNET paid for rights to use a local professional athlete's photo.	$5,743; included in the $402,135 marketing total.	Disputed	**The LeBron James image was used to expand manufacturing outreach for youth.** MAGNET purchased limited rights to use the photograph in the Blueprint for Manufacturing campaign. The image drew attention to manufacturing careers and helped younger Ohioans see manufacturing as a modern career. Congress specifically assigned MEP a role in providing information about manufacturing careers. Under 2 C.F.R. § 200.421, these costs are allowable when incurred for program outreach purposes. MAGNET disclosed the expense and purpose to the State and was reimbursed. Changing the public image of manufacturing for students is part of NIST's stated MEP strategy.	Vendor NIST's strategy for improving the "public image" on manufacturing and vendor invoice	Yes
9	P. 10 - MAGNET sponsored a gala at a professional sports hall of fame and bought four tickets. OIG also says MAGNET coded the expense as dues/subscriptions instead of advertising/promotion.	$3,191 sponsorship-related spend, including four tickets reported at $1,276.	False	**Sponsoring a Veterans Day event helped to build manufacturing partnerships across five counties.** MAGNET sponsored the Pro Football Hall of Fame's Veterans Day tribute and gala to promote manufacturing and build relationships with economic development leaders who connect companies to business support across the region. The package included four tickets, valued at $1,276. MAGNET's position is that the $3,191 sponsorship served a documented manufacturer outreach and partnership purpose. The expense and its purpose were submitted to the State and reimbursed. This is consistent with the allowability of advertising and public relations costs under 2 C.F.R. § 200.421.	NIST-MEP's strategy to engage with economic development Vendor invoice, ODOD pre-approval, & MAGNET listed as a sponsor	Yes
10	P. 10 - MAGNET membership costs included unallowable lobbying.	$3,403.	False	**MAGNET did not charge federal funds for lobbying.** Under 2 C.F.R. § 200.450, costs associated with lobbying are unallowable; MAGNET ensured compliance by excluding the estimated lobbying portion from its charges to the MEP award. MAGNET believes this refers to its membership in a state manufacturing organization. This organization estimates on its invoices that 20% of its dues support lobbying. MAGNET charged only 65% of its $20,000 membership cost to the MEP award, leaving 33% uncharged as a conservative buffer to ensure that no lobbying costs reached the program. MAGNET is not aware of any lobbying charges made to MEP.	Invoice	Yes

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
11	P. 11 - MAGNET's president attended a meeting about future NIST MEP funding proposals and charged labor to NIST while serving as secretary of the host organization's board.	$5,308 labor charged to NIST.	False	**The cost of participating in a national MEP strategy meeting was an allowable program expense.** MEP leaders met in Dallas to discuss the future of the national manufacturing support system. The meeting was open to MEP centers, focused on program strategy and included no meetings with legislators. MAGNET charged no travel expenses to the award, only MAGNET's president's time for MEP work. His role on the host organization's board did not change the purpose of the meeting. MAGNET also cannot fully reconcile the $5,308 claimed in the report because the OIG did not include details of what it included in this figure.	Agenda for conference	Yes
12	P. 11 - MAGNET could not explain board-related scholarship-program and telecommunications expenses.	$12,938.	Accept as administrative error	**MAGNET accepts responsibility for unsupported expenses and an additional unsupported expense it found itself.** MAGNET could not locate more documentation than the receipts required to support the $12,938 identified by OIG. MAGNET believes these were appropriate expenses, however, without more documentation from 2020-2021 they are not supportable. MAGNET's own broader review found another $4,096 with the same problem. MAGNET accepts both amounts as administrative errors and takes responsibility.	None, accepted	Yes
13	P. 27 - MAGNET expensed a celebrity speaker for a virtual event even though the celebrity did not speak.	$15,954 charged to the base award.	Accept as administrative error	**MAGNET accepts responsibility for failing to request a vendor refund and refund the cost of a State-selected MEP Summit speaker after an event was canceled.** The State directed MAGNET to hire John Ratzenberger to speak at the Ohio MEP Summit. The speaker was canceled and he did not speak. MAGNET already paid the vendor and failed to get a refund until this was brought to our attention in 2025. We will refund $15,954 to the State. This was discussed with the State of Ohio who instructed MAGNET to hold any state payments until the end of this audit. This was an administrative mistake, and MAGNET takes responsibility for refunding this amount.	Vendor invoice, grant transaction submitted with grant invoice, ODOD direction to hire	Yes
14	P. 27 - MAGNET charged filming and aerial photography of its new building as unallowable marketing and advertising.	$40,188.	False	**The $40,188 in videos promoted MEP technology and Ohio manufacturers and was an allowable program expense.** Of the amount questioned, $12,150 covered construction footage, including aerial images, showing manufacturers the new technology, labs and technical support available through MEP. The remaining invoices covered videos filmed at client facilities to share manufacturers' stories and bring more companies into the program. MAGNET's position is that these were allowable program outreach costs. These costs are allowable under 2 C.F.R. § 200.421 as advertising incurred for program outreach. It submitted the expenses and outreach goals to the State and was reimbursed.	Vendor invoices	Yes
15	P. 27 - MAGNET charged advertising congratulating its president on being named a top 50 executive.	$2,533.	False	**The Smart Business advertisement was used to promote MEP to regional business leaders.** The placement used MAGNET president's Top 50 recognition as an opportunity for an advertisement about MAGNET and its manufacturing mission. It carried the MEP logo, reached hundreds of business leaders, and included a speaking opportunity. MAGNET's position is that the $2,533 was a program outreach expense under 2 C.F.R. § 200.421, not a personal congratulatory advertisement. It submitted the expense and purpose to the State and was reimbursed.	Vendor invoice and add placed in the publication highlighting MAGNET and MEP	Yes

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
16	P. 28 - MAGNET sponsored a Chinese New Year celebration at a sports arena, including advertising, a cocktail-hour networking event and basketball tickets. P. 28 - MAGNET sponsored a benefit that included golf, lunch, cocktails and appetizers for two. P. 28 - MAGNET sponsored a benefit that included a beverage-hole sign, golf and a reception dinner for two.	$3,222, $3,221, and $2,096	False, but MAGNET accepts deducting $960 of golf expenses	**MAGNET stands by the business outreach sponsorship but accepts that golf costs should have been deducted.** Sponsoring community events where manufacturing company leaders attend has always been a key and successful part of MAGNET's outreach model to meet manufacturers and promote the program. 1) The Chinese New Year sponsorship was used to reach prospective manufacturing clients. MAGNET sponsored the Greater Cleveland Chinese Chamber of Commerce's 2024 Chinese New Year event to reach business leaders and connect with prospective manufacturing clients. MAGNET submitted the $3,222 sponsorship and its benefits to the State and was reimbursed. 2) The first benefit sponsorship brought MAGNET together with small and midsized businesses across Northeast Ohio and included a business lecture, sponsorship visibility and networking. MAGNET stands by those manufacturer outreach costs. It accepts that the $800 value of the golf should have been separated and removed from the award. 3) The second benefit sponsorship of the Stark Minority Business Association connected MAGNET with minority-owned companies and manufacturing leaders who could use MEP services. MAGNET stands by the advertising and outreach costs. It accepts that the $160 value of the golf should have been removed from the award. 4) MAGNET's broader review found one additional golf package and estimates that another $200 should be removed. *These were the only 3 golf-related sponsorships found in MAGNET's MEP records from 2016-2025.*	Detailed explanation a. Chinese New Year celebration invoice and sponsorship benefits and ODOD pre-approval b. First benefit vendor invoice c. Second benefit vendor invoice, sponsorship package details	Yes
17	P. 11 - MAGNET omitted nearly $6.6 million in purchase orders and more than $1.6 million in forgiven PPP loans from overhead-rate [indirect rate] calculations and did not materially reduce its indirect rates, causing overbilling.	$720,169 overbilling in FY2020; purchase orders in FY2020; PPP loans in FY2020-FY2021.	False	**NIST is trying to apply a different calculation for overhead expense reimbursement after the fact and against the rules. MAGNET appropriately used the federally-approved overhead-rate it had from the National Science Foundation approved through FY2020 and FY2021.** MAGNET's overhead-rate [redacted], otherwise known as the indirect cost rate, determines how much of shared expenses can be charged to the MEP award. There are many kinds of rates that are typically negotiated with a federal grantor like the National Science Foundation. The rate MAGNET negotiated during the FY2020 and FY2021 years was a "predetermined" rate. Predetermined rates do not change for any reason (including purchase orders or forgiven loans). This is consistent with 2 C.F.R. § 200.414, which governs the establishment and use of indirect cost rates. MAGNET correctly applied its predetermined rates during this time period. This claim is false.	NSF Rate Determination Letter	N/A

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
18	P. 11 - MAGNET billed a provisional FY2022 indirect rate above its final rate and never attempted to repay the difference.	$251,382 overbilling; FY2022.	Disputed	**MAGNET's MEP contract is with the State of Ohio. MAGNET used the rate that was approved by the State of Ohio when its existing rate expired. This is allowable under federal rules.** At the beginning of the FY2022 MEP year, MAGNET could not negotiate a rate with the federal government because only a direct federal contract holder can do this. The State directed MAGNET to continue using its prior approved rate in budgets and billings (also allowable under 2 C.F.R. § 200.414(c)(1) and (g)) submitted to the State for approval and this is the rate that MAGNET stands by. MAGNET disputes this claim of overbilling the State.		Yes through budget approvals
19	P. 11 - MAGNET included overstated rent in its FY2023 indirect-cost rate, causing award overbilling.	$514,858 rent overstatement; $105,289 overbilling; FY2023.	Accept as administrative error but disputes the dollar amount	**MAGNET accepts responsibility for the FY2023 rent calculation error.** FY2023 straddled MAGNET's transition from donated space to rent it actually paid. A rate calculation negotiated with the Department of the Interior mistakenly included donated rent that should have been excluded. Neither the negotiator nor MAGNET identified the issue until now. MAGNET accepts conceptually this error, however, disputes the calculation of $105,289 and has recalculated the specific amount to be $46,499 consistent with 2 C.F.R. § 200.414. The Department of Interior has been contacted to correct this error.	FY2023 adjusted indirect rate calculation	N/A
20	P. 12 - ODOD used base-award federal funds to reimburse MAGNET for costs on a state-funded, non-MEP award, largely internship-wage reimbursements to manufacturers. NIST did not approve this use. P. 12 - MAGNET's MEP subaward reimbursed manufacturers for internship wages without NIST approval, used prohibited contributions and exceeded the $150,000 preapproval threshold.	MAGNET portion of $607,950 total questioned expenses is not specified. $236,250 federally funded; [redacted] nonfederal cost share; [redacted] total.	False	**MAGNET believed this to be a State-funded internship program and administered it under the grant terms and approvals it received from the State.** MAGNET delivered the program it was asked to run by the State and followed the rules the State communicated.	Example of state-funded internship grant budget, although the specific award is not identified in the report	Yes
21	P. 14 - A MAGNET board member worked as a contractor through OSU, and MAGNET allocated the contracts to NIST awards. OIG calls the relationship a real or potential conflict that award terms prohibited.	$249,911 on one contract; $231,453 on additional contracts; $481,364 total.	False	**The OSU contracts were not MAGNET conflicts of interest because the State of Ohio made the decision to have MAGNET act as the fiscal pass-through entity for these contracts.** The State of Ohio wanted to provide funding to the Ohio Manufacturing Institute at OSU to conduct research for the State. It needed a mechanism to distribute this funding and asked MAGNET to be the fiscal passthrough. One of the funded leaders of the Ohio Manufacturing Institute happened to serve on MAGNET's Board. MAGNET disclosed the relationship internally per its conflict-of-interest policies and consulted counsel who confirmed that there was no conflict of interest because neither MAGNET nor OSU were involved in the OSU selection. MAGNET's written standards of conduct, maintained in compliance with 2 C.F.R. § 200.318(c)(1), were followed throughout this process.	Detailed explanation including direction to use OSU by the State of Ohio, Board conflict of interest policy, and other supporting analysis MAGNET conflict of interest policy	Yes

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
22	P. 14 - MPI Group, owned or represented by another MAGNET board member, received an ODOD subaward without documented state vetting. OIG says internal correspondence shows selection based on suggestions from an OSU contractor and the MAGNET board member.	$366,270 in federal funds.	False	**MAGNET had nothing to do with this claim. This is a contract between the State of Ohio and a private business.** The MPI Group subaward ran directly from the State to MPI. MAGNET did not select the company, approve the award, contract with MPI or direct any money to it. The original application identified MPI and its MAGNET board connection before NIST approved the project. MAGNET had no decision or involvement for the board member to influence. MAGNET maintains written standards of conduct under 2 C.F.R. § 200.318(c)(1) and followed its conflict-of-interest procedures.	Detailed explanation MAGNET conflict of interest policy	Yes
23	P. 14 - MAGNET paid internship wages to a billion-dollar global manufacturer while an executive from the company sat on MAGNET's board. P. 14 - MAGNET paid internship wages to a publicly traded multinational while an executive from the company sat on MAGNET's board.	$45,158, $26,748.	False	**These manufacturers received no special treatment, and their executives' board service created no conflict of interest. MAGNET believed this to be a state-only program with no NIST-MEP grant funding.** Large and small manufacturers alike qualified for the State internship program. Excluding large manufacturers would have cut off significant opportunities for students and workers trying to enter manufacturing. The companies followed the same eligibility and reimbursement process as every other participant, and its executives were not involved in any internship decisions. MAGNET's written standards of conduct, maintained under 2 C.F.R. § 200.318(c)(1), were followed for all board-affiliated transactions. Per the grant agreement, this was a State-only program with no federal funding involved.	Detailed explanation, state-only grant agreement and budget	Yes
24	P. 14 - MAGNET's president provided free services to an ODOD advisory-board member to help sell the member's proprietary technology.	$5,000 MAGNET valuation.	False	**No free services were provided to anyone**. The manufacturer was a former MAGNET client who credited years of connections, advice, and startup incubation with helping to launch his physical product and grow his company. He shared his story about the pivotal impact MAGNET and MEP made on his company, and MAGNET asked him to complete a form that would trigger NIST to invite him to participate in the economic impact survey. As a key requirement of the pre-survey questionnaire, the MEP must input a value for the project. Since this was a unique situation that unfolded over a decade, MAGNET entered $5,000 as an estimate of time the CEO spent making connections and providing advice simply to allow the survey to proceed. This is the same kind of advice and network connections that staff at MAGNET routinely make in the community and during networking events. No free services were provided.		N/A

Issue #	Report page / claim	Amount / period	MAGNET position	MAGNET response	Available Support Documentation / Proof	State approval?
25	P. 15 - MAGNET told NIST it had verified the board-affiliated client's FY2023 and FY2024 impact data; NIST accepted the impacts. P. 15 - A company affiliated with a MAGNET board member reported identical economic impacts in FY2023 and FY2024, the largest reported by any single Ohio MEP client in each year. P. 15-16 - MAGNET reported the same impacts from the same client again in FY2025, said it verified them, certified they were correct and said it provided the same services for three consecutive years. P. 16 - OIG says MAGNET's FY2025 certification, including the unsupported claim that the same service was provided for three years, raises concerns about the integrity of MAGNET's reporting and inflated performance results. P. 15-16 - MAGNET could not provide support for the services or explain how they generated identical impacts for three years. NIST rejected the FY2025 impacts for lack of a reasonable explanation. P. 16 - NIST used the client impacts OIG calls unreliable to assess Ohio MEP performance in FY2023 and FY2024 and included them in annual reports later used by members of Congress to advocate for MEP. P. 15 - The first board-affiliated client's FY2024 impacts represented a substantial share of the Ohio MEP Center's reported results. P. 16 - The two board-affiliated client examples accounted for a large share of Ohio MEP's reported FY2024 results. P. 16 - A second MAGNET board-affiliated client reported overstated FY2024 impacts. MAGNET said it verified the data, but could not provide service documentation or a reasonable explanation for the impacts.	Each year: $60M new sales; $180M retained sales; $25M cost savings; $5M investment; 200 jobs created; 500 jobs retained. Same $270M combined financial impacts and 700 jobs reported in each of FY2023-FY2025. 47% of total sales and 25% of total jobs; FY2024. 39% of total new and retained sales and 22% of total jobs; FY2024. $30M increased sales; $25M retained sales; $1M investment; 58 jobs; FY2024.	False	**These estimated survey results are self-reported by manufacturers. The OIG questions MAGNET's integrity and suggests that performance is being inflated. This is categorically false. The survey is administered by a third party, and MAGNET has no influence on the results.** NIST has a very clear process to gather information about the economic impact of the MEP nationally. NIST created that process, it directs the process, and it administers it fully. There is also a clear process for verification that MEP centers are asked to follow when a large economic impact is reported. MAGNET followed this process in every case. The allegation that MAGNET could not provide support for the results reported by the manufacturers makes no sense because this is a self-reported survey. MAGNET reported fully the details of the projects that led to the largest economic impacts and all of them were within historical ranges. A manufacturer reporting the same impact for multiple years is not an issue because the same services were provided for multiple years. Repeated impact was the reason that manufacturer kept engaging in the same services. With respect to Board members filling out economic impact surveys, this is not only an accepted approach, but one that is strongly encouraged by NIST-MEP to ensure that our most engaged manufacturers are included in our impact analysis.	Detailed explanation including verification process, verification submission and excerpts from NIST survey training.	N/A

Supporting Documents, Receipts, and Evidence

NOTE: An issue throughout the OIG's findings is that MAGNET has been unable to verify many of OIG's claimed amounts because the OIG has not provided supporting transaction-level documentation or itemized lists of the costs included in its figures. MAGNET cannot meaningfully respond to questioned costs when the OIG has not identified the specific transactions being questioned. MAGNET has used its best judgement based on the report claims to match relevant expenses for these analyses. Additionally, the questioned costs reported by the OIG include the application of an indirect cost rate of roughly 30%. Consequently, the supporting invoices listed below will reflect lower amounts than those shown in the OIG report.

Personal Protective Equipment

Issue #3 – Claim: P. 7-8 **-** MAGNET had additional unreported program income from PPE sales. OIG says NIST was unaware of the sales and did not approve the allocation of related expenses to MEP awards. "ODOD participants are profiting" is a quote in this section that is relevant.

Summary: This is recasting incredible efforts to save lives and jobs during one of the most difficult times in our country's history as a misuse of funds.

Facts:

1. **There was no profit**. A full accounting of all $6.6M of PPE expenses shows that MAGNET did not even add any overhead to these expenses, instead using the money to **pay** the manufacturers who made PPE (and a small amount of MAGNET staff time to help coordinate the work and help manufacturers retool their production lines). There were checks and balances in place throughout. For example, in one case JobsOhio only paid upon reimbursement of actual costs in order to verify that the spending was only at cost. We provided all expenses and receipts demonstrating that we did not make any money. There are more than 400 expense transactions with over 35 vendors.

   The following is a summary from MAGNET's financial system of all costs and revenue showing no profit.

PPE Costs	Spend Amount
Acro Tool & Die Company Materials	$ [redacted]
Acton Technologies Inc. Freight	$
Advanced Poly Packaging, Inc. Materials	$
Ascent Global Logistics, LLC FREIGHT	$
Carriage House Printery Materials	$
Classic Lamination Freight	$
Classic Lamination Materials	$
Commercial Cutting & Graphics : Materials - April	$
Commercial Cutting & Graphics Materials	$
Coyne Graphic Finishing Inc Materials	$
Die-Cut Products Co Freight	$
Die-Cut Products Co Materials	$
Down Decor Inc. Freight	$
Down Decor Inc. Materials	$
Employee Park Mileage	$
Fahlgren Mortine Subcontractor	$
FREIGHT	$
GSH Industries Freight	$
GSH Industries Materials	$
HP Manufacturing Freight	$
HP Manufacturing Materials	$
ITEN Industries Materials	$
Kent Displays Materials	$
Midwest Box Company Materials	$
Midwest Global Distribution Centers, LLC Materials	$
National Bias Fabric Company Materials	$
Ohio Awning & Manufacturing Company Materials	$
Ottawa Rubber Company Freight	$
Ottawa Rubber Company Materials	$
Plastipak Packaging Inc Materials	$
Pragmatic Manufacturing, LLC Freight	$
Pragmatic Manufacturing, LLC Materials	$
Premier Seals Manufacturing Freight	$
Premier Seals Manufacturing Materials	$
Prof Plastics - PPE Shop Suppl	$
Professional Plastics Materials	$
Robeck Fluid Power Co. Freight	$
Robeck Fluid Power Co. Materials	$

PPE Costs	Spend Amount
Sensical Inc Materials	$ [redacted]
Special Design Products Materials	$
Stitches USA LLC Freight	$
Stitches USA LLC Materials	$
StreamlineCLE Materials	$
Tekra Freight	$
Tekra Materials	$
The Goodwill Industries of Akron, Ohio Inc. Freight	$
The Goodwill Industries of Akron, Ohio Inc. Materials	$
The Original Mattress Factory Materials	$
Tiedemann Bevs Industries Freight	$
Tiedemann Bevs Industries Materials	$
Tiedmann - Materials	$
Trifecta Tool & Engineering LLC Freight	$
Trifecta Tool & Engineering LLC Materials	$
Labor	$
Total PPE Costs	**$ 6,619,694**

PPE Revenue	Payments Received
Department of Public Safety	$ [redacted]
ENVIRO Chemical	$
Incenta Rewards	$
JobsOhio	$
OHIO DEVELOPMENT SERVICES AGEN	$
OHIO DEVELOPMENT SERVICES AGEN (Department of Public Safety)	$
THOGUS PRODUCTS CO (Jobs Ohio)	$
Total PPE Revenue	**$ 6,619,694**

Total Income	**$ (0)**

2. Per State of Ohio instructions (below), MAGNET was NOT ALLOWED to generate program income on this grant and needed to provide all services pro-bono. MAGNET did this. This money was granted to MAGNET after MAGNET began producing the $6.6M in PPE, ensured that MAGNET was able to retain its employees to support manufacturers who made the PPE and engage in other COVID-related support activities. Without this grant, MAGNET would have continued losing money on this project and would have been put in fiscal jeopardy while trying to support manufacturers and the State.

The goals set for the program are statewide, but below provides a set for each center.

	Assessments	Suplier Matches	Webinars
CIFT	300	150	6
Columbus State CC	300	150	6
FASTLANE	300	150	6
MAGNET	1,500	750	30
OSU-South Centers	300	150	6
TechSolve	300	150	6
Total:	**3,000**	**1,500**	**60**

NIST-MEP expects us to utilize the 876 CIF entries in MEIS now to begin your outreach efforts. We are also fortunate to have over 1,900 contacts in the PPE Spreadsheet that will give a base starting point in reporting activities back on the Program. The 1,900 will fit nicely into an Assessment pool. More details to come.

PROGRAM KEY POINTS
We should expect an official Audit from NIST of the Program. One area of great concern is the Time and Effort Reporting. We will provide you a document to include with your invoices to assure your staff time to the MEP and NEAP programs are clearly defined. Expect that form later today.

The NEAP is not allowed to generate program income. All services provided are to be pro-bono to the clients. If you get through assessment, supplier matches and webinars and find a client would like to engage with a paid project, that must be moved to the core MEP program. You may use internal staff and third-party experts to deliver on both MEP and NEAP. We will provide you a budget form to complete later today. We ask that you take time to complete and return to me by Friday, May 8th close of business.

ASMC held a call last week. We should expect several changes coming. One is the survey process and measures. They expect next survey to include both Q1 and Q2 clients. We will have the standard period of compliance. They plan to eliminate the "Response Rate" measure and use "Market Penetration". Please stay tuned as we expect other changes as we being the work under NEAP.

I believe we have a solid plan and foundation for the NEAP reporting. You are all doing a great job with the PPE and Ohio Manufacturing Alliance support for Ohio's manufacturers. These activities will continue to support NEAP. As we begin to re-open, please review the Checklist and PowerPoint on Restarting Strategy from MAGNET. These are great tools to help us meet the goals. We will have a separate reporting tool for the assessments and supplier matches under NEAP. I will provide more details as we begin to finalize the tools.

Thank you again and stay safe!

Ohio | Development Services Agency

Susan Foltz
Director, Manufacturing Assistance Programs
Office of Small Business and Entrepreneurship
77 South High Street

3. The express purpose of the $1,012,800 federal grant, which is separate from the $6.6M in State PPE purchases, was emergency funding to support manufacturers to produce this PPE. See below for the objective from the Ohio MEP Technical Proposal for emergency COVID funding (2020 NIST-MEP-NEAP-01):

   "*Project Objective*: Ohio MEP, under the Ohio Development Services Agency, is applying for $2,300,000 [MAGNET received $1,012,800 of this amount] through the NIST MEP Emergency Assistance Program to support US small- and medium sized manufacturers (SMEs), including rural manufacturers, in the prevention, preparation and response to the COVID-19 pandemic. These funds will be used to provide services that directly support manufacturers' ability to adjust and respond to current manufacturing needs, for example, **the accelerated production of Personal Protective Equipment (PPE)**, as well as services that support manufacturers' ability to improve their competitiveness as the marketplace adapts to the coronavirus disruption."

   Per the State of Ohio communication (below), MAGNET's allocation of the $1,012,800 MEP grant to support the production of PPE was approved to be applied to pre-award costs back to April 10th and additional PPE related costs could be charged to the core MEP grant for any such costs incurred prior to April 10th.

From: Foltz, Susan
Sent: Friday, May 29, 2020 8:16 AM
To: [redacted] Karp, Ethan [redacted] Aaron Patrick (Aaron.Patrick@development.ohio.gov) <Aaron.Patrick@development.ohio.gov>
Cc: Mcclure, Diane <Diane.McClure@development.ohio.gov>
Subject: FW: MEP: 70NANB20H035_0 CD-450 / Ohio Development Services Agency
Importance: High

Good morning Everyone –

We received the Cooperative Agreement for the Ohio MEP NEAP funding this morning (attached)!

As you can see – we have a special condition to release the total funding. Phill Wadsworth said he will help me complete over the next few days.

I need your urgent assistance –
The Agreement performance period is set at 06/01/2020 – 09/30/2021. Pre-award costs are allowable. So – the PPE work you have done is a part of the Pre-award costs. The Award stipulates pre-award costs may go back to April 10th.

I must submit a formal request to allow for the pre-award costs. I need your help to make our presentation!!

Please review your costs associated with all the "fantastic" PPE work you have been doing.

Send me an ESTIMATE of what your costs are by line item, for the period of April 10 – May 31, 2020. If you can get that to me by Monday will be VERY HELPFUL!!

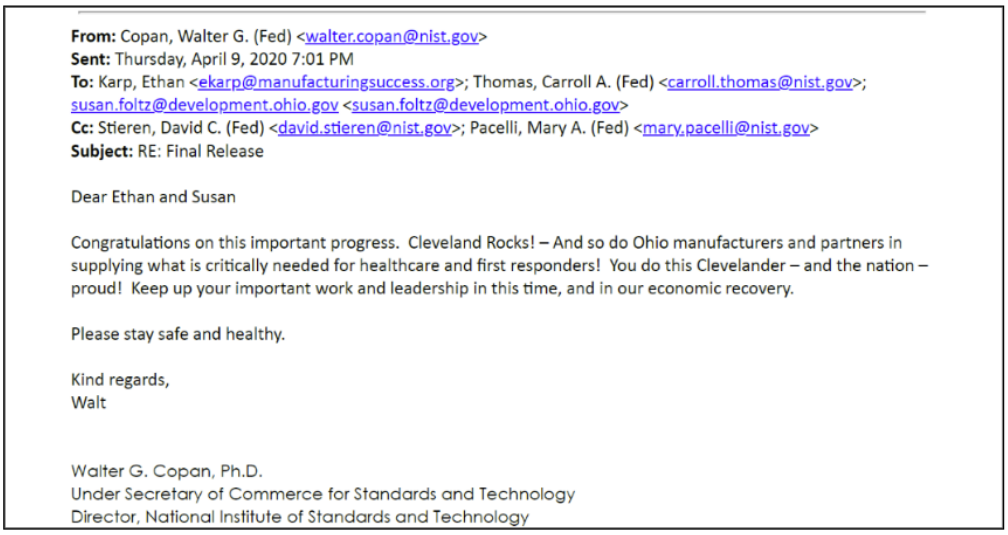
Payroll & Fringe	
Supplies	
Contractors	
Travel	
Other	
Indirect	
TOTAL	$ -

Keep in mind all other costs may be charged to your Core MEP for PPE work prior to April 10th!!

Thank you for your assistance!

Ohio Development Services Agency
Susan Foltz
Director, Manufacturing Assistance Programs

4. NIST MEP was not only aware of the project but supported and praised MAGNET's efforts to make PPE for the State. This included the NIST Director and the national NIST-MEP Director. Emails below:



From: Copan, Walter G. (Fed) <walter.copan@nist.gov>
Sent: Thursday, April 9, 2020 7:01 PM
To: Karp, Ethan <ekarp@manufacturingsuccess.org>; Thomas, Carroll A. (Fed) <carroll.thomas@nist.gov>; susan.foltz@development.ohio.gov <susan.foltz@development.ohio.gov>
Cc: Stieren, David C. (Fed) <david.stieren@nist.gov>; Pacelli, Mary A. (Fed) <mary.pacelli@nist.gov>
Subject: RE: Final Release

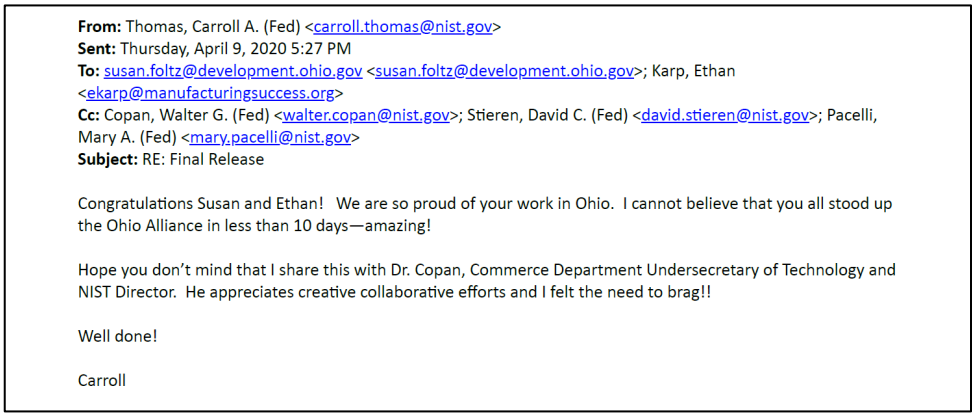
Dear Ethan and Susan

Congratulations on this important progress. Cleveland Rocks! – And so do Ohio manufacturers and partners in supplying what is critically needed for healthcare and first responders! You do this Clevelander – and the nation – proud! Keep up your important work and leadership in this time, and in our economic recovery.

Please stay safe and healthy.

Kind regards,
Walt

Walter G. Copan, Ph.D.
Under Secretary of Commerce for Standards and Technology
Director, National Institute of Standards and Technology



From: Thomas, Carroll A. (Fed) <carroll.thomas@nist.gov>
Sent: Thursday, April 9, 2020 5:27 PM
To: susan.foltz@development.ohio.gov <susan.foltz@development.ohio.gov>; Karp, Ethan <ekarp@manufacturingsuccess.org>
Cc: Copan, Walter G. (Fed) <walter.copan@nist.gov>; Stieren, David C. (Fed) <david.stieren@nist.gov>; Pacelli, Mary A. (Fed) <mary.pacelli@nist.gov>
Subject: RE: Final Release

Congratulations Susan and Ethan! We are so proud of your work in Ohio. I cannot believe that you all stood up the Ohio Alliance in less than 10 days—amazing!

Hope you don't mind that I share this with Dr. Copan, Commerce Department Undersecretary of Technology and NIST Director. He appreciates creative collaborative efforts and I felt the need to brag!!

Well done!

Carroll

5. NIST-MEP touted the work done to support PPE production, citing exactly the kind of activities MAGNET engaged in, with its 2020 MEP Advisory Board Annual Report (Source: NIST website).

Efforts Across the Network

The MEP National Network and its manufacturing clients are working with state and federal government to respond to the challenges and needs resulting from the pandemic. NIST MEP created a document that highlights what the 51 MEP Centers are doing to help U.S. manufacturers in key areas.



Connecting resources to needs

The MEP National Network works with industry organizations, federal, state and local governments and manufacturers to share critical information and connect resources to address urgent needs. From the beginning of the pandemic, each MEP Center has been continuously problem-solving — leveraging partnerships and know-how to meet local needs. The Network is linking manufacturers to hospitals and others with critical needs for PPE and medical supplies. MEP Centers are helping manufacturers map new supply chains, identify alternative materials, and follow guidelines to maintain safe work environments. In addition, MEP Centers connect manufacturers to resources available through the Small Business Administration and at the state and local levels.

Working directly with state governments

The Network helps link state government policies and programs to manufacturers by participating in emergency task forces to address challenges and issues. MEP Centers are the connection between the manufacturing industry and state procurement efforts. They are managing state-level supply chain portals, linking manufacturers to demand and organizing them to deploy as needs change, while also connecting them with state resources.

Addressing specific issues with manufacturing PPE, medical supplies and medical devices

The MEP National Network is helping manufacturers meet the country's urgent needs for PPE and medical devices by guiding them to information and solutions about testing protocols, quality testing and required certifications. MEP Centers are helping address issues of potential legal liabilities arising from the production of PPE and medical supplies and devices.

Maintaining base operations and serving all manufacturers

Through the pandemic and the resulting economic crisis, the MEP National Network continues to fulfill its mission to strengthen and empower U.S. manufacturers in order to maintain the health of the

Link back to summary

Survey Integrity & Verification

Issue #25 – Claims: A company affiliated with a MAGNET board member reported identical economic impacts in FY2023 and FY2024, the largest reported by any single Ohio MEP client each year. Each year: $60M new sales; $180M retained sales; $25M cost savings; $5M investment; 200 jobs created; 500 jobs retained. MAGNET told NIST it had verified the board-affiliated client's FY2023 and FY2024 impact data; NIST accepted the impacts.

A second MAGNET board-affiliated client reported overstated FY2024 impacts. MAGNET said it verified the data, but could not provide service documentation or a reasonable explanation for the impacts. $30M increased sales; $25M retained sales; $1M investment; 58 jobs; FY2024.

OIG says MAGNET's FY2025 certification, including the unsupported claim that the same service was provided for three years, raises concerns about the integrity of MAGNET's reporting and inflated performance results.

MAGNET Response: The OIG is mischaracterizing NIST's own economic-impact survey process and suggesting that manufacturing companies are not telling the truth about the information they are reporting independently to NIST. They are also impugning the integrity of MAGNET by implying it influenced an independent, NIST-administered survey that NIST designed.

Facts:

1. MAGNET followed NIST's own economic-impact survey and verification process that the OIG is now criticizing. NIST created the MEP economic-impact survey. NIST authored the questions and hired an independent third party to administer it. The voluntary, 15-minute survey asks manufacturers to estimate how an MEP center's work affected jobs, sales, investments and cost-savings during the prior year. MAGNET does not choose the questions or the companies' answers. OIG is faulting MAGNET for trusting manufacturers' responses to a survey NIST designed and independently administered. The report effectively accuses MAGNET of dishonesty for not challenging the estimates supplied by and confirmed with manufacturers. It also implies that the manufacturers' answers cannot be trusted.

2. Under the process outlined by NIST, when a reported impact exceeded a threshold, MAGNET was asked to describe the project and verify that the manufacturer intended to report the figures. MAGNET did both. MAGNET was not instructed to independently audit a client's voluntary estimates or obtain additional proof from the company. Here are the only rules MAGNET is aware of from NIST's own guide on how to "verify" companies for their voluntary survey:

Survey Large/Small Impact Verification

CAR Operations

88

NIST MEP will examine the survey responses to identify survey results requiring verification, also known as outliers. All survey responses with a total quantified dollar impact amount of $5 million or more, and/or total job impact of 250 or more, and those with a total quantified dollar impact of $100 or less will require verification. CARs with survey responses that require follow-up will be notified by NIST MEP staff with an online list of the outliers, along with the deadline for submitting verifications. Please note that the deadline is strict and any impacts that require verification that have not been verified by the deadline will be deleted (zeroed out). When submitting verifications, you must include the following:

1. Client name, and MEIS ID
2. Name of CAR staff person who verified the impact
3. How the impact was verified (call/email to client, compared results to CAR's project close-out survey for the client, etc.)
4. If the total dollar impact is $25 million or greater, provide a brief paragraph or two explaining how the results were achieved

3. The report challenges responses from companies affiliated with MAGNET Board members when in fact, NIST-MEP encourages MEP Board members to fill out the survey. See this slide from NIST-MEPs 2023 training of Ohio MEP:



4. MAGNET proactively recruits Board Members who use MEP services. These Board Members are in the best position to provide feedback directly on what we do and understand who we are to support our work in the community. MAGNET believes this to be best practice for non-profit Boards nationally. Board members are surveyed like any other MAGNET client. MAGNET seeks the most innovative and growth-oriented companies in our region to join our board and because of these company characteristics, these are often the same companies who have high economic impact. MAGNET is proud and strives to maintain the engagement of these companies to serve on its Board so that they may carry the MEP mission through our communities and provide feedback on MAGNET's services to other manufacturers who might benefit.

5. OIG implies that Board Members from large companies are lying on the survey. On average, small companies report 15-20% of their total jobs and their total revenue impacted after a MAGNET project while large companies report 0.2-0.3% of their total jobs and total revenue impacted. The large company impacts being questioned by the OIG are well within our range of historical impact regardless of Board membership or not.

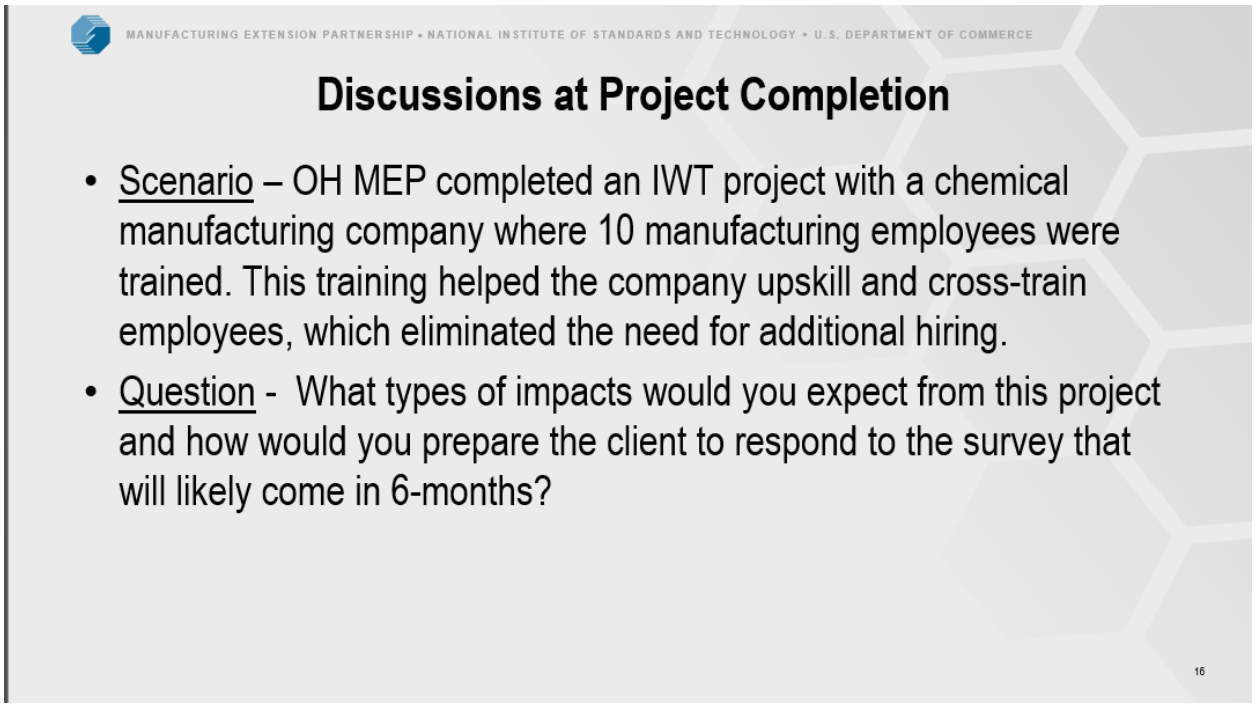
6. OIG says that MAGNET could not provide service documentation or a reasonable explanation for the impacts. We provided all of those, as outlined in the NIST guidelines. Both of the companies being questioned had similar services (although different degrees of impact) over this time period. Below is the "verification" narrative that MAGNET submitted to NIST-MEP describing what it did with the companies (names redacted for client confidentiality):

   "As is the case with most manufacturers in Northeast Ohio, COMPANY finds it difficult to hire the number of new employees it needs. COMPANY results were achieved by MAGNET business advice and their participation in a number of MAGNET programs, resulting in new hires, increased sales and reduced costs. The impacts and hires resulted from the business advice and the following MAGNET programs 1) Manufacturers Sector Partnership (SP), 2) In-School Youth programs partnering with Cleveland Municipal School District and other Cuyahoga County school systems engages students from middle through high school in career exploration, 3) tours of the MAGNET building/manufacturing experience and presentations to over 1000 graduating seniors at their schools to directly connect students with manufacturing training and work opportunities, 4) Early College Early Career (ECEC) program which is a 18-month pre-apprenticeship program, where the graduates earn a 12-point credential toward graduation requirements as well as two graduation seals from the State of Ohio. Students receive comprehensive mentorship and transportation to and from their internships and ECEC programming. The program allows high school juniors to receive training during the school year, followed by a paid, full-time summer apprenticeship at a manufacturer, then continued part-time employment through senior year (one full day per week at a manufacturer) and finally a full-time job offer upon graduation, 5) Adult Entry focused on training programs for adults that are unemployed or underemployed, including those returning to society after incarceration, or those looking for more meaningful career opportunities, 6) Career Upskilling efforts partner with local community colleges to tailor 6-month credential and 2-year associate degree programs,7) CoachU, a cohort-based, 'coach the coaches' program that upskills staff at workforce organizations, 8) Job Coaching after hire to improve retention and advancement.

The programs implemented resulted in both creating and retaining sales and jobs, due to 1) decreased turnover of new hires, 2) increasing the number of new hires with MAGNET's help to satisfy hiring needs for capacity and increased sales, 3) improved onboarding/training for increased new-hire worker efficiency during first periods of employment. In addition, cost savings were due to the improved new hire efficiencies."

7. This project summary **was approved by NIST-MEP** in 2023 and 2024 and rejected only in 2025 on December 5th after the Ohio program was suspended and MAGNET could no longer engage with the national MEP system to provide further information or seek clarification. MAGNET does not understand why after two years giving similar answers, this explanation was no longer allowable. There were no process changes or clear direction as to how MAGNET was supposed to change verification or whether processes had changed at the NIST level that made nearly the same verification response be accepted twice and rejected a third time.

8. NIST-MEP trained the Ohio MEP on how to look for projects and impact like we describe above, where a combination of training and workforce development were offered. See this slide from the 2023 NIST-MEP Survey Bootcamp:



9. OIG implies that there is something wrong with capturing the same impacts over multiple years. The NIST-MEP training goes over at length how to survey companies multiple years in a row to capture results that last more than one year. In this case, we had similar services multiple years in a row and the client estimated that the same impacts were achieved multiple years in a row. MAGNET had no input into or influence over the results the clients reported to NIST.

Link back to summary

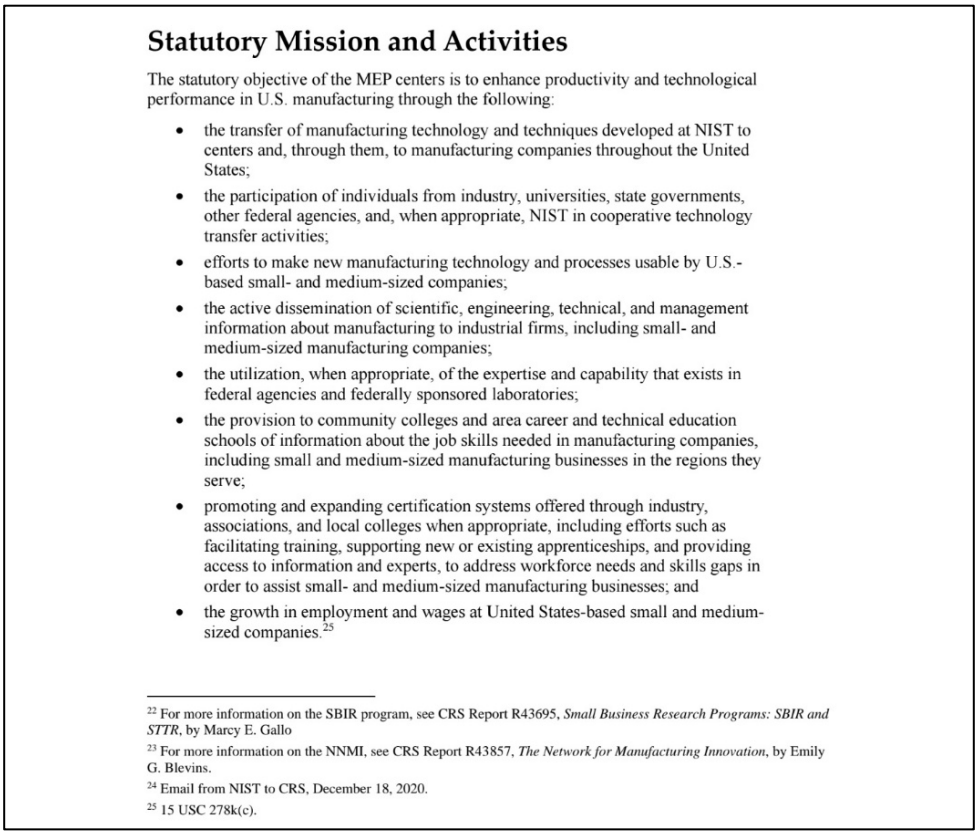
Public Relations

Issue #6 & #7 – Claim: MAGNET spent $402,135 for public relations and video production costs, including $18,210 for ghostwritten articles on its president's behalf for business publications

Summary: In this report, the OIG applies a completely different interpretation of rules and standards for what is an allowable expense in marketing and public relations than NIST did in the past. MAGNET was not notified of any rule changes and followed the guidance consistently given to the Ohio MEP and outlined in numerous NIST plans, strategies, and reports over the entire time period of this audit. Similarly, the State of Ohio, who approved each of these expenses at the detailed receipt level, did not indicate any changes in rules or guidance. The 2023-2027 NIST-MEP Federal Strategic Plan (like its previous 2017-2022 plan), as well as MEP's Federal Statute, along with consistent feedback from NIST-MEP made it clear that the activities MAGNET undertook were the exact activities MEP encouraged to advance manufacturing and workforce in Ohio.

Facts:

1. Outreach to manufacturers is a fundamental tenet of the MEP program. The law that established the Hollings Manufacturing Extension Partnership Program in 1988 includes in the foundation of the program the "active dissemination of scientific, engineering, technical, and management information about manufacturing to industrial firms": https://www.congress.gov/crs-product/R44308



Statutory Mission and Activities

The statutory objective of the MEP centers is to enhance productivity and technological performance in U.S. manufacturing through the following:

- the transfer of manufacturing technology and techniques developed at NIST to centers and, through them, to manufacturing companies throughout the United States;
- the participation of individuals from industry, universities, state governments, other federal agencies, and, when appropriate, NIST in cooperative technology transfer activities;
- efforts to make new manufacturing technology and processes usable by U.S.-based small- and medium-sized companies;
- the active dissemination of scientific, engineering, technical, and management information about manufacturing to industrial firms, including small- and medium-sized manufacturing companies;
- the utilization, when appropriate, of the expertise and capability that exists in federal agencies and federally sponsored laboratories;
- the provision to community colleges and area career and technical education schools of information about the job skills needed in manufacturing companies, including small and medium-sized manufacturing businesses in the regions they serve;
- promoting and expanding certification systems offered through industry, associations, and local colleges when appropriate, including efforts such as facilitating training, supporting new or existing apprenticeships, and providing access to information and experts, to address workforce needs and skills gaps in order to assist small- and medium-sized manufacturing businesses; and
- the growth in employment and wages at United States-based small and medium-sized companies.[25]

[22] For more information on the SBIR program, see CRS Report R43695, *Small Business Research Programs: SBIR and STTR*, by Marcy E. Gallo

[23] For more information on the NNMI, see CRS Report R43857, *The Network for Manufacturing Innovation*, by Emily G. Blevins.

[24] Email from NIST to CRS, December 18, 2020.

[25] 15 USC 278k(c).

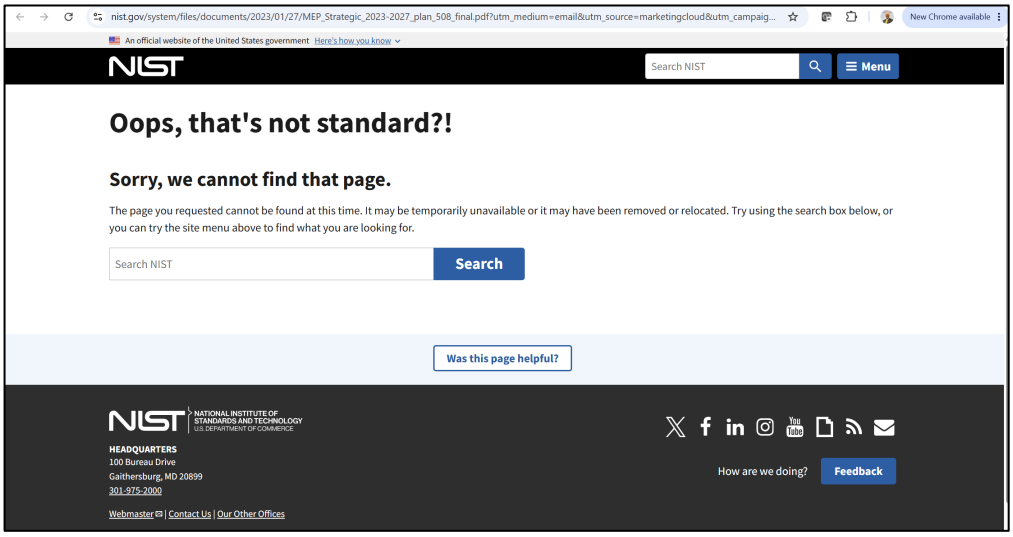
2. MEP in 2017 established its core strategy to “Empower Manufacturers” and “Champion Manufacturers.” Activities in the NIST Strategy from 2017-2022 in “Champion Manufacturers” includes:
    a. “Telling stories about the people, companies, and products made in the U.S. that support the economy”
    b. “Advance the National MEP Network as experts in manufacturing technology by utilizing key communication outlets”
    c. “Deploy the National Network brand and tie it to specific measures of success”





3. The NIST-MEP 2023-2027 Strategic Plan (no longer available on NIST's website, but MAGNET can supply a copy of the document downloaded in 2024), promoted these strategies again and specifically called out the need to:
    a. "Improve branding and marketing to increase market penetration"
    b. "Centers need to build a compelling story about how manufacturing contributes to gross domestic product, workforce issues, and other priority areas for the state."
    c. "Educate and inform appropriate authorities regarding the importance and impact of manufacturing in their respective states."

This is where the NIST MEP 2023-2027 Strategy document used to be:



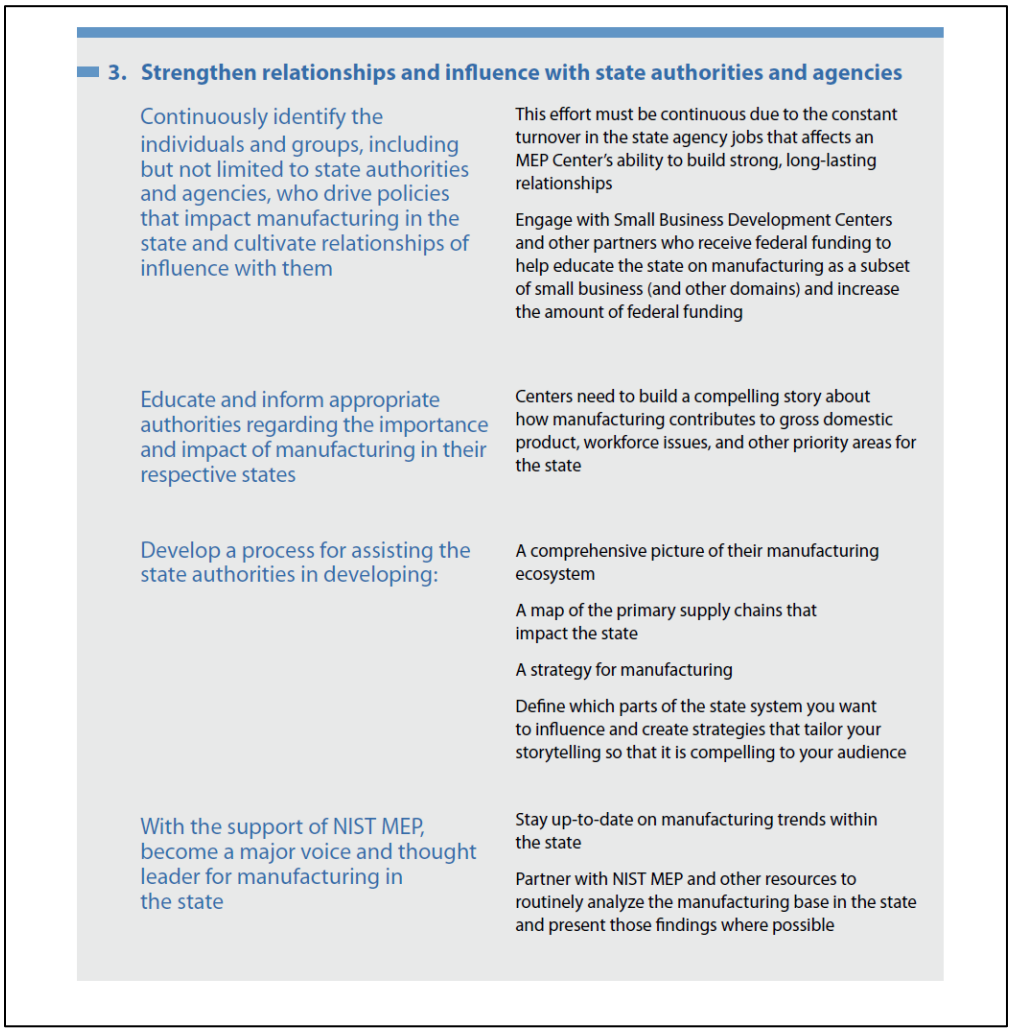
Here are some excerpts from the NIST strategy:



KEY STRATEGIES TO ADDRESS SMMS' NEEDS:

1. Embrace future growth

Improve branding and marketing to increase market penetration	Connect marketing to growth strategies
Prepare operational business models and practices to leverage increased funding	Deliver an increased return on investment and maximize impacts
Develop succession planning for key Center personnel to sustain growth	



3. Strengthen relationships and influence with state authorities and agencies

Continuously identify the individuals and groups, including but not limited to state authorities and agencies, who drive policies that impact manufacturing in the state and cultivate relationships of influence with them	This effort must be continuous due to the constant turnover in the state agency jobs that affects an MEP Center's ability to build strong, long-lasting relationships Engage with Small Business Development Centers and other partners who receive federal funding to help educate the state on manufacturing as a subset of small business (and other domains) and increase the amount of federal funding
Educate and inform appropriate authorities regarding the importance and impact of manufacturing in their respective states	Centers need to build a compelling story about how manufacturing contributes to gross domestic product, workforce issues, and other priority areas for the state
Develop a process for assisting the state authorities in developing:	A comprehensive picture of their manufacturing ecosystem A map of the primary supply chains that impact the state A strategy for manufacturing Define which parts of the state system you want to influence and create strategies that tailor your storytelling so that it is compelling to your audience
With the support of NIST MEP, become a major voice and thought leader for manufacturing in the state	Stay up-to-date on manufacturing trends within the state Partner with NIST MEP and other resources to routinely analyze the manufacturing base in the state and present those findings where possible

4. Not only does the MEP Statute and MEP strategic plans support marketing and PR as allowable expenses, but MAGNET's proposal that led to it being chosen by the State of Ohio to receive MEP funding in 2016 stated twice how much MAGNET planned to spend on "public relations and media":

Line of Business 1: Very Small Companies (<25 employees)
ANTICIPATED 2017 BUDGET: $3,050,000 ($750,000 Program Income, $2,300,000 from MEP grant)
OUTCOMES FOR 2017: 300 companies touched, 70 very small or startup clients served with a total economic impact of $20 million in new sales, $5 million in retained sales, $30 million in total investment, $1 million in cost savings, and 100 jobs retained or created.
SPEND BREAKDOWN BY ACTIVITY & SOURCE OF REVENUE

a) *Marketing/Outreach –$610,000 spend from MEP grant revenue*
- Partner engagement/referral activation – ~50% spend to fund Business Development Team
- Digital content outreach – ~25% spend to fund Marketing Team
- Public relations and media – ~25% to fund Marketing Team

b) *On-ramp engagement – $610,000 spend from MEP grant revenue*
- Light touch on ramps (online, digital outreach, <2 hours/company) – ~10% to fund Marketing Team
- Medium touch on ramps (Growth Workshops, peer learning groups, <10 hours/company) – ~20% to fund Business Development Team and Growth Advisors
- Heavy touch on ramps (Deep Dive Workshops, Growth Assessment, <40 hours/company) - ~70% to Growth Advisor/Client Cultivation and Consulting Delivery teams

c) *20 hour or more consulting engagements – $1,550,000 spend from program income & MEP ($750K from Program Income, $800K from MEP grant)*
- Skill building workshops (3-day modules or equivalent) – ~25% to Growth Advisor/Client Cultivation and Consulting Delivery teams
- SWAT Team (short burst consulting) – ~10% to Growth Advisor/Client Cultivation/Delivery teams
- One day workshops or the equivalent – ~40% to Growth Advisor/Client Cultivation and Consulting Delivery teams

Line of Business 2: Small/Medium Companies (25-800 employees)
ANTICIPATED 2017 BUDGET: $2,700,000 ($1,000,000 Program Income, $1,700,000 from MEP grant)
OUTCOMES FOR 2017: 300 companies touched, 70 small/medium clients served with a total economic impact of $35 million in new sales, $40 million in retained sales, $20 million in total investment, $10 million in cost savings, and 350 jobs retained or created.
SPEND BREAKDOWN BY ACTIVITY & SOURCE OF REVENUE

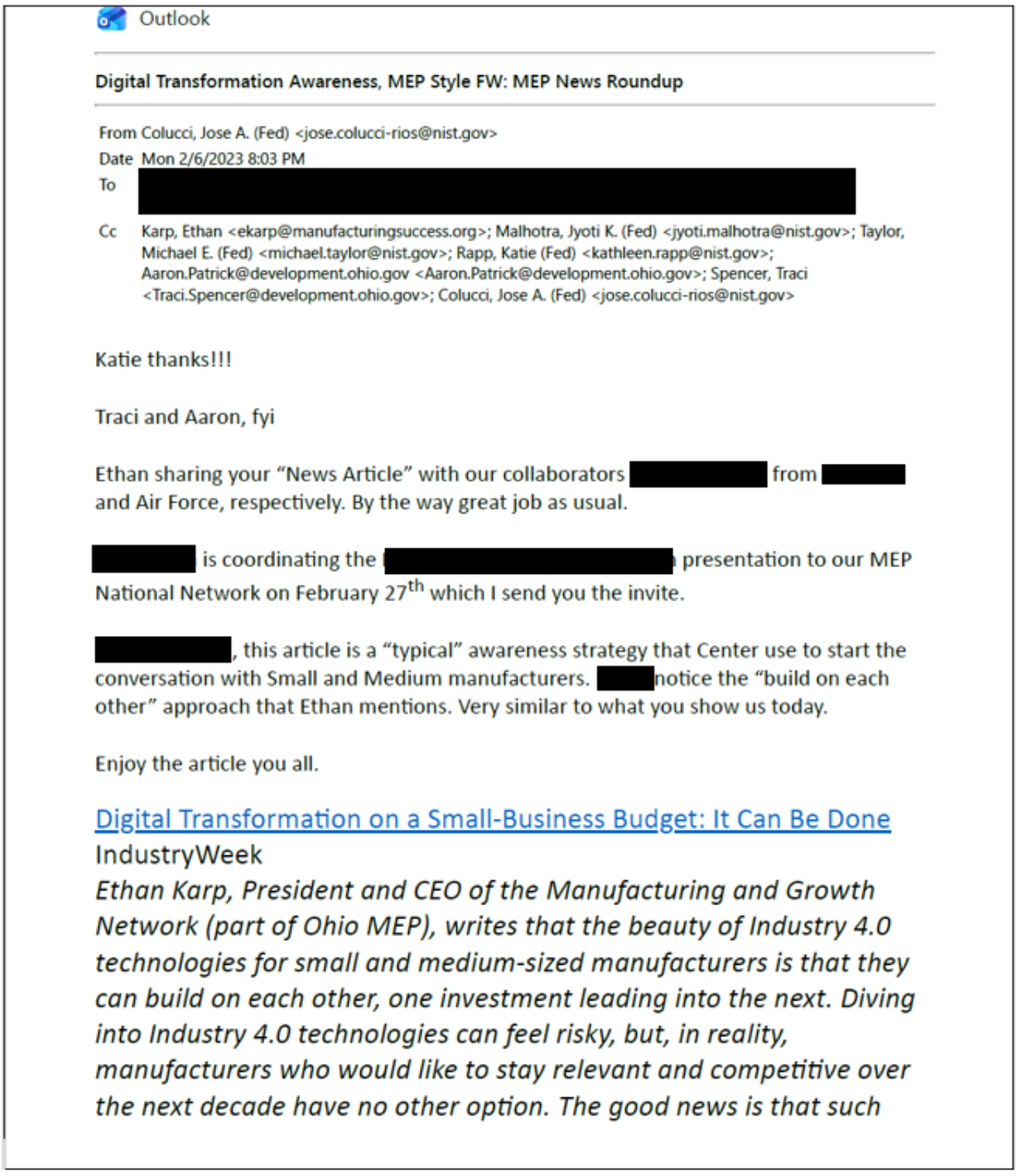
a) *Marketing/Outreach –$270,000 spend from MEP grant revenue*
- Partner engagement/referral activation –~50% to fund Business Development Team
- Digital content outreach – ~25% to fund Marketing Team
- Public relations and media – ~25% to fund Marketing Team

b) *On-ramp engagement – $270,000 spend from MEP grant revenue*
- Light touch on ramps (online, digital outreach, <2 hours/company) – ~10% to fund Marketing Team
- Medium touch on ramps (Growth Workshops, peer learning groups, <10 hours/company) – ~20% to fund Business Development Team and Growth Advisors
- Heavy touch on ramps (Deep Dive Workshops, Growth Assessment, <40 hours/company) - ~70% to Growth Advisor/Client Cultivation and Consulting Delivery teams

c) *Meaningful Consulting Engagements of 20 hours or more – $1,890,000 spend from program income and MEP ($1,000,000 from program income, $890,000 from MEP grant)*
- Skill building workshops (3-day modules or equivalent) – ~10% to Growth Advisor/Client Cultivation and Consulting Delivery teams
- SWAT Team (short burst consulting) – ~10% to Growth Advisor/Client Cultivation and Consulting Delivery teams
- One day workshops or the equivalent – ~10% to Growth Advisor/Client Cultivation and Consulting Delivery teams
- Full Scale projects – ~70% to Growth Advisor/Client Cultivation and Consulting Delivery teams

d) *Sales process engagement throughout – $270,000 spend from MEP grant revenue*
- MEP Economic Impact Survey Process – ~10% to Growth Advisor/Client Cultivation and Consulting Delivery teams
- Data management – ~10% to Growth Advisor/Client Cultivation and Consulting Delivery teams
- Proposal writing – ~10% to Growth Advisor/Client Cultivation and Consulting Delivery teams
- Relationship building - ~70% to Growth Advisor/Client Cultivation and Consulting Delivery teams

5. NIST-MEP valued public relations activities and articles written by MAGNET and other MEPs. For six years NIST-MEP had its own staff member "write and edit marketing materials including annual reports, newsletters, blogs and articles for the NIST Manufacturing Extension Partnership's Marketing and Communications Group." (Quote from LinkedIn describing the NIST role.) From 2019-2025, this official at NIST highlighted MAGNET's articles regularly as well as media from other MEPs:



Outlook

Digital Transformation Awareness, MEP Style FW: MEP News Roundup

From Colucci, Jose A. (Fed) <jose.colucci-rios@nist.gov>
Date Mon 2/6/2023 8:03 PM
To [redacted]
Cc Karp, Ethan <ekarp@manufacturingsuccess.org>; Malhotra, Jyoti K. (Fed) <jyoti.malhotra@nist.gov>; Taylor, Michael E. (Fed) <michael.taylor@nist.gov>; Rapp, Katie (Fed) <kathleen.rapp@nist.gov>; Aaron.Patrick@development.ohio.gov <Aaron.Patrick@development.ohio.gov>; Spencer, Traci <Traci.Spencer@development.ohio.gov>; Colucci, Jose A. (Fed) <jose.colucci-rios@nist.gov>

Katie thanks!!!

Traci and Aaron, fyi

Ethan sharing your "News Article" with our collaborators [redacted] from [redacted] and Air Force, respectively. By the way great job as usual.

[redacted] is coordinating the [redacted] presentation to our MEP National Network on February 27th which I send you the invite.

[redacted], this article is a "typical" awareness strategy that Center use to start the conversation with Small and Medium manufacturers. [redacted] notice the "build on each other" approach that Ethan mentions. Very similar to what you show us today.

Enjoy the article you all.

Digital Transformation on a Small-Business Budget: It Can Be Done
IndustryWeek
Ethan Karp, President and CEO of the Manufacturing and Growth Network (part of Ohio MEP), writes that the beauty of Industry 4.0 technologies for small and medium-sized manufacturers is that they can build on each other, one investment leading into the next. Diving into Industry 4.0 technologies can feel risky, but, in reality, manufacturers who would like to stay relevant and competitive over the next decade have no other option. The good news is that such

investments can be done gradually to steer clear of a one-time, enormous cost burden.

From: Rapp, Katie (Fed) <kathleen.rapp@nist.gov>
Sent: Monday, February 6, 2023 11:23 AM
To: Ausherman, Nicole K. (Fed) <nicole.ausherman@nist.gov>; Ayala, Mellissa A. (Fed) <mellissa.ayala@nist.gov>; Balachandra, Anita Ms. (Fed) <anita.balachandra@chips.gov>; Barnes, Robert G. (Fed) <robert.barnes@nist.gov>; Blum, Megean D. (Fed) <megean.blum@nist.gov>; Bobb, Beverly R. (Fed) <beverly.bobb@nist.gov>; Campbell, Stephen L. (Fed) <stephen.campbell@nist.gov>; Claussen, Monica C. (Fed) <monica.claussen@nist.gov>; Coffman, Kimberly A. (Fed) <kimberly.coffman@nist.gov>; Colucci, Jose A. (Fed) <jose.colucci-rios@nist.gov>; Davis, Missy (Fed) <melissa.davis@nist.gov>; DeJesus, Nadine (Fed) <nadine.dejesus@nist.gov>; Devereaux, Douglas E. (Fed) <douglas.devereaux@nist.gov>; Diaz, Anthony (Fed) <anthony.diaz@nist.gov>; Dockum, Scott D. (Fed) <scott.dockum@nist.gov>; Faccone, Tricia (Fed) <patricia.faccone@nist.gov>; Gendron, Cheryl L. (Fed) <cheryl.gendron@nist.gov>; Henderson, Diane E. (Fed) <diane.henderson@nist.gov>; Hernandez, Autumn R. (Fed) <autumn.hernandez@nist.gov>; Jackson, Holly N. (Fed) <holly.jackson@nist.gov>; Johnson, Sekou R. (Fed) <sekou.johnson@nist.gov>; Lagas, Brian C. (Fed) <brian.lagas@nist.gov>; Lequin, Wiza (Fed) <adelwiza.lequin@nist.gov>; Linehan, Brooke A. (Fed) <brooke.linehan@nist.gov>; Malhotra, Jyoti K. (Fed) <jyoti.malhotra@nist.gov>; Martin, Kathleen (Fed) <kathleen.martin@nist.gov>; Mastalski, Anthony C. (Fed) <anthony.mastalski@nist.gov>; Mayton, Heather M. (Fed) <heather.mayton@nist.gov>; Meritis, Dimitrios (Fed) <dimitrios.meritis@nist.gov>; McIntyre, Kevin L. (Fed) <kevin.mcintyre@nist.gov>; Mingo, Monyelle H. (Fed) <monyelle.mingo@nist.gov>; Mocca, Anthony Justin (Fed) <anthony.mocca@nist.gov>; Montague, Adrienne R. (Fed) <adrienne.montague@nist.gov>; Montgomery, Michele C. (Fed) <michele.montgomery@nist.gov>; Nobleman, Andrew L. (Fed) <andrew.nobleman@nist.gov>; Paulsen, Celia (Fed) <celia.paulsen@chips.gov>; Peterson, Andrew C. (Fed) <andrew.peterson@nist.gov>; Pinckney, Kim M. (Fed) <kim.pinckney@nist.gov>; Raghavan, Pravina A. (Fed) <pravina.raghavan@nist.gov>; Rapp, Katie (Fed) <kathleen.rapp@nist.gov>; Reid, Craig A. (Fed) <craig.reid@nist.gov>; Rosa, Jennifer T. (Fed) <jennifer.rosa@nist.gov>; Santos-Leon, Gerson (Fed) <gerson.santos-leon@nist.gov>; Schmit, Mark A. (Fed) <mark.schmit@nist.gov>; Shibley, Carol L. (Fed) <carol.shibley@nist.gov>; Shriner, Julia (Fed) <julia.shriner@nist.gov>; Simmons, Sheena D. (Fed) <sheena.simmons@nist.gov>; Snowden, Hope D. (Fed) <hope.snowden@nist.gov>; Solomon, Gloria D. (Fed) <gloria.solomon@nist.gov>; Spangler, Megan N. (Fed) <megan.spangler@nist.gov>; Taylor, Michael E. (Fed) <michael.taylor@nist.gov>; Thomas, Nico D. (Fed) <nico.thomas@nist.gov>; Vickery, Ben (Fed) <ben.vickery@nist.gov>; Walker, Marlon L. Dr. (Fed) <marlon.walker@nist.gov>; Webb, Samm (Fed) <samm.webb@nist.gov>; Williams, Thomas J. (Fed) <thomas.williams@nist.gov>; Wade, Bryan K. (Fed) <bryan.wade@nist.gov>; Thomas, Carroll A. (Fed) <carroll.thomas@nist.gov>
Subject: MEP News Roundup

Good morning and happy Monday!

Here's the MEP News Roundup for the past week. Please note that news items cover the MEP National Network™ and do not necessarily reflect the work/directive of NIST MEP.

NIST Releases New Infographic on Using Training to Close the Skills Gap
Plant Services
A new NIST MEP infographic illustrates how MEP Centers can help companies solve their workforce woes through training. In a recent blog post, NIST MEP Writer/Editor Katie Rapp wrote, "Why invest in current employees instead of looking to hire new people? It's a sound business decision that costs less and results in higher productivity because new employees take an average of five to nine months to reach full productivity. For many manufacturers, retraining and upskilling existing employees creates an attractive work environment and increases retention."

Sarah Burlingame, Senior Project Manager at Train, Develop, Optimize (TDO, part of New York MEP), writes that Toyota Kata promotes scientific thinking and a company culture of continuous daily improvement. This can help companies become nimbler and more competitive so that they are able to not just survive but thrive during an adverse event such as a pandemic.

Finding Solutions to Remove PFAS From Water
University at Albany [press release]
Yanna Liang, Chair of the University at Albany's (UAlbany) Department of Environmental and Sustainable Engineering, received $50,000 from FuzeHub's (part of New York MEP) Jeff Lawrence Innovation Fund for her startup, Regenerative Solutions Inc. (Regen). Regen is now partnering with UAlbany to develop green, environmentally sustainable, low-cost sorbents that remove PFAS (per- and polyfluoroalkyl substances) from water. PFAS are harmful, synthetic forever chemicals that can cause cancer, liver damage, decrease fertility and increase the risk of asthma and thyroid disease. FuzeHub's Jeff Lawrence Innovation Fund supports cutting-edge developments in materials science, while raising the bar for eco-friendly manufacturing.

Digital Transformation on a Small-Business Budget: It Can Be Done
IndustryWeek
Ethan Karp, President and CEO of the Manufacturing and Growth Network (part of Ohio MEP), writes that the beauty of Industry 4.0 technologies for small and medium-sized manufacturers is that they can build on each other, one investment leading into the next. Diving into Industry 4.0 technologies can feel risky, but, in reality, manufacturers who would like to stay relevant and competitive over the next decade have no other option. The good news is that such investments can be done gradually to steer clear of a one-time, enormous cost burden.

Governor Lamont Announces Launch of New Online Platform Connecting All Connecticut Manufacturers and Suppliers in a Single Searchable Solution
Gov. Net Lamont [press release, reported by Hartford Business Journal and Westchester and Fairfield County Business Journals]
CONNEX Connecticut is jointly managed by the Connecticut Department of Economic and Community Development's Office of Manufacturing and CONNSTEP (Connecticut MEP), the state's leading business consulting firm. It is funded through the state's Manufacturing Innovation Fund. CONNEX Connecticut is a free online platform that provides one-stop access for manufacturers in the state to connect with each other, find local suppliers, discover new business opportunities, and manage their supply chains.

Why Connecticut Manufacturers Still Face Labor Shortage After Erasing Pandemic Job Losses
Stamford Advocate
As of September, there were an estimated 11,000 manufacturing openings statewide, according to the 2022 Connecticut Manufacturing Report produced by the Connecticut Business and Industry Association and affiliates CONNSTEP and Ready CT. Among other key findings, the report noted that 87% of manufacturers reported difficulties finding or retaining employees and 44% cited the lack of skilled applicants as the greatest obstacle to growth.

Peters Reintroduces Bipartisan Legislation to Strengthen Domestic Semiconductor Manufacturing
Sen. Gary Peter [press release]
The CHIPS and Science Act authorized increased funding for the MEP program. In the government funding bill signed into law last month, Sen. Gary Peters secured an additional $188 million for MEP Centers like the Michigan Manufacturing Technology Center (Michigan MEP) – which provide technical assistance to small and medium-sized manufacturers on business operations, advanced technologies, workforce and skills development, cybersecurity and more.

Michigan Works! Receives $2.5 Million in Grants to Assist Employers
WWMT News Channel 3
Michigan Works! of Berrien, Cass, and Van Buren received $2.5 million in grants from Michigan's Going PRO Talent

to local companies for training, developing, and in some instances, for retaining employees. With Michigan Works!, employers are set to work with training providers including Michigan Manufacturing Technology Center.

Pennsylvania Industrial Centers Aid Manufacturers
Business Journal
To alleviate the labor shortage in the manufacturing sector, the Northwest Industrial Research Center (NWIRC, part of Pennsylvania MEP) is helping companies attract, develop and retain employees. One of seven such centers in Pennsylvania, its footprint includes 13 counties. The NWIRC ramped up its workforce efforts by coordinating student tours of factories, launching student-run manufacturing enterprises and starting the first Uniquely Abled Academy (UAA) in Pennsylvania. The UAA matches young adults with high-functioning autism with high-demand jobs as computer numerical control machine operators. Over the past year, manufacturers that used Industrial Resource Center services statewide avoided 4,099 layoffs while adding 1,226 full-time workers to their payrolls, according to Robert Zaruta, President and CEO of NWIRC. These companies also realized $398.9 million in retained sales and secured $108.9 million of new customer orders.

Pennsylvania Spends $100,000 on Manufacturing Job Training Program
Plant Services
Pennsylvania has allocated $100,000 to help train entry-level personnel for a career in manufacturing. The funding, which comes from Pennsylvania's Manufacturing Training-to-Career program, will be given to Catalyst Connection (part of Pennsylvania MEP) to support their Essential Skills for Manufacturing plan. The program allows small and medium-sized manufacturers in the state to engage with trainees, offering them career advice and pre-employment training.

Business Weekly Agenda for January 31
Reading Eagle
The Manufacturers Resource Center (part of Pennsylvania MEP) will host a series of five half-day workshops: Supervisor Bootcamp – Leadership Fundamentals. The workshops will help transform supervisors into leaders through a series of classroom and hands-on modules covering 10 supervisory skills. The development program teaches practical, relevant and easy-to-apply skills for all levels of supervisors.

Plastic Injection Molder Traces Bulk Solids From Silo to Press
Process Industry Informer
Garner Industries' system matches Industry 4.0 goals which combine informational and operational technology to make manufacturing more aware, predictive and autonomous. Chris Hill, Technology Program Director at Iowa State University Center for Industrial Research and Service (Iowa MEP) said Inventory 4.0 systems involve humans setting the rules and parameters and the technology runs itself. "Sensors and software directly feed an Industry 4.0 environment. They replace a physical process and feed information back to people," he said.

County Invests $650,000 to Grow Bioindustrial Manufacturing Jobs
Turlock Journal
The Stanislaus County Board of Supervisors voted unanimously to allocate $650,000 to support the formation and operations of BEAM Circular, an organization that will serve as the tip of the spear in an effort to reimagine and reinvigorate the local economy. BEAM Circular — working under the auspices of Opportunity Stanislaus (part of California MEP) — will be the conduit that helps bring 40,000 family-sustaining "good" jobs to the region, many in the bioindustrial manufacturing sector. Currently only about 13% of jobs in the county can be classified as "good," while nearly two out of every three jobs fail to meet the standards for ensuring self-sufficiency according to the Stanislaus 2030 Investment Blueprint.

Business Resources
VermontBiz
Vermont Manufacturing Extension Center (VMEC, Vermont MEP) is listed as a business resource. The VMEC website includes current postings for learning opportunities involving professional development, coaching, and

Tulsa Region is in the Spotlight, So Let's Take Advantage of It
Tulsa World
Oklahoma Manufacturing Alliance's (OMA, Oklahoma MEP) apprenticeship program has a successful track record and represents a public-private partnership designed to meet the needs of businesses while also providing jobs to Oklahoma residents. The OMA apprenticeship helps manufacturers find and develop workforce and training solutions for manufacturing across the state.

Ford vs. GM: A Tale of Two Automakers
Fox Business
Brian Kuney, a Vice President of South Carolina MEP and consultant in the supply chains of BMW, Mercedes and Volvo, said, "GM's leadership, alignment and focus on technology to manufacture at a large scale is the difference here. While Ford has never had to take a buyout or ask for federal help like a GM or other U.S. automaker, GM's leadership over the last seven or eight years has them more aligned with the bigger vision. Mingled with Ford's decision to stop making cars, there is something different in the collaborative culture at GM."

Grant to Fund Work Skills Program
Peninsula Daily News
Impact Washington (Washington MEP) will create structured learning approaches to increase the skills of boat builder Brix Marine's existing workforce. The ultimate aim of the program is to reduce the time needed to upskill new employees and to decrease turnover rates. The job skills program is funded through a $32,874 grant to Peninsula College.

MMA Announces Return of Mississippi Makers' Challenge Sponsored by Hancock Whitney
Piacayune Item
The Mississippi Manufacturers Association (MMA, Mississippi MEP) announced the start of the second annual Mississippi Makers' Challenge sponsored by Hancock Whitney. This contest is open to all manufacturers in Mississippi and will crown a product as the Coolest Thing Made in Mississippi. The winner will be announced during an awards presentation on March 23 at the Mississippi State Capitol.

Katie Rapp
Writer/Editor
NIST Manufacturing Extension Partnership

6. NIST-MEP not only valued MEP Centers advancing manufacturing through media outreach, it hired its own PR firm who connected MAGNET with Forbes (which is where most of the OIG report's disputed "ghostwritten" articles were published):

Media referral - Forbes

From Rosa, Jennifer T. (Fed) <jennifer.rosa@nist.gov>
Date Wed 12/4/2024 8:54 AM
To Karp, Ethan <ekarp@manufacturingsuccess.org>; [redacted]
Levy, Aaron H. (Fed) <aaron.levy@nist.gov>; [redacted]

Hey Ethan,

Hope you had a great Thanksgiving.

As a follow-up to our email about increasing media interaction to raise awareness of the MEPNN, we began our initial outreach this week and have received our first 'bites of the apple' from a few reporters/contributors. Hooray!

Please see below from [redacted], a contributor with Forbes.

> *I'm actually working on an article for Forbes (I'm a contributor to the manufacturing section) about reshoring manufacturing in the US and how 3D printing or additive manufacturing fits in.*
>
> *Do you track any figures on additive manufacturing?*
> *Do you have any insights on grants or government programs for "advanced" manufacturing or, more specifically, additive manufacturing?*

We thought this opportunity would be in your wheelhouse. We will send your information to [redacted] so you should hear from her soon.

JENNIFER ROSA
Senior Communications Specialist
NIST Manufacturing Extension Partnership
[redacted]

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The Go-To Experts for Advancing U.S. Manufacturing

Re: Request for participation MEPNN PR

From Rosa, Jennifer T. (Fed) <jennifer.rosa@nist.gov>
Date Fri 9/29/2023 8:59 AM
To Karp, Ethan <ekarp@manufacturingsuccess.org>; [redacted]

Wonderful! Thank you for your willingness to participate.

I will share your information with Smart Connections and Industrial (marketing agency) who are assisting us with this effort.

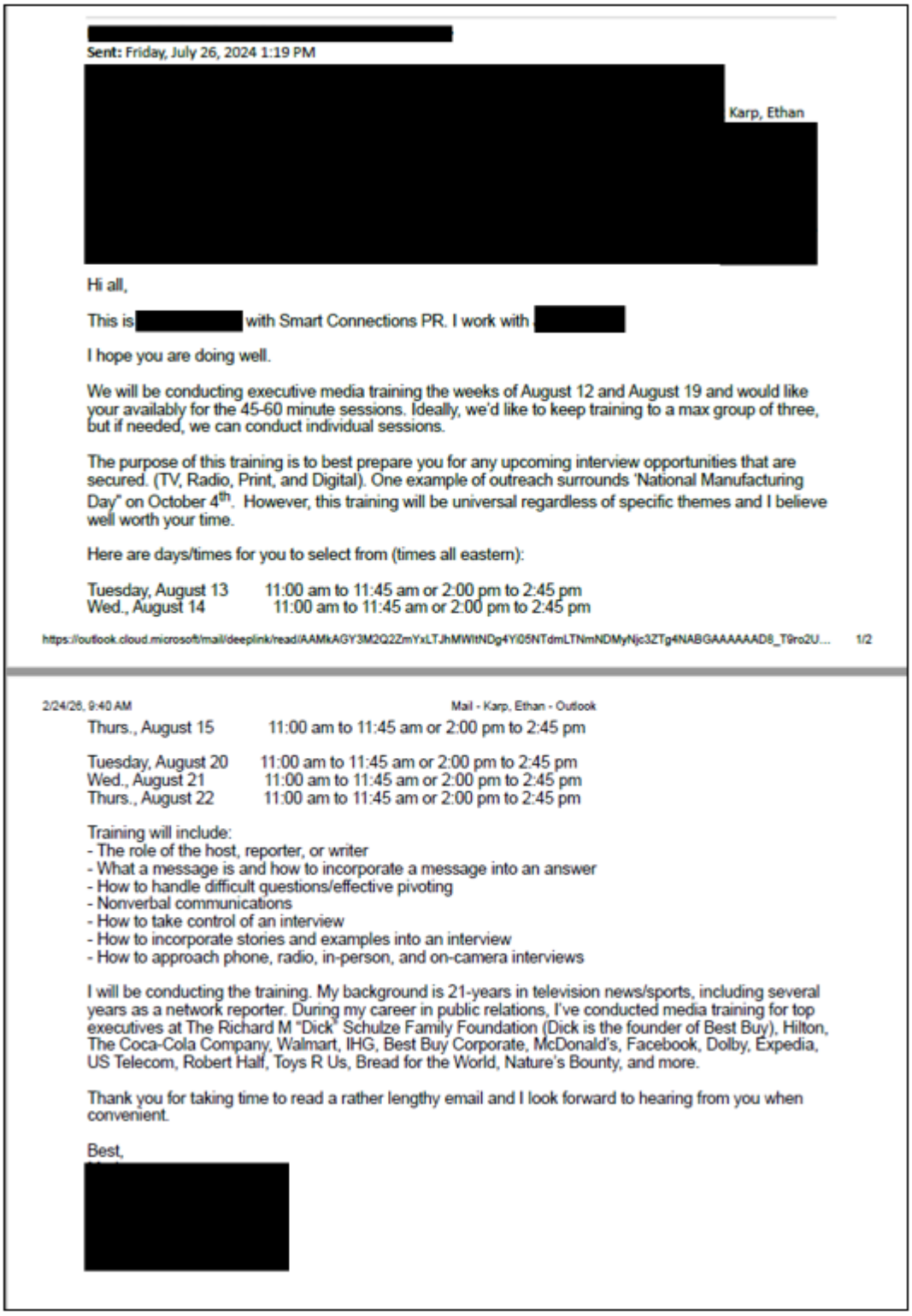
Later today, I will likely send out an introductory email to connect all of us – just in case the government shuts down. I don't want this work to cease in my absence.

If you have any questions, please reach out.

Thank you,

JENNIFER ROSA
Marketing and Communications Specialist
NIST Manufacturing Extension Partnership
[redacted]

7. NIST-MEP also organized media training for MAGNET and other MEPs to be able to successfully engage in PR and media outreach:



[redacted]
Sent: Friday, July 26, 2024 1:19 PM
[redacted] Karp, Ethan
[redacted]

Hi all,

This is [redacted] with Smart Connections PR. I work with [redacted]

I hope you are doing well.

We will be conducting executive media training the weeks of August 12 and August 19 and would like your availably for the 45-60 minute sessions. Ideally, we'd like to keep training to a max group of three, but if needed, we can conduct individual sessions.

The purpose of this training is to best prepare you for any upcoming interview opportunities that are secured. (TV, Radio, Print, and Digital). One example of outreach surrounds 'National Manufacturing Day" on October 4th. However, this training will be universal regardless of specific themes and I believe well worth your time.

Here are days/times for you to select from (times all eastern):

Tuesday, August 13 11:00 am to 11:45 am or 2:00 pm to 2:45 pm
Wed., August 14 11:00 am to 11:45 am or 2:00 pm to 2:45 pm

Thurs., August 15 11:00 am to 11:45 am or 2:00 pm to 2:45 pm

Tuesday, August 20 11:00 am to 11:45 am or 2:00 pm to 2:45 pm
Wed., August 21 11:00 am to 11:45 am or 2:00 pm to 2:45 pm
Thurs., August 22 11:00 am to 11:45 am or 2:00 pm to 2:45 pm

Training will include:
- The role of the host, reporter, or writer
- What a message is and how to incorporate a message into an answer
- How to handle difficult questions/effective pivoting
- Nonverbal communications
- How to take control of an interview
- How to incorporate stories and examples into an interview
- How to approach phone, radio, in-person, and on-camera interviews

I will be conducting the training. My background is 21-years in television news/sports, including several years as a network reporter. During my career in public relations, I've conducted media training for top executives at The Richard M "Dick" Schulze Family Foundation (Dick is the founder of Best Buy), Hilton, The Coca-Cola Company, Walmart, IHG, Best Buy Corporate, McDonald's, Facebook, Dolby, Expedia, US Telecom, Robert Half, Toys R Us, Bread for the World, Nature's Bounty, and more.

Thank you for taking time to read a rather lengthy email and I look forward to hearing from you when convenient.

Best,
[redacted]

8. NIST-MEP published “thought-leadership pieces in various trade publications, participate[d] in interviews, and some recent podcast activity” (from email below) and encouraged others to do the same supplying boiler plate language to use for such activities in the email below:

Outlook

Standard text about the MEP National Network and your Center

From Rosa, Jennifer T. (Fed) <jennifer.rosa@nist.gov>
Date Tue 10/15/2024 10:01 AM
To [redacted] Karp, Ethan [redacted]

Good morning!

I hope everyone had a nice weekend. Fall is definitely in the air here on the east coast. [redacted] I hope you all are doing ok after [redacted]. I can only imagine how difficult the road ahead is for so many from Florida to NC. My thoughts are with you all.

It’s been a while since I reached out to all our Network spokespeople.

First, I wanted to thank you all for your continued support and efforts to increase awareness of the Network and the assistance available at MEP Centers. We continue to publish thought-leadership pieces in various trade publications, participate in interviews, and we had some recent podcast activity.

Second, I want to make sure we are consistent in how we describe ourselves. Below is our “boilerplate/about us” text that should be used. You are welcome to include more detail about your Center, but we want to make sure your Center’s connection to the Network is clear and consistent and that we talk about the Network. If you ever need anything customized to go along with the standard “about us” text, feel free to reach out. I am always happy to help.

To describe your MEP Center’s connection to the Network:

- *[Name of MEP Center] is the official representative of the MEP National Network in [name of state/territory].*

Full “About Us” boilerplate:

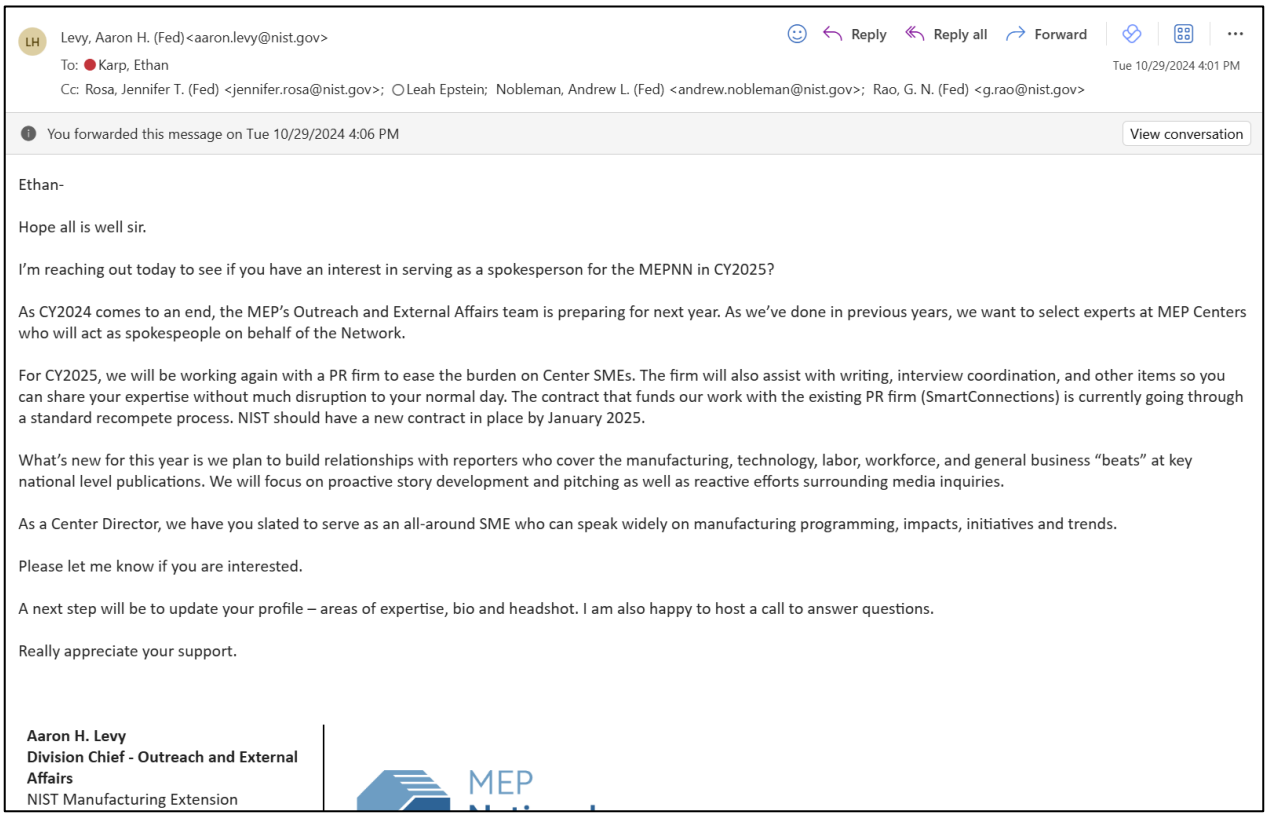
- *The MEP National Network™ is a unique public-private partnership that delivers comprehensive, proven solutions to U.S. manufacturers, fueling growth and advancing U.S. manufacturing.*
  Focused on helping small and medium-sized manufacturers generate business results and thrive in today’s technology-driven economy, the MEP National Network comprises the National Institute of Standards and Technology’s Manufacturing Extension Partnership (NIST MEP), the 51 MEP Centers located in all 50 states and Puerto Rico, as well as over 1,440 trusted advisors and experts at approximately 460 MEP service locations, providing any U.S. manufacturer with access to resources they need to succeed.

Or shorter version:

- *The MEP National Network™ is a unique public-private partnership that delivers comprehensive, proven solutions to U.S. manufacturers, fueling growth and advancing U.S. manufacturing.*

Thank you again for your support and the amazing work you do!

9. Here are some examples of NIST-MEP ghostwritten articles and blogs for MAGNET and other MEPs:



Levy, Aaron H. (Fed)<aaron.levy@nist.gov>
Reply Reply all Forward
To: Karp, Ethan
Tue 10/29/2024 4:01 PM
Cc: Rosa, Jennifer T. (Fed) <jennifer.rosa@nist.gov>; Leah Epstein; Nobleman, Andrew L. (Fed) <andrew.nobleman@nist.gov>; Rao, G. N. (Fed) <g.rao@nist.gov>

You forwarded this message on Tue 10/29/2024 4:06 PM
View conversation

Ethan-

Hope all is well sir.

I'm reaching out today to see if you have an interest in serving as a spokesperson for the MEPNN in CY2025?

As CY2024 comes to an end, the MEP's Outreach and External Affairs team is preparing for next year. As we've done in previous years, we want to select experts at MEP Centers who will act as spokespeople on behalf of the Network.

For CY2025, we will be working again with a PR firm to ease the burden on Center SMEs. The firm will also assist with writing, interview coordination, and other items so you can share your expertise without much disruption to your normal day. The contract that funds our work with the existing PR firm (SmartConnections) is currently going through a standard recompete process. NIST should have a new contract in place by January 2025.

What's new for this year is we plan to build relationships with reporters who cover the manufacturing, technology, labor, workforce, and general business "beats" at key national level publications. We will focus on proactive story development and pitching as well as reactive efforts surrounding media inquiries.

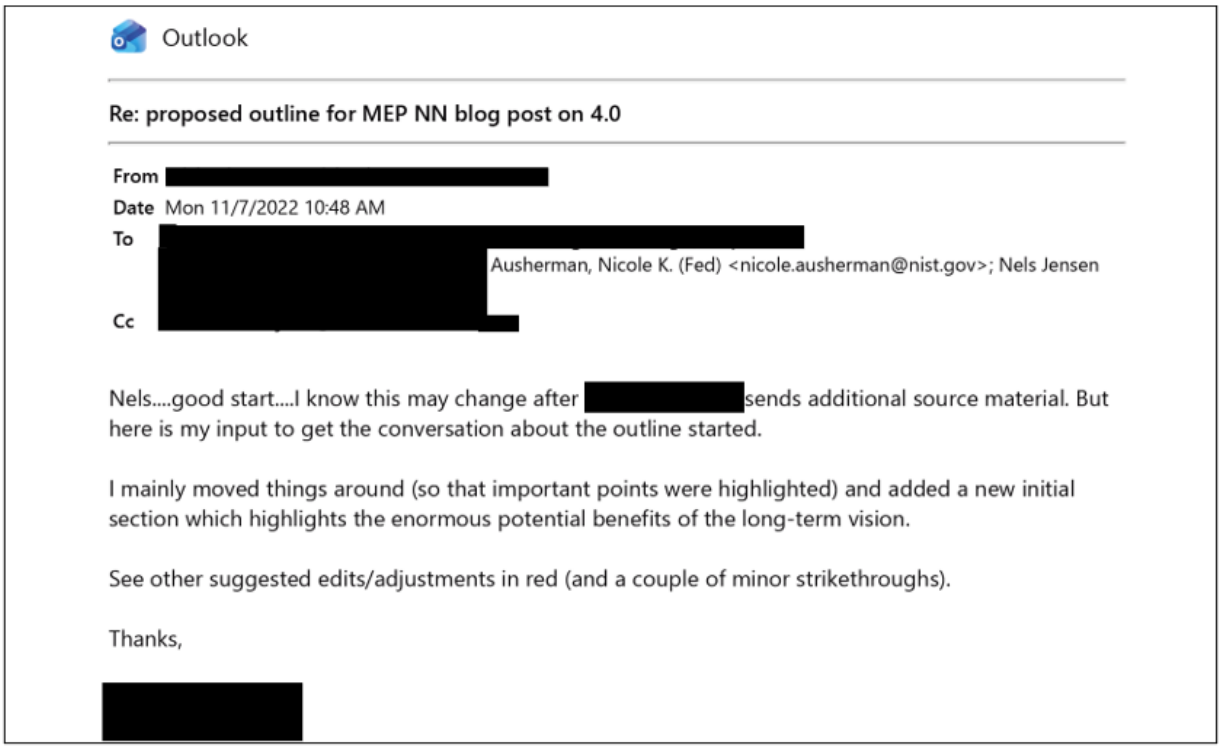
As a Center Director, we have you slated to serve as an all-around SME who can speak widely on manufacturing programming, impacts, initiatives and trends.

Please let me know if you are interested.

A next step will be to update your profile – areas of expertise, bio and headshot. I am also happy to host a call to answer questions.

Really appreciate your support.

Aaron H. Levy
Division Chief - Outreach and External Affairs
NIST Manufacturing Extension



Outlook

Re: proposed outline for MEP NN blog post on 4.0

From [redacted]
Date Mon 11/7/2022 10:48 AM
To [redacted] Ausherman, Nicole K. (Fed) <nicole.ausherman@nist.gov>; Nels Jensen
Cc [redacted]

Nels....good start....I know this may change after [redacted] sends additional source material. But here is my input to get the conversation about the outline started.

I mainly moved things around (so that important points were highlighted) and added a new initial section which highlights the enormous potential benefits of the long-term vision.

See other suggested edits/adjustments in red (and a couple of minor strikethroughs).

Thanks,

[redacted]

From: Rosa, Jennifer T. (Fed) <jennifer.rosa@nist.gov>
Sent: Friday, February 2, 2024 10:53:25 AM
To: [redacted] Karp, Ethan <ekarp@manufacturingsuccess.org>
[redacted]
Subject: Response requested: Transcript from Manufacturing Today for approval

Good morning,

This is a fantastic read. It really captures why we do what we do and how we are doing it. I'm really excited to see this published and share it.

I made a few small tweaks (branding related issues) but that's it.

I look forward to your feedback, Ethan.

Thank you for doing this!

JENNIFER ROSA
Outreach and External Affairs, Acting Division Chief
NIST Manufacturing Extension Partnership
[redacted]

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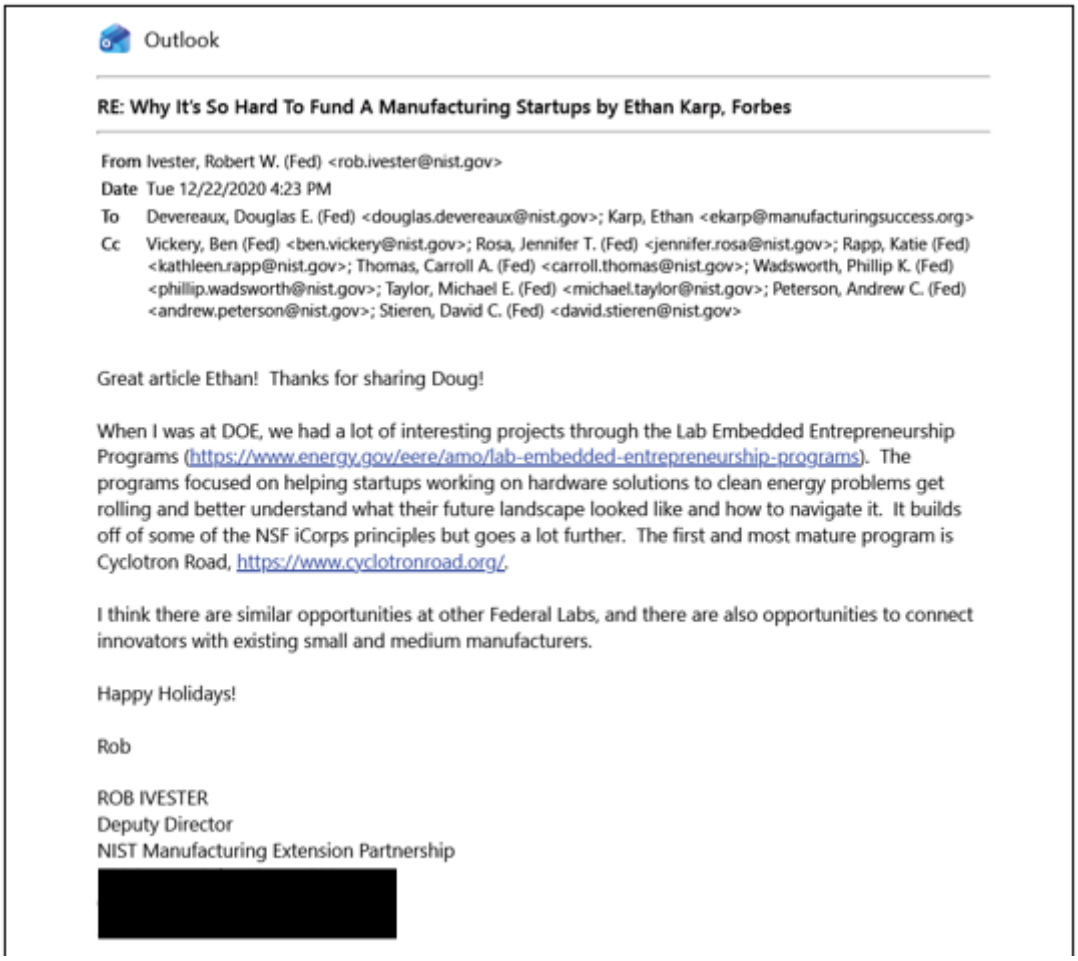
10. Here is NIST-MEP (including a past Deputy Director, then Acting Director) praising MAGNET's writing in Forbes:



Outlook

RE: Why It's So Hard To Fund A Manufacturing Startups by Ethan Karp, Forbes

From Ivester, Robert W. (Fed) <rob.ivester@nist.gov>
Date Tue 12/22/2020 4:23 PM
To Devereaux, Douglas E. (Fed) <douglas.devereaux@nist.gov>; Karp, Ethan <ekarp@manufacturingsuccess.org>
Cc Vickery, Ben (Fed) <ben.vickery@nist.gov>; Rosa, Jennifer T. (Fed) <jennifer.rosa@nist.gov>; Rapp, Katie (Fed) <kathleen.rapp@nist.gov>; Thomas, Carroll A. (Fed) <carroll.thomas@nist.gov>; Wadsworth, Phillip K. (Fed) <phillip.wadsworth@nist.gov>; Taylor, Michael E. (Fed) <michael.taylor@nist.gov>; Peterson, Andrew C. (Fed) <andrew.peterson@nist.gov>; Stieren, David C. (Fed) <david.stieren@nist.gov>

Great article Ethan! Thanks for sharing Doug!

When I was at DOE, we had a lot of interesting projects through the Lab Embedded Entrepreneurship Programs (https://www.energy.gov/eere/amo/lab-embedded-entrepreneurship-programs). The programs focused on helping startups working on hardware solutions to clean energy problems get rolling and better understand what their future landscape looked like and how to navigate it. It builds off of some of the NSF iCorps principles but goes a lot further. The first and most mature program is Cyclotron Road, https://www.cyclotronroad.org/.

I think there are similar opportunities at other Federal Labs, and there are also opportunities to connect innovators with existing small and medium manufacturers.

Happy Holidays!

Rob

ROB IVESTER
Deputy Director
NIST Manufacturing Extension Partnership
[redacted]

Dec 14, 2020,10:34am EST|544 views

Why It's So Hard To Fund A Manufacturing Startup

Ethan Karp Contributor, Forbes

Manufacturing.

https://www.forbes.com/sites/ethankarp/2020/12/14/why-its-so-hard-to-fund-a-manufacturing-startup/?sh=6f6b77e473e6threy are looking for

Ethan: This is one of the best articles I've seen recently on funding manufacturers. I get several inquiries a month on what government grants, and or investor programs are available to support a small manufacturers that needs capital for growth. Typically, the inquiries don't seem to recognize the difference between debt and equity, and when they do, there is still a lot of confusion about venture capitalists and what they are looking for when considering investing in a copy.

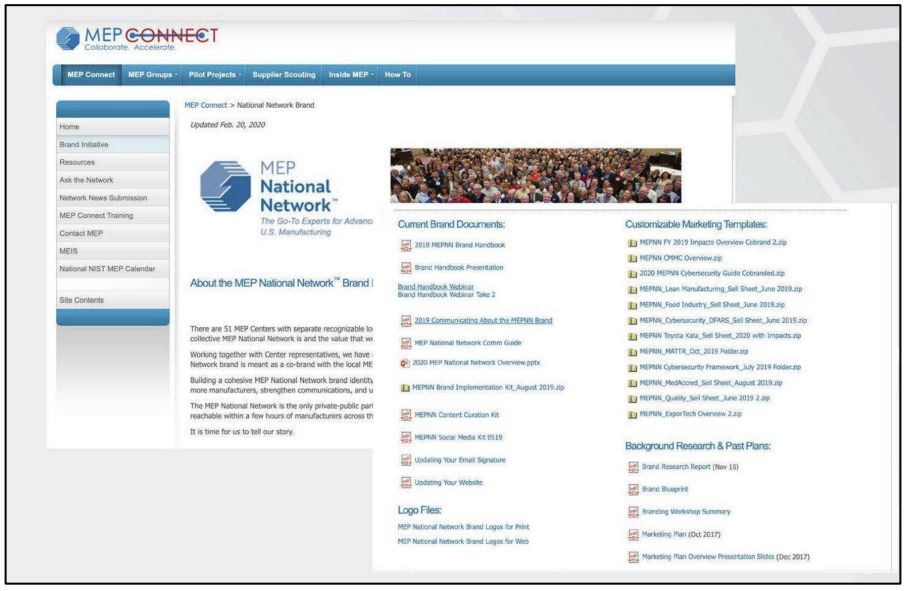
I thought your article cut right to the chase in acknowledging that VCs' "home-run expectations pose a real challenge" for young manufacturers, typically seeking a 5X return on their investments in a relatively short time. As you mentioned, such opportunities may exist in software companies (especially those based on subscriptions as you noted), but are relatively rare in the manufacturing sector.

Id appreciate learning more about what you are observing in the space of "accelerators, like Combinator which you mentioned, and how technological innovations are transforming capital access for small companies—e.g. FinTech?

Perhaps in January, we can find a time to chat about this? In the meantime congratulations on another great article,

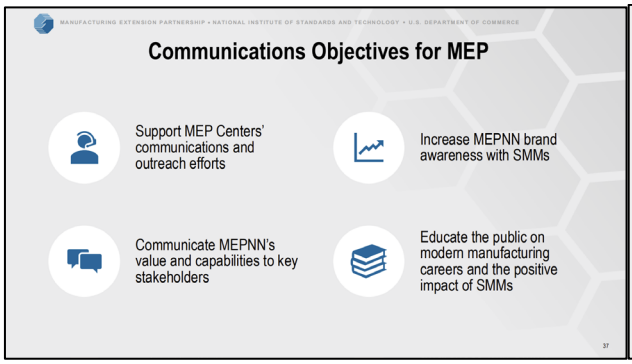
Doug Devereaux

11. The national MEP program spent meaningful time and resources supporting Center outreach and paying for content in trade magazines: (source: NIST website):





12. As recently as September 16, 2024, NIST-MEP was touting its PR and marketing strategy and even highlighted MAGNET by hosting their meeting at our facility and praising our outreach efforts during the meeting: (source: NIST website)





Link back to summary

13. Below are invoices for MAGNET's ghostwriting expenses identified in the OIG Report approved by ODOD. It's also important to note that MAGNET's team came up with the ideas and insights and sometimes provided drafts to the writer who professionalized the output.

Closeup Content Studio LLC

[redacted]

CLOSEUP

INVOICE

BILL TO
Magnet

INVOICE	335
DATE	04/14/2022
TERMS	Net 15
DUE DATE	04/29/2022

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
04/14/2022	Content Development	Forbes article on inflation and manufacturing, and Fast Company article on how to build stronger connections at work (PO # 016798)	[redacted]	[redacted]	6,000.00

BALANCE DUE **$6,000.00**

[redacted]

We appreciate your business and look forward to working with you again. Thank you!
Page 1 of 1

OE-5

Closeup Content Studio LLC

[redacted]

CLOSEUP

INVOICE

BILL TO
Magnet

INVOICE	522
DATE	10/31/2023
TERMS	Net 15
DUE DATE	11/15/2023

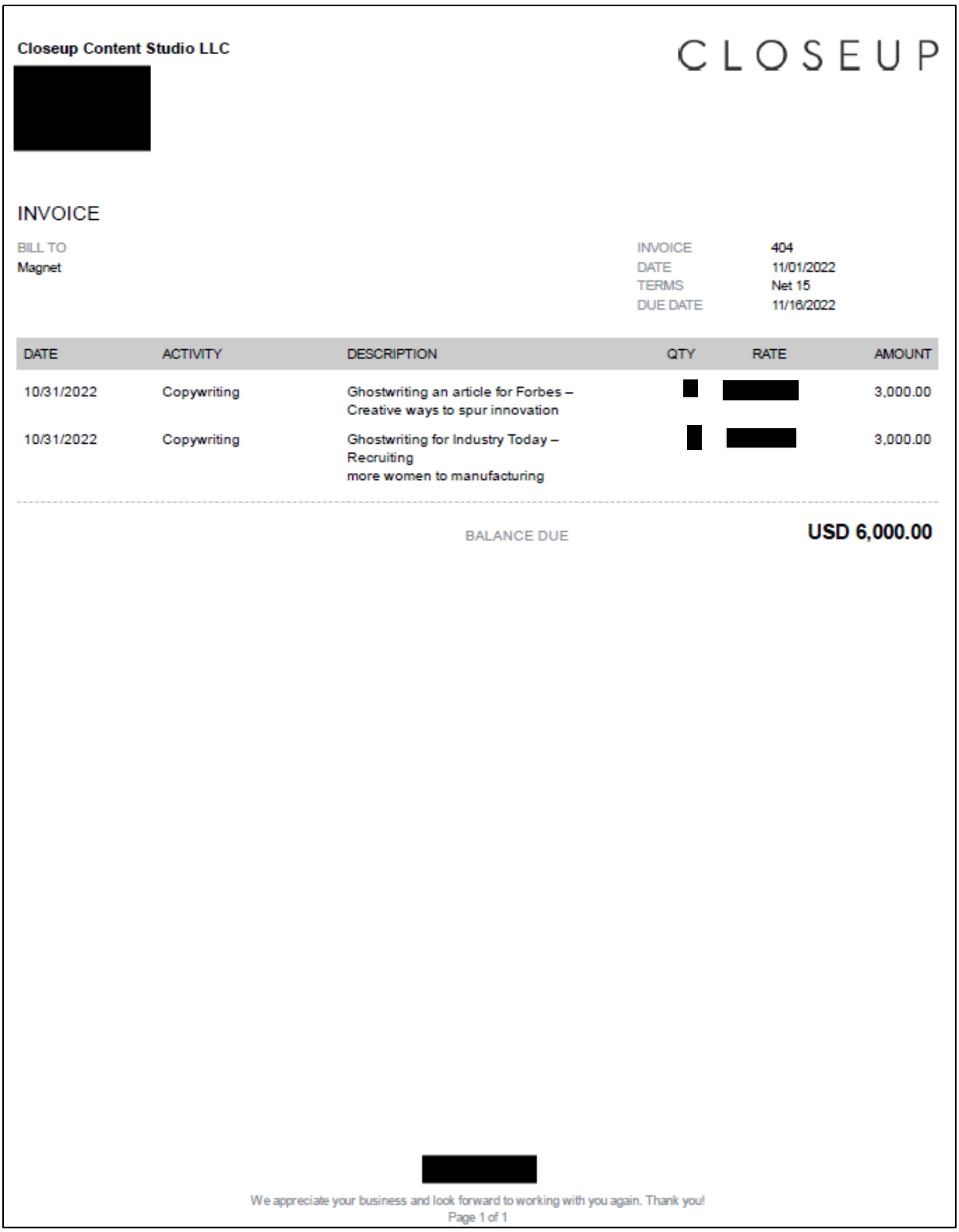
DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
10/31/2023	Content Development	Ghostwriting for Ethan Karp in Forbes – Boomers story	[redacted]	[redacted]	3,000.00

BALANCE DUE **USD 3,000.00**

[redacted]

We appreciate your business and look forward to working with you again. Thank you!

OE-103



Closeup Content Studio LLC

[redacted]

CLOSEUP

INVOICE

BILL TO
Magnet

INVOICE	404
DATE	11/01/2022
TERMS	Net 15
DUE DATE	11/16/2022

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
10/31/2022	Copywriting	Ghostwriting an article for Forbes – Creative ways to spur innovation	[redacted]	[redacted]	3,000.00
10/31/2022	Copywriting	Ghostwriting for Industry Today – Recruiting more women to manufacturing	[redacted]	[redacted]	3,000.00

BALANCE DUE **USD 6,000.00**

[redacted]

We appreciate your business and look forward to working with you again. Thank you!
Page 1 of 1

14. Ethan Karp began contributing to Forbes.com as an expert voice on transforming manufacturing with technology and innovation. In fact, NIST's public relations affiliate was one of the organizations that connected MAGNET to Forbes with the express suggestion that it was a good channel to help promote manufacturing and increase the MEP program's outreach to small and mid-sized manufacturers.

Link back to summary

Conflict of Interest

Issue #21 – Claim: A MAGNET board member worked as a contractor through OSU, and MAGNET allocated the contracts to NIST awards. OIG calls the relationship a real or potential conflict that award terms prohibited.

Facts:
OSU Contract 1 ($249,000 of the claimed amounts):

a. OSU was not an undisclosed conflict or a conflict at all. They were named in ODOD's original application to NIST. The Board Member's name, his institutional affiliation with OSU, his specific role in the project, and OSU's compensation (through the Ohio Manufacturing Institute) were included in the project budget that NIST reviewed and approved prior to making the award. NIST had actual and affirmative knowledge of the Board member's participation from the earliest stage of the award process. This was not a relationship that developed after the award was made, was not concealed from the awarding agency, and did not slip past the oversight process. NIST approved it.

b. Furthermore, MAGNET did not make the decision to engage OSU. The arrangement was structured by ODOD and OSU before MAGNET was involved. Susan Foltz, Director of Manufacturing Extension Partnership Program at ODOD, directed MAGNET to serve as fiscal agent for an arrangement that ODOD and OSU had already designed. Ms. Foltz provided MAGNET with the complete project budget, specifying the amount allocated to OSU and the total for the rest of the line items, and instructed MAGNET to execute it accordingly. MAGNET had no discretion over whether OSU was engaged, at what compensation rate, or for what scope of work. Each of those decisions was made by ODOD, reviewed by NIST as part of the application, and approved prior to MAGNET's involvement as fiscal agent.

c. MAGNET did disclose the board relationship internally. At the time, MAGNET disclosed it to its Executive Committee and engaged counsel. Based on legal counsel analysis, at the time of entering the contract and currently, it was determined there was no conflict of interest with OSU. MAGNET followed all of its applicable Board procedures and ensured disinterested parties examined the relationship. As the contract was entirely directed by the State and approved by NIST-MEP, there was found to be no conflict of interest.

   That conclusion is consistent with the governing principle underlying federal conflict of interest requirements: that conflicting relationships must not be permitted to influence award or procurement decisions. MAGNET made no award decision. ODOD made the decision, NIST approved it, and MAGNET executed it as directed.

d. MAGNET has in its possession the original ODOD application to NIST naming OSU, and the approved project budget specifying the amount of payment to OSU (specifically the Ohio Manufacturing Institute at OSU). In the first email below on October 7, 2020 ODOD shares MAGNET's budget separate from OSU for this project. The second email is ODOD instructing MAGNET to add OSU to its budget and resubmit to ODOD. ODOD then approved that budget.

From: susan.foltz@development.ohio.gov <susan.foltz@development.ohio.gov>
Sent: Tuesday, November 10, 2020 2:42 PM
To: Karp, Ethan <ekarp@manufacturingsuccess.org>
Subject: FW: FY21 Digital OSU Budget

Good afternoon Ethan
When you get a chance, please send us a budget revision for Digital Maturity!! Adding in OSU!
Diane is out today and tomorrow. We can finalize your agreement on Thursday!!

THANKS!!

Ohio | Development Services Agency

Susan Foltz
Director, Manufacturing Assistance Programs
Office of Technology Investments
[redacted]

From: susan.foltz@development.ohio.gov <susan.foltz@development.ohio.gov>
Sent: Tuesday, October 27, 2020 1:23:05 PM
To: [redacted] Karp, Ethan
Cc: Aaron.Patrick@development.ohio.gov <Aaron.Patrick@development.ohio.gov>; Diane.McClure@development.ohio.gov <Diane.McClure@development.ohio.gov>
Subject: Ohio MEP Rolling CAP - Digital Maturity for SMMs

Good afternoon Everyone –

Important!!
Please see the attached Budget Template.
Using the chart below, please create your budget for participating in the Ohio MEP Rolling Cap project – Digital Maturity for SMMs.
Please return your budget to me no later than Noon, Monday, 11/02/2020 –

DIGITAL MATURITY	Program period 09/01/2020 - 08/31/2023			
Grantee	Year 1	Year 2	Year 3	Total FEDERAL
CIFT	$ 28,333	$ 28,333	$ 34,054	$ 90,720
Columbus State	$ 28,333	$ 28,333	$ 34,054	$ 90,720
FASTLANE	$ 28,334	$ 28,334	$ 34,055	$ 90,723
MAGNET	$ 28,334	$ 28,334	$ 34,055	$ 90,723
TechSolve	$ 28,333	$ 28,333	$ 34,054	$ 90,720
OSU - OMI	$ 71,667	$ 71,667	$ 71,666	$ 215,000
MPI Group	$ 111,666	$ 111,666	$ 84,998	$ 308,330
Sub Total	$ 325,000	$ 325,000	$ 326,936	**$ 976,936**
ODSA Admin Costs	$ 7,688	$ 7,688	$ 7,688	$ 23,064
TOTAL	$ 332,688	$ 332,688	$ 334,624	**$ 1,000,000**

If you want to use all of your funding in Year 1 or 1 and 2, please adjust to meet your needs.
Please let me know if you have any questions.
Thanks,

Ohio | Development Services Agency

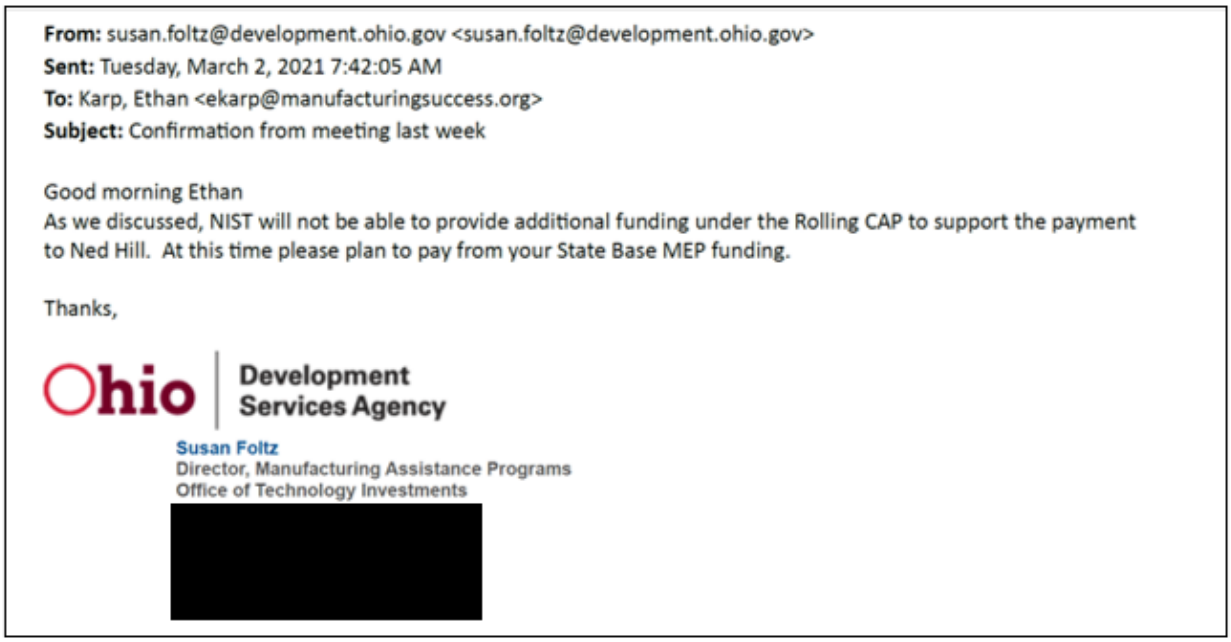
Susan Foltz
Director, Manufacturing Assistance Programs
Office of Technology Investments
[redacted]

[Link back to summary]

OSU Contracts 2: Claim: A MAGNET board member worked as a contractor through OSU, and MAGNET allocated the contracts to NIST awards. $231,453 on additional contracts

Fact:

1. Similar to OSU Contract 1 this was directed by ODOD/NIST-MEP. See below for more examples:



From: susan.foltz@development.ohio.gov <susan.foltz@development.ohio.gov>
Sent: Tuesday, March 2, 2021 7:42:05 AM
To: Karp, Ethan <ekarp@manufacturingsuccess.org>
Subject: Confirmation from meeting last week

Good morning Ethan
As we discussed, NIST will not be able to provide additional funding under the Rolling CAP to support the payment to Ned Hill. At this time please plan to pay from your State Base MEP funding.

Thanks,

Ohio | Development Services Agency

Susan Foltz
Director, Manufacturing Assistance Programs
Office of Technology Investments
[redacted]

Link back to summary

Issue #22 – Claim: MPI Group, owned or represented by another MAGNET board member, received an ODOD subaward without documented State vetting. OIG says internal correspondence shows selection based on suggestions from another MAGNET board member. OIG says internal correspondence shows selection based on suggestions from an OSU contractor and the MAGNET board member.

Facts:

1. MAGNET did not initiate, approve, or participate in this arrangement between the State and a private company. MAGNET has no obligation to disclose or prevent an arrangement it has nothing to do with.
2. The subaward to MPI Group ran directly from ODOD to MPI. MAGNET was not a party to that transaction. MAGNET did not contract with MPI, did not approve the subaward, and did not direct any funds to MPI at any stage. The financial relationship at issue existed entirely between ODOD and MPI, without MAGNET's involvement in or knowledge of the details.

Link back to summary

Issue #23 – Claim: MAGNET paid internship wages to a billion-dollar global manufacturer while an executive from the company sat on MAGNET's board. $45,158. MAGNET paid internship wages to a publicly traded multinational while an executive from the company sat on MAGNET's board. $26,748.

Facts:

1. Internship payments made to these companies were reimbursed through grant 17-0532. This was a State-only grant unrelated to MEP funding. To MAGNET's knowledge there was no federal aspect to this grant, and it was fully under the direction of the State of Ohio.

GRANT AGREEMENT

Manufacturing Extension Partnership-Additive Manufacturing

Grant Information							
Grantee:	Manufacturing Advocacy Growth Network, Inc.			Grant Control No.:		TECG20170532	
Address:	1768 East 25th Street			State Grant Funds:		$ 90,000.00	
				Federal Grant Funds:		$ 0.00	
City:	Cleveland			State:	OH	Zip:	44114
Project Local Jurisdiction:	Cleveland		**Effective Date:**			4/1/2017	
Project County:	Cuyahoga		**Project Completion Date:**			09/30/2017	
Project Contact							
Grantee Contact:	[redacted]			Title:	[redacted]		
Address:	1768 East 25th Street, Cleveland			State:	OH	Zip:	44114
Phone Number:	[redacted]		Fax Number:		[redacted]		
Email Address:	[redacted]						
Job Commitment and Investment							
Jobs to be Created:	**N/A**	Jobs to be Retained:	**N/A**	**Cost Share Amount:**	$ 90,000.00		

This Grant Agreement (the "**Agreement**") is made and entered into by and between the **State of Ohio, Development Services Agency,** ("**Grantor**") and the **Manufacturing Advocacy Growth Network, Inc.** ("**Grantee**") to set forth the terms and conditions upon which Grantor will provide financial assistance to Grantee and Grantee will use the financial assistance to undertake the **Manufacturing Internship** project to occur at the Grantee's facility located in Cleveland, Cuyahoga County, Ohio (the "**Project**"). In consideration of the mutual promises and covenants hereinafter set forth, each of Grantee and Grantor (collectively, the "**Parties**") agree as follows:

Exhibit VI, Proposal As Amended
Budget

Budget Form 1 - Grantee Budget

Use of Funds	Original Agreement		Amendment A		Amendment C		Total	
	State Funds	Cash Cost Share	State Funds	Cash Cost Share	State Funds	Cash Cost Share	State Funds	Cash Cost Share
Operating Funds								
Personnel/Fringe	$ 24,000	$ -	$ 2,000		$ 70,000		$ 96,000	$ -
Supplies	$ -	$ -			$ 4,500		$ 4,500	$ -
Purchased Services	$ -	$ -			$ 85,000		$ 85,000	$ -
Travel	$ -	$ -			$ 2,000		$ 2,000	$ -
Other Direct Costs	$ -	$ -			$ 55,000		$ 55,000	$ -
Subtotal	$ 24,000	$ -	$ 2,000	$ -	$ 216,500	$ -	$ 242,500	$ -
Indirect	$ [redacted]	$ -	$ [redacted]		$ [redacted]		$ [redacted]	$ -
Subcontract/Subgrant	$ 60,000	$ 90,000	$ 67,500	$ 70,000	$ 400,000	$ 150,000	$ 527,500	$ 310,000
Total Operating	$ 90,000	$ 90,000	$ 70,000	$ 70,000	$ 710,000	$ 150,000	$ 870,000	$ 310,000
Donated Services								
		In-Kind Cost Share						In-Kind Cost Share
Donated Services Committed								
Total Funds	**90,000**	**90,000**	**70,000**	**70,000**	**710,000**	**150,000**	**870,000**	**310,000**

Budget Narrative (for Amendment C)

Personnel/Fringe - MAGNET personnel who will be coordinating and administering the internship programs

Supplies - Supplies utilized for internship program

Purchased Service - for RB Sigma trainning. Lorain County Community College, Cuyahoga Community College and other career tech center/community college programs utilized for the internship programs.

Travel - This is for MAGNET staff travel associated with coordinating and managing the internship programs (at the State reimbursement rates)

Other Direct Expenses - Ohio MEP Summit Expenses, sponsorship for Smart Manufacturing Conference and other sponsorships requested by the State Ohio MEP.

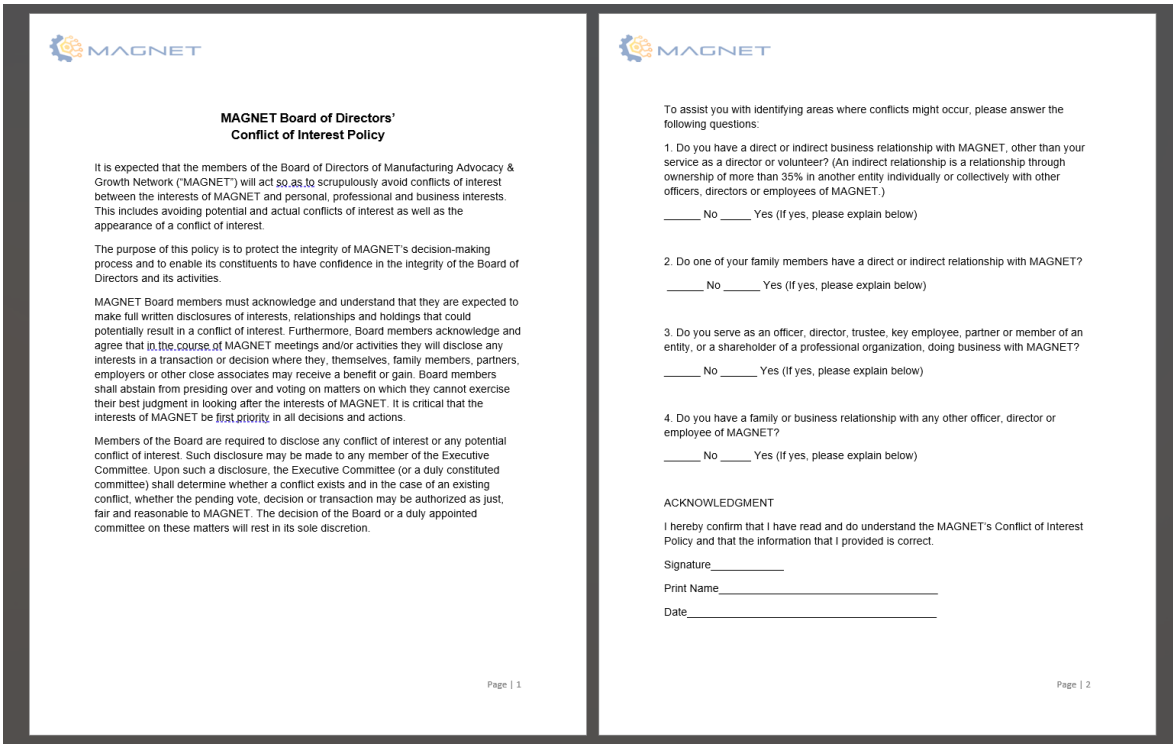
Indirect - This is based on MAGNET's actual indirect rate.

Subcontract/Subgrant - Two internship program: PROGRAM 1: The State will reimburse 50% of the first $3,000 of wages and benefits for 100 summer manufacturing interns ($3,000 * 50% * 100 internships = $150,000). The employer will be providing a 1:1 cost match ($150,000). These internships will be coordinated among all six Ohio MEPS. PROGRAM 2: $250,000 will be utilized to reimburse employers up to $2,500 of wages for 100 students participating in year-long pre-apprenticeship program with Ohio manufacturers. The award period runs from May 2018 to September 2019.

2. MAGNET submitted all details of every expense to the State of Ohio for this internship program designed to be used by manufacturers statewide. MAGNET had no basis to prevent some of the largest manufacturing employers in our region from benefiting and adding more interns. They followed all of the same processes and reimbursement procedures as all other companies for a program that the State created and advertised. MAGNET was the financial administrator.

Link back to summary

These companies had no involvement in their selection for this program in their Board capacities as is required by MAGNET's conflict of interest policies. MAGNET has a robust policy regarding serving Board members and a conflict-of-interest policy each Board member must sign yearly:



MAGNET

MAGNET Board of Directors'
Conflict of Interest Policy

It is expected that the members of the Board of Directors of Manufacturing Advocacy & Growth Network ("MAGNET") will act so as to scrupulously avoid conflicts of interest between the interests of MAGNET and personal, professional and business interests. This includes avoiding potential and actual conflicts of interest as well as the appearance of a conflict of interest.

The purpose of this policy is to protect the integrity of MAGNET's decision-making process and to enable its constituents to have confidence in the integrity of the Board of Directors and its activities.

MAGNET Board members must acknowledge and understand that they are expected to make full written disclosures of interests, relationships and holdings that could potentially result in a conflict of interest. Furthermore, Board members acknowledge and agree that in the course of MAGNET meetings and/or activities they will disclose any interests in a transaction or decision where they, themselves, family members, partners, employers or other close associates may receive a benefit or gain. Board members shall abstain from presiding over and voting on matters on which they cannot exercise their best judgment in looking after the interests of MAGNET. It is critical that the interests of MAGNET be first priority in all decisions and actions.

Members of the Board are required to disclose any conflict of interest or any potential conflict of interest. Such disclosure may be made to any member of the Executive Committee. Upon such a disclosure, the Executive Committee (or a duly constituted committee) shall determine whether a conflict exists and in the case of an existing conflict, whether the pending vote, decision or transaction may be authorized as just, fair and reasonable to MAGNET. The decision of the Board or a duly appointed committee on these matters will rest in its sole discretion.

Page | 1

MAGNET

To assist you with identifying areas where conflicts might occur, please answer the following questions:

1. Do you have a direct or indirect business relationship with MAGNET, other than your service as a director or volunteer? (An indirect relationship is a relationship through ownership of more than 35% in another entity individually or collectively with other officers, directors or employees of MAGNET.)

_____ No _____ Yes (If yes, please explain below)

2. Do one of your family members have a direct or indirect relationship with MAGNET?

_____ No _____ Yes (If yes, please explain below)

3. Do you serve as an officer, director, trustee, key employee, partner or member of an entity, or a shareholder of a professional organization, doing business with MAGNET?

_____ No _____ Yes (If yes, please explain below)

4. Do you have a family or business relationship with any other officer, director or employee of MAGNET?

_____ No _____ Yes (If yes, please explain below)

ACKNOWLEDGMENT

I hereby confirm that I have read and do understand the MAGNET's Conflict of Interest Policy and that the information that I provided is correct.

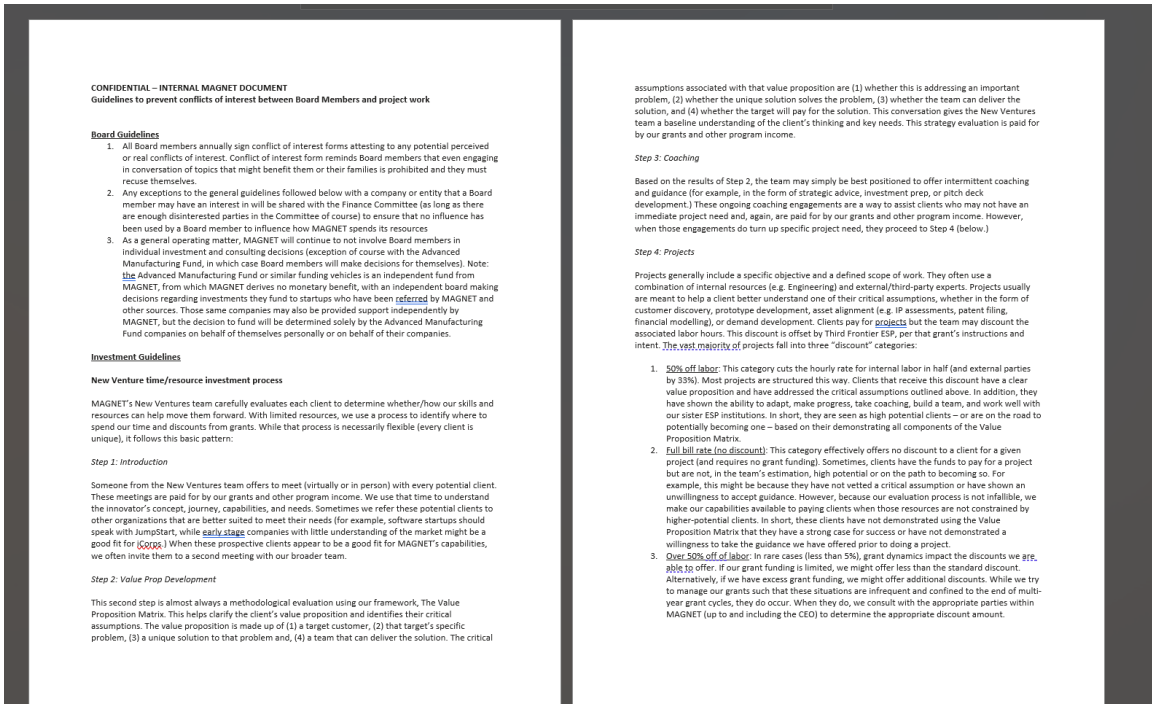
Signature_____

Print Name_____

Date_____

Page | 2

Below are MAGNET's internal guidelines to prevent conflicts of interest between Board Members and project work. *Please note that this document was created prior to 2025 and statements regarding the Advanced Manufacturing Fund need to be updated to reflect MAGNET's subsequent investment in the Advanced Manufacturing Fund.



CONFIDENTIAL – INTERNAL MAGNET DOCUMENT
Guidelines to prevent conflicts of interest between Board Members and project work

Board Guidelines

1. All Board members annually sign conflict of interest forms attesting to any potential perceived or real conflicts of interest. Conflict of interest form reminds Board members that even engaging in conversation of topics that might benefit them or their families is prohibited and they must recuse themselves.
2. Any exceptions to the general guidelines followed below with a company or entity that a Board member may have an interest in will be shared with the Finance Committee (as long as there are enough disinterested parties in the Committee of course) to ensure that no influence has been used by a Board member to influence how MAGNET spends its resources
3. As a general operating matter, MAGNET will continue to not involve Board members in individual investment and consulting decisions (exception of course with the Advanced Manufacturing Fund, in which case Board members will make decisions for themselves). Note: the Advanced Manufacturing Fund or similar funding vehicles is an independent fund from MAGNET, from which MAGNET derives no monetary benefit, with an independent board making decisions regarding investments they fund to startups who have been referred by MAGNET and other sources. Those same companies may also be provided support independently by MAGNET, but the decision to fund will be determined solely by the Advanced Manufacturing Fund companies on behalf of themselves personally or on behalf of their companies.

Investment Guidelines

New Venture time/resource investment process

MAGNET's New Ventures team carefully evaluates each client to determine whether/how our skills and resources can help move them forward. With limited resources, we use a process to identify where to spend our time and discounts from grants. While that process is necessarily flexible (every client is unique), it follows this basic pattern:

Step 1: Introduction

Someone from the New Ventures team offers to meet (virtually or in person) with every potential client. These meetings are paid for by our grants and other program income. We use that time to understand the innovator's concept, journey, capabilities, and needs. Sometimes we refer these potential clients to other organizations that are better suited to meet their needs (for example, software startups should speak with JumpStart, while early stage companies with little understanding of the market might be a good fit for iCorps.) When these prospective clients appear to be a good fit for MAGNET's capabilities, we often invite them to a second meeting with our broader team.

Step 2: Value Prop Development

This second step is almost always a methodological evaluation using our framework, The Value Proposition Matrix. This helps clarify the client's value proposition and identifies their critical assumptions. The value proposition is made up of (1) a target customer, (2) that target's specific problem, (3) a unique solution to that problem and, (4) a team that can deliver the solution. The critical assumptions associated with that value proposition are (1) whether this is addressing an important problem, (2) whether the unique solution solves the problem, (3) whether the team can deliver the solution, and (4) whether the target will pay for the solution. This conversation gives the New Ventures team a baseline understanding of the client's thinking and key needs. This strategy evaluation is paid for by our grants and other program income.

Step 3: Coaching

Based on the results of Step 2, the team may simply be best positioned to offer intermittent coaching and guidance (for example, in the form of strategic advice, investment prep, or pitch deck development.) These ongoing coaching engagements are a way to assist clients who may not have an immediate project need and, again, are paid for by our grants and other program income. However, when those engagements do turn up specific project need, they proceed to Step 4 (below.)

Step 4: Projects

Projects generally include a specific objective and a defined scope of work. They often use a combination of internal resources (e.g. Engineering) and external/third-party experts. Projects usually are meant to help a client better understand one of their critical assumptions, whether in the form of customer discovery, prototype development, asset alignment (e.g. IP assessments, patent filing, financial modelling), or demand development. Clients pay for projects but the team may discount the associated labor hours. This discount is offset by Third Frontier ESP, per that grant's instructions and intent. The vast majority of projects fall into three "discount" categories:

1. 50% off labor: This category cuts the hourly rate for internal labor in half (and external parties by 33%). Most projects are structured this way. Clients that receive this discount have a clear value proposition and have addressed the critical assumptions outlined above. In addition, they have shown the ability to adapt, make progress, take coaching, build a team, and work well with our sister ESP institutions. In short, they are seen as high potential clients – or are on the road to potentially becoming one – based on their demonstrating all components of the Value Proposition Matrix.
2. Full bill rate (no discount): This category effectively offers no discount to a client for a given project (and requires no grant funding). Sometimes, clients have the funds to pay for a project but are not, in the team's estimation, high potential or on the path to becoming so. For example, this might be because they have not vetted a critical assumption or have shown an unwillingness to accept guidance. However, because our evaluation process is not infallible, we make our capabilities available to paying clients when those resources are not constrained by higher-potential clients. In short, these clients have not demonstrated using the Value Proposition Matrix that they have a strong case for success or have not demonstrated a willingness to take the guidance we have offered prior to doing a project.
3. Over 50% off of labor: In rare cases (less than 5%), grant dynamics impact the discounts we are able to offer. If our grant funding is limited, we might offer less than the standard discount. Alternatively, if we have excess grant funding, we might offer additional discounts. While we try to manage our grants such that these situations are infrequent and confined to the end of multi-year grant cycles, they do occur. When they do, we consult with the appropriate parties within MAGNET (up to and including the CEO) to determine the appropriate discount amount.

Growth Consulting time/resource investment process

MAGNET's Growth Advising team carefully evaluates each client to determine whether/how our skills and resources can help move them forward. Our goal is to always help a manufacturer where and when they need it while pushing them to do more than they would normally consider if it will help them add or save jobs for our economy. While that process is necessarily flexible (every client is unique), it follows this basic pattern:

Step 1: Introduction

Someone from the Growth Advising or Client Engagement team offers to meet (virtually or in person) with every potential client. These meetings are paid for by our grants and other program income. We use that time to understand the company's concept, journey, capabilities, and needs. We may followup this first meeting with a second subject matter expert visit to scope a project. When these prospective clients appear to be a good fit for MAGNET's capabilities, we create a proposal.

Step 2: Proposal

In developing a proposal, we make sure to assess the highest priorities of the companies based on our introductory meetings (including sometimes formal assessments). We scope the projects based on hours estimated it will take us to complete. We add contingency appropriate to the risk of the project. We often create these proposals with a potential client and often under NDA with our clients.

Step 3: Choosing investment amount

We assess many facets of company before deciding whether and how much to discount a project to secure the business. We consider the size of the company (more discount to smaller companies who can't afford it), the potential for future business and future growth, the willingness to pay of the individual running the company (e.g., have they hired other consultants at similar prices), the geography of the business, and whether the business is minority-owned/women-owned. Each of these factors changes based on the demands of funders, whether we have good or bad market penetration, or even whether or not we have a service that we want to pilot. Most companies get a 20% discount, although some under the right circumstances based on these factors can see up to a 50% discount and mostly larger companies will get no discount.

There are also special grants that often are able to be accessed and are available for limited time periods and very specific scopes. We use these grants with our best clients – those with a track record of successfully implementing forward-looking projects with MAGNET and who have shown their commitment to spreading their success catalytically with other manufacturers.

Step 4: Projects

We execute a project based on the discount, which resets for each subsequent project to a new amount.

Link back to summary

Program Income

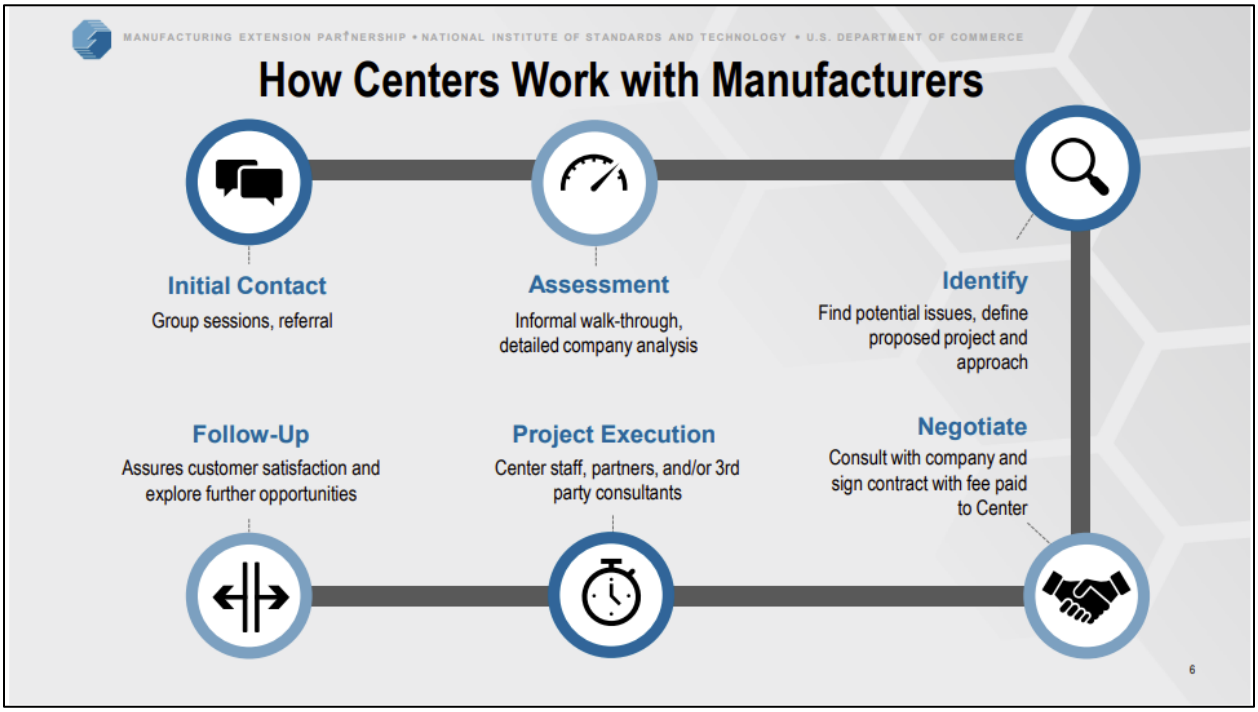
Issue #2 – Claim: P. 7 - Client-fee example: MAGNET charged related expenses to the base award renewal but did not report the client revenue as program income. $25,526 charged expenses; $35,000 client revenue.

P. 7 - MAGNET charged expenses to MEP awards but did not report the corresponding revenue as program income, allowing it to retain the money without award restrictions. The OIG implies that this might have happened over all client revenue over the entire audit period ($25M of MAGNET income).

Definition: *Program income* means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance (from: 200CFR regulations). However, there is a caveat: Section 12.E of the NIST MEP General Terms and Conditions stipulates that: "E. Costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award."

Facts:

1. The MEP program was created to charge affordable market rates for its services so that small manufacturers can get high-quality services at accessible fees. See this diagram from a NIST-MEP presentation in 2024:



2. **MAGNET does not make profit on these services by design** in order to serve small and medium manufacturers at a reasonable price point. Based on analysis of 2017-2024 covering $15,560,816 of client income over 753 separate manufacturer projects MAGNET:
   - Lost an average of $991 per project
   - In total, lost $745,887

   Note: The $25 million figure cited by the OIG encompasses 100% of MAGNET revenue, a substantial portion of which is unrelated to the MEP program. The $15,560,816 figure used in MAGNET's analysis is itself an estimate, because precisely defining which projects should be counted as MEP projects requires a project-level determination that MAGNET's legacy financial system was not designed

to support. Accordingly, MAGNET used a broader revenue set for this analysis to avoid understating the scope of its review. In 2024, MAGNET implemented a new system that provides the capability to identify and track MEP projects at the individual project level. A more granular analysis could be performed using the new system's data going forward, but the historical period covered by this audit predates that capability. Additionally, the calculation itself required truncating data from the old system which might create small data artifacts - thus this is an estimate only for purposes of demonstration.

3. Even if the OIG claim that all of this client income qualifies as potential program income (which MAGNET disputes), by applying rules 2 C.F.R.§ 200.307(d) and Section 12.E of the NIST MEP General Terms and Conditions (see below), all program income will net to zero, meaning there is no program income.

2 C.F.R.§ 200.307(d):
"Cost of generating program income. If authorized by Federal regulations or the Federal award, costs incidental to generating program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award."

Section 12.E of the NIST MEP General Terms and Conditions:
"E. Costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award."

These rules applied throughout this entire audit period.

MAGNET maintains detailed project-level cost records and has already demonstrated to the OIG in meetings and discussions how there is no program income and no profit to report.

This also applies to any claim that the PPE $6.6M is unreported program income.

Link back to summary

Sponsorships are questioned costs

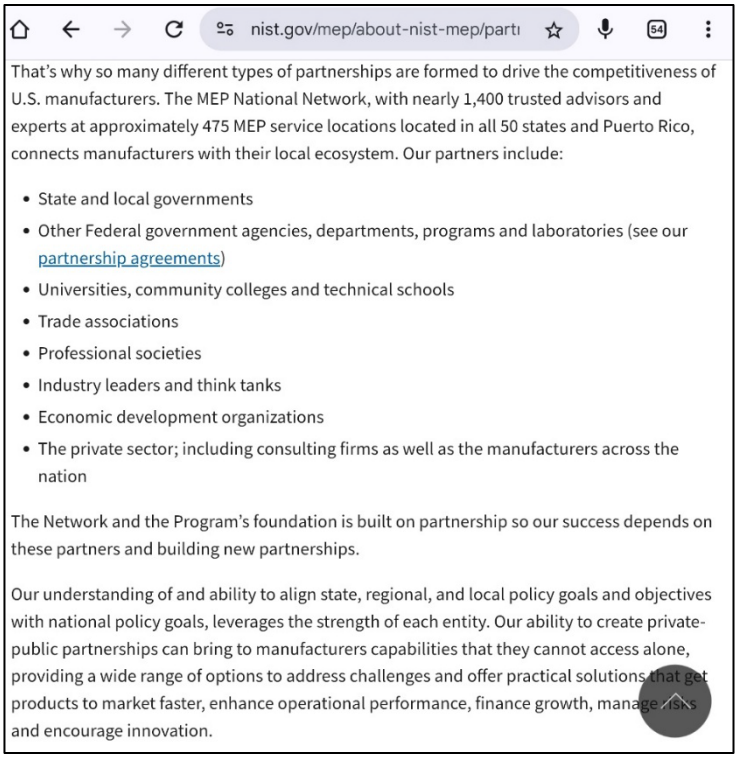
Issue #16 – Claim: P. 28 - MAGNET sponsored a Chinese New Year celebration at a sports arena, including advertising, a cocktail-hour networking event and basketball tickets. P. 28 - MAGNET sponsored a benefit that included golf, lunch, cocktails and appetizers for two. P. 28 - MAGNET sponsored a benefit that included a beverage-hole sign, golf and a reception dinner for two.

Facts:

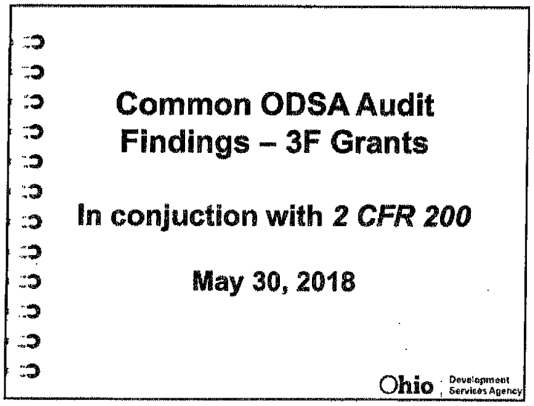
1. MAGNET sponsored the Greater Cleveland Chinese Chamber of Commerce's 2024 Chinese New Year event to reach business leaders and connect with prospective manufacturing clients.
2. MAGNET submitted the $3,222 sponsorship and its benefits to the State and was reimbursed.
3. Sponsoring community events where manufacturing company leaders attend has always been a key and successful part of MAGNET's outreach model to meet manufacturers and promote the MEP program.
4. "Leveraging Partnerships" is a major way that MAGNET gains clients through outreach via events and referrals. Examples of the types of local partners we work with on events are similar to those NIST lists on its website as groups that MEPs should partner with. "Leverage Partnerships" is one of the 2017-2027 strategic pillars of the NIST-MEP strategy. Excerpt below:

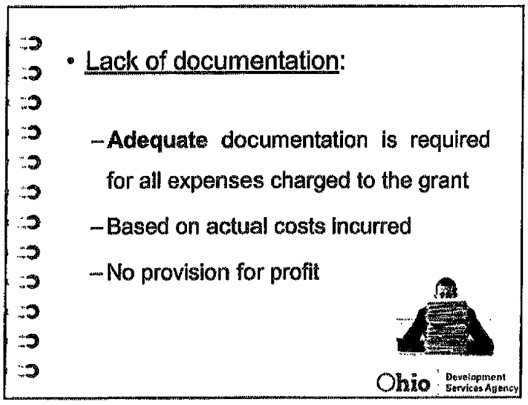


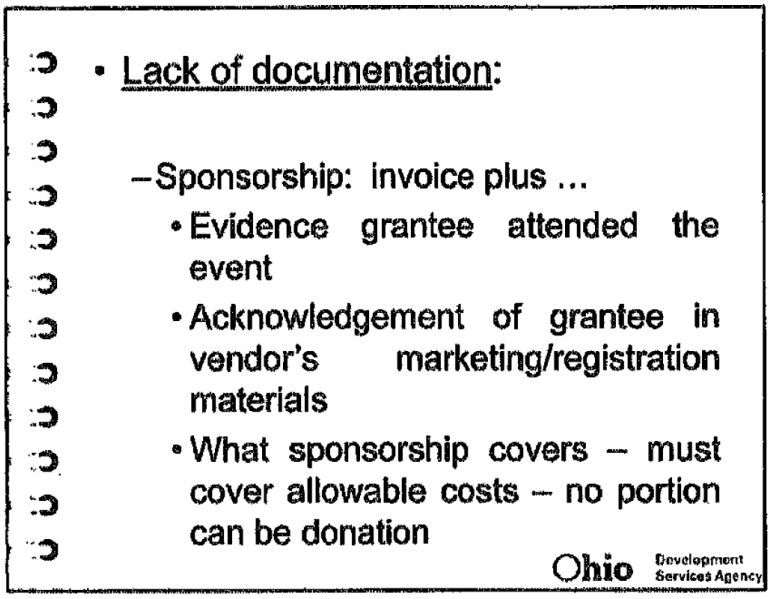
5. This is a list from NIST's website detailing the kinds of partners it expects MEPs to work with. These are exactly the groups that MAGNET reaches with its events and sponsorships



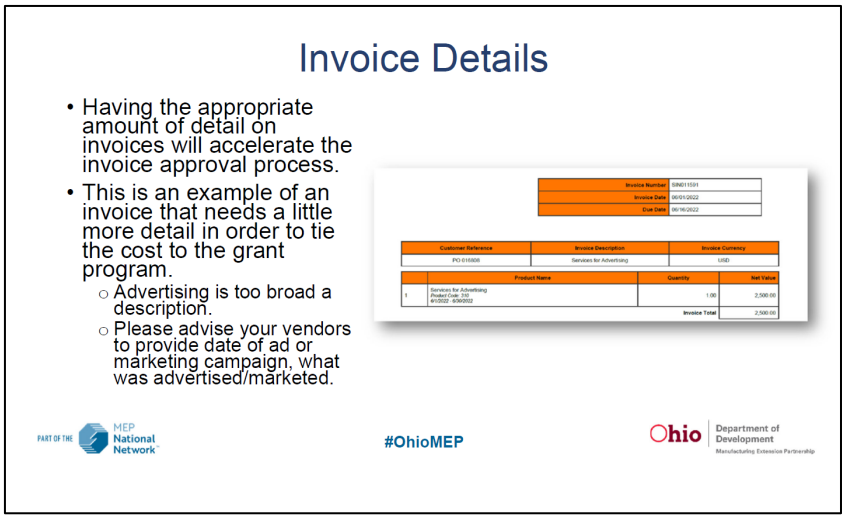
6. Since MAGNET does not directly contract with NIST MEP it gets direction on expenses from the State of Ohio. The earliest direction we have on the rules for sponsorships is in a "common findings training" by ODOD auditors on May 30, 2018. Excerpts below specifically identify the documentation required for sponsorships. These are the rules MAGNET complied with throughout this audit period:

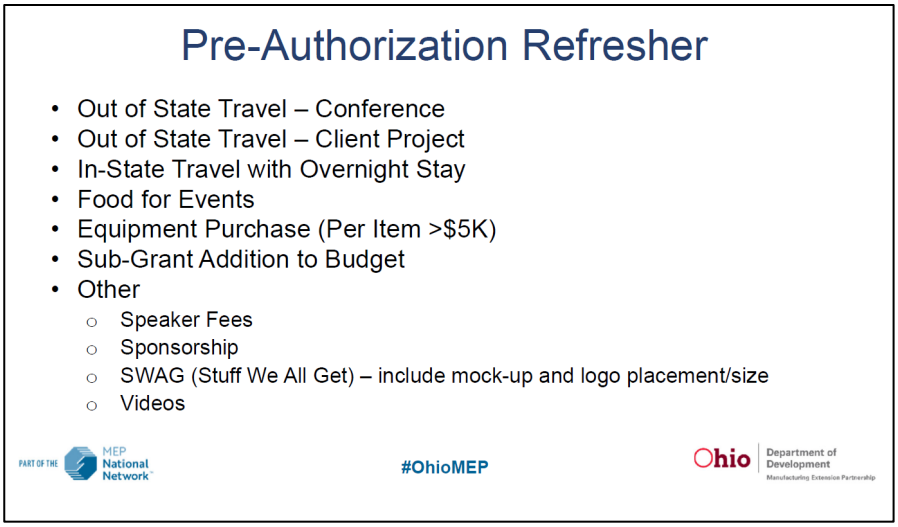






7. In 2022, after years of following those sponsorship rules, a pre-authorization was added for certain State-allowable expenses. We submitted those pre-authorizations when required (the rules did change multiple times in this period) and attached them to our reimbursements when required. Importantly, the presentation below identifies videos, SWAG, speaker fees and sponsorships as allowable MEP expenses as long as they are pre-approved. These slides were shared with MAGNET at an Ohio MEP Finance Committee Meeting on September 28, 2022:





Link back to summary

Issue #16(a) – Claim: P. 28 - MAGNET sponsored a Chinese New Year celebration at a sports arena, including advertising, a cocktail-hour networking event and basketball tickets.

Facts:

1. Sponsoring community events where manufacturing company leaders attend has always been a key and successful part of MAGNET's outreach model to meet manufacturers and promote the program.
2. The Chinese New Year sponsorship was used to reach prospective manufacturing clients. MAGNET sponsored the Greater Cleveland Chinese Chamber of Commerce's 2024 Chinese New Year event to reach business leaders and connect with prospective manufacturing clients.
3. MAGNET submitted the sponsorship and its benefits to the State and was reimbursed.

INVOICE

Greater Cleveland Chinese [redacted]
Chamber of Commerce
[redacted]

GREATER CLEVELAND CHINESE
CHAMBER of COMMERCE 克利夫兰中美商会

MAGNET

Bill to
[redacted]
MAGNET

Ship to
[redacted]
MAGNET

Invoice details
Invoice no.: 1093
Terms: Due on receipt
Invoice date: 01/31/2024
Due date: 01/31/2024

#	Date	Product or service	SKU	Qty	Rate	Amount
1.		Sponsorship 2024 Chinese New Year Silver Sponsor	SP	1	$2,500.00	$2,500.00

Total $2,500.00

Ways to pay

Pay VISA DISCOVER BANK

Note to customer

Thank you for sponsoring our 2024 Chinese New Year event.

Pay invoice

GREATER CLEVELAND CHINESE
CHAMBER of COMMERCE 克利夫兰中美商会

Celebrate 2024 Chinese New Year with Cavaliers

Join the Greater Cleveland Chinese Chamber of Commerce at Rocket Mortgage FieldHouse to celebrate the Year of the Dragon! The event will include a cocktail hour with hors d'oeuvres, ample networking opportunities, and an NBA game!

Cleveland Cavaliers vs. Dallas Mavericks

Tuesday, February 27

Reception | 5:45 –7 p.m. EST

Tipoff | 7 p.m. EST



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GREATER CLEVELAND CHINESE CHAMBER of COMMERCE 克利夫兰中美商会

Celebrate 2024 Chinese New Year with Cavaliers

2024 Lunar New Year with Cleveland Chinese Chamber and the Cavaliers!

Join the Greater Cleveland Chinese Chamber of Commerce on **Tuesday, February 27, 2024** at 5:45 PM at **Rocket Mortgage Fieldhouse** (1 Center Court, Cleveland, OH 44115) to celebrate the 2024 Chinese Lunar New Year! As one of the most popular business networking events with the Chinese community, the event will include a cocktail hour with hors d'oeuvres, ample networking opportunities, and an NBA game between the Cleveland Cavaliers and the Dallas Mavericks!

Cleveland Cavaliers vs. Dallas Mavericks
Tuesday, February 27
Reception | 5:45 –7 p.m. EST
Tipoff | 7 p.m. EST

We'll kick off the evening with a pregame reception, including food and drinks, at Rocket Mortgage Fieldhouse's Overlook Bar (located on level 5 of the arena) at 5:45 p.m. Following an opening remark and networking hour from 6:00 to 7:00 p.m., we'll then proceed to our seats with a view of court for the 7 p.m. tipoff. This game is sure to be great and a dragon dance will be performed during the breaks! We are looking forward to celebrating the Year of the Dragon with you.

Event Registration:
https://clechinesechamber.com/celebrate-2024-chinese-new-year-with-cavaliers/

Chamber Member:	$65/per person, including one FREE game ticket (value $47, upgrade* available) **
Non-member:	$90/per person, including one FREE game ticket (valued $47, upgrade* available) **

Sponsorship: Please support us with this excellent opportunity to get your business noticed and get significant access/entry to the local Chinese business community! See *Sponsorship Package*.
If you have any questions about the event, reach out to us at [redacted]

This event is sure to be great! Get your tickets now!

OE-30

Sponsorship Packages

Event Title Sponsor

Platinum	Gold	Silver	Bronze	Personal
$ 10,000	$ 5,000	$ 2,500	$ 1,200	$ 300
8-12 Event Tickets (Club or Mez. Sections Seat)	**5-7 Event Tickets** (Mez. or Upper Center Seat)	**5 Event Tickets** (Upper Center Seat)	**4 Event Tickets** (Upper Rear Sec. Seat)	**2 Event Tickets** (Upper Rear Sec. Seat)
2-year Corporate Platinum Membership	1-year Corporate Platinum Membership	1-year Corporate Silver Membership	1-year Corporate Silver Membership	1-year Professional Individual Membership
Event Sponsor for October 2024 Private Event at Cleveland Museum of Natural History	Event Sponsor for October 2024 Private Event at Cleveland Museum of Natural History	Event Sponsor for October 2024 Private Event at Cleveland Museum of Natural History	Discounts on tickets for all chamber events	Discounts on tickets for all chamber events
8 Free Tickets of October 2024 and discounts on tickets for all chamber events	4 Free Tickets of October 2024 and discounts on tickets for all chamber events	2 Free Tickets of October 2024 and discounts on tickets for all chamber events	Logo placement in the New Year event	
Logo placement in both events	Logo placement in both events	Logo placement in both events	Logo placement on website	
Logo placement on website, Ad in 6 monthly Newsletter	Logo placement on website, Ad in 3 monthly Newsletter	Logo placement on website		
Tailored events and business matchmaking opportunities in 2024	Tailored events and business matchmaking opportunities in 2024	Tailored events in 2024		



OE-31

- Close Window
- Print This Page

TRVL-01254

Approval Status	Approved	Owner	[redacted]
Travel Request Name	TRVL-01254		
Type of Request	Other (Specify in Description)	Expense End Date	2/27/2024
Expense Start Date	2/27/2024	Requestor's Email	[redacted]
Requested For	[redacted]	Ohio MEP Strategic Area	Partnership & Collaboration
Detailed Justification of Expense	This event typically attracts 100-150 attendees annually and provides a unique platform for connection and celebration. Recognized as one of the premier business networking events within the Chinese community.		
GSA Website	GSA Website	Estimated Meal Costs	
Estimated Mileage		Estimated Event Food Cost	
Estimated Lodging		Estimated Other Costs	$2,500.00
Estimated Airfare		Other Costs Explanation	Greater Cleveland Chinese Chamber Sponsorship
Estimated Equipment Purchase Cost		Sub-Grant Budget Addition Amount	
		Estimated Travel Cost - Rollup	$0.00
Created By	[redacted]	Last Modified By	Aaron Patrick, 3/15/2024 8:15 AM

Approval History

3/15/2024 8:15 AM

Status	
Assigned To	**Traci Spencer**
Actual Approver	
Comments	

3/15/2024 8:15 AM

Status	**Approved**
Assigned To	**Aaron Patrick**
Actual Approver	**Aaron Patrick**
Comments	**This request is approved. AP**

3/13/2024 10:32 AM

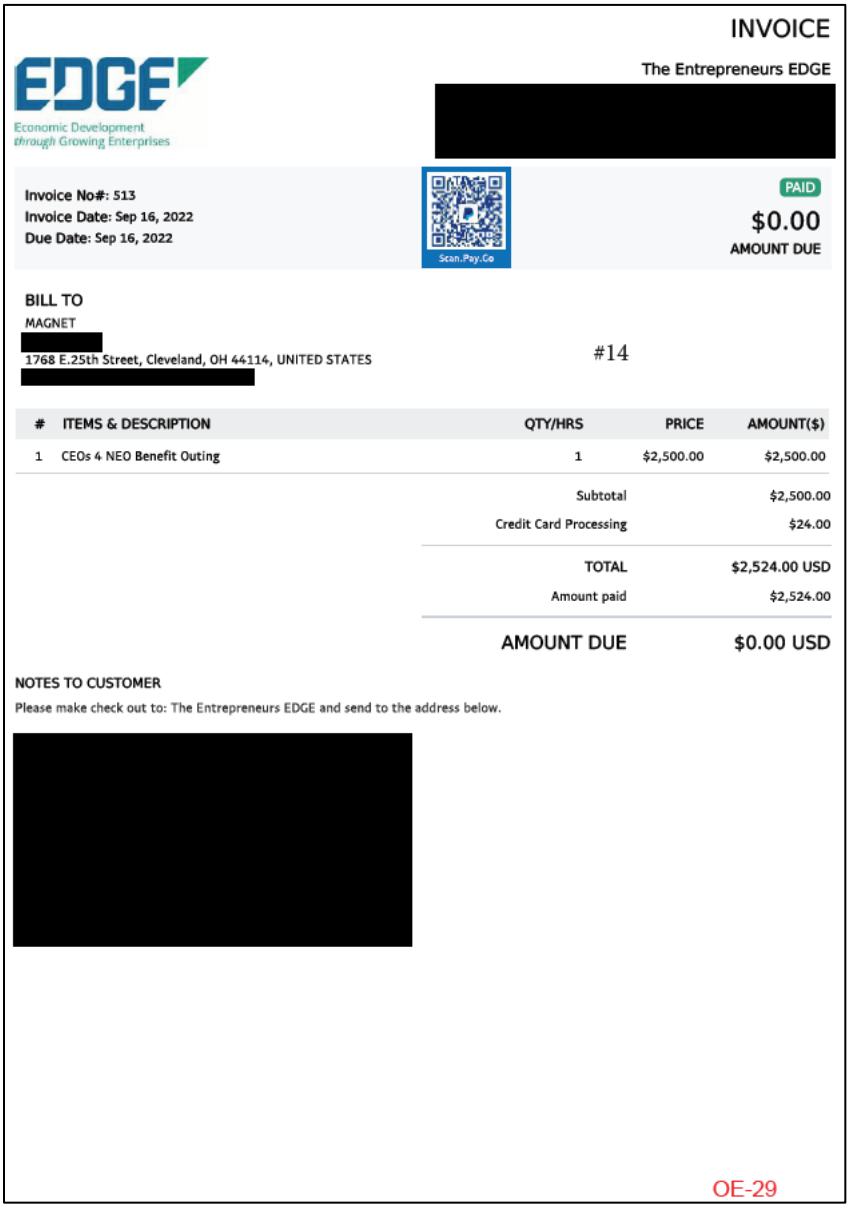
Status	**Submitted**
Assigned To	[redacted]
Actual Approver	
Comments	

Link back to summary

Issue #16(b) – Claim: P. 28 - MAGNET sponsored a benefit that included golf, lunch, cocktails and appetizers for two.

Facts:

1. Sponsoring community events where manufacturing company leaders attend has always been a key and successful part of MAGNET's outreach model to meet manufacturers and promote the program.
2. This benefit sponsorship brought MAGNET together with small and midsized businesses across Northeast Ohio and included a business lecture, sponsorship visibility and networking.
3. MAGNET stands by those manufacturer outreach costs.
4. It accepts that the $800 value of the golf should have been separated and removed from the award. That was an administrative error and MAGNET takes responsibility.
5. There were only three golf-related sponsorships found in MAGNET's MEP records from 2016-2025.



INVOICE

EDGE
Economic Development through Growing Enterprises

The Entrepreneurs EDGE
[redacted]

Invoice No#: 513
Invoice Date: Sep 16, 2022
Due Date: Sep 16, 2022

Scan.Pay.Go

PAID
$0.00
AMOUNT DUE

BILL TO
MAGNET
[redacted]
1768 E.25th Street, Cleveland, OH 44114, UNITED STATES
[redacted]

#14

#	ITEMS & DESCRIPTION	QTY/HRS	PRICE	AMOUNT($)
1	CEOs 4 NEO Benefit Outing	1	$2,500.00	$2,500.00

Subtotal	$2,500.00
Credit Card Processing	$24.00
TOTAL	$2,524.00 USD
Amount paid	$2,524.00
AMOUNT DUE	$0.00 USD

NOTES TO CUSTOMER
Please make check out to: The Entrepreneurs EDGE and send to the address below.

[redacted]

OE-29

From: [redacted]
To:
Subject: [redacted]
Date: Monday, September 26, 2022 1:03:09 PM

It was on the 15th. Below is a little info:

2022 CEOs for NEO Invitational

Supporting Mid-Sized Companies in Northeast Ohio

Benefit Golf Outing

Sand Ridge Golf Club, Chardon, Ohio

Thursday September 15, 2022

"Hot Seat" interview with Chuck Hallberg, Founder of MemberHealth
Keynote Interview at 9:00 a.m.
Shotgun start at 11:00 a.m.
Box lunches provided & cocktails, appetizers and awards following golf

[redacted]

What lies behind us and what lies before us are small matters compared to what lies within us.
-- Ralph Waldo Emerson

Make It Better: The Manufacturing Blueprint for Northeast Ohio outlines how our region can become a global leader in smart manufacturing. Through data, stories, and strategies, there are ways for our entire community to engage. To read the report, become a Blueprint champion, and

OE-30

Link back to summary

Issue #16(c) – Claim: P. 28 - MAGNET sponsored a benefit that included a beverage-hole sign, golf and a reception dinner for two.

Facts:

1. Sponsoring community events where manufacturing company leaders attend has always been a key and successful part of MAGNET's outreach model to meet manufacturers and promote the program.
2. This benefit sponsorship of the Stark Minority Business Association connected MAGNET with minority-owned companies and manufacturing leaders who could use MEP services.
3. MAGNET stands by the advertising and outreach costs.
4. It accepts that the $160 value of the golf should have been removed from the award.
5. MAGNET's broader review found one additional golf package and estimates that another $200 should be removed.
6. There were three golf-related sponsorships found in MAGNET's MEP records from 2016-2025.



INVOICE

Stark County Minority Business Association

[redacted]

Invoice No#: 0064
Invoice Date: Aug 16, 2022
Due Date: Aug 16, 2022

Scan.Pay.Co

$2,500.00
AMOUNT DUE

BILL TO
MAGNET | Director of Client Engagement
[redacted]

#	ITEMS & DESCRIPTION	QTY/HRS	PRICE	AMOUNT($)
1	Beverage Cart Sponsorship ACTIVITY SPONSOR: Beverage Cart Sponsorship includes 2 golfers/2 tickets for reception dinner and company name/logo on Beverage Hole Sign.	1	$2,500.00	$2,500.00

Subtotal	$2,500.00
Shipping	$0.00
TOTAL	$2,500.00 USD

NOTES TO CUSTOMER

Greetings, MAGNET!

Thank you for your commitment as a Beverage Cart Sponsor in the Stark County Minority Business Association's 3rd Annual Charity Golf Tournament. We certainly appreciate your support again, this year, and are very excited for another successful golf outing! As we make preparations to add all committed golfers to our roster, we just want to remind you to please email your golfer names and your company logo to: info@starkminoritybusiness.org

SCMBA's W9 is attached to this invoice and for any questions, please call [redacted]

We are pleased to host again at the Quarry Golf Club | 5650 Quarry Lake Dr. | East Canton, OH 44730 | 9/23/22

ATTACHMENTS

SCMBA W9.pdf

OE-41

Dear ,

Thanks to your support, the Stark County Minority Business Association (SCMBA) is making great progress in working with local business and community leaders! With the help of people such as yourself, as well as the Canton Regional Chamber of Commerce, the Stark County Community Moving Forward Group, and others, SCMBA is able to take part in strengthening and enhancing economic growth, job creation, and quality of life for everyone in Stark County.

Third Annual SCMBA Golf Tournament
Friday, September 23, 2022
at the Quarry Golf Club

Some of the resources required for SCMBA to continue assisting minority-owned businesses with training and business development will be derived from hosting our Third Annual SCMBA Golf Tournament.

We are very grateful for your company's sponsorship, last year! Thanks to you, there are twenty-two (22) minority-owned businesses participating in our Expanding Resources for All (ERA) Mentorship Program. They are receiving business training and mentoring by local major business owners and managers.

We sincerely hope The Schauer Group will support SCMBA's Golf Tournament again which will allow SCMBA to continue providing resources, networking, fostering relationship-building, and business growth.

Please consider participating at one of the four (4) Title Sponsor levels shown below or one of the other major sponsorship levels shown on the attached Sponsorship & Registration Form.

TITLE SPONSOR LEVELS:	
Platinum	$10,000.00
Gold	$7,500.00
Silver	$6,000.00
Bronze	$5,000.00

As the 2022 SCMBA Golf Tournament co-chairpersons, we will be happy to discuss this request in greater detail and provide any additional information you may require.

Sincerely,

Steve Perry
Committee Chair
330.933.7530

Bill Shivers
Committee Chair
330.352.6673

3rd Annual Golf Official Flyer
Golf Sponsor Form 2022
Golfer Registration Form

STARK COUNTY MINORITY BUSINESS ASSOCIATION
2022 ANNUAL CHARITY GOLF TOURNAMENT
SEPTEMBER 23, 2022



TITLE SPONSORS

☐ Platinum Sponsor--$10,000
- (16) Tickets for Reception Dinner
- (2) Drink tickets per golfer
- (4) Foursome team entries
- (4) Golf carts with company signage
- Company name & logo on all advertising & website

☐ Gold Sponsor--$7,500
- (12) Tickets for Reception Dinner
- (2) Drink tickets per golfer
- (3) Foursome team entries
- (3) Golf carts with company signage
- Company name & logo on all advertising & website

☐ Silver Sponsor--$6,000
- (8) Tickets for Reception Dinner
- (2) Drink tickets per golfer
- (2) Foursome team entries
- (2) Golf carts with company signage
- Company name & logo on all advertising & website

☐ Bronze Sponsor--$5,000
- (4) Tickets for Reception Dinner
- (2) Drink tickets per golfer
- (1) Foursome team entry
- (1) Golf cart with company signage
- Company name & logo on all advertising & website

ACTIVITY SPONSORS

☐ Friend of SCMBA Sponsor--$1,000
- (1) One golfer entry
- (1) Ticket for Reception Dinner

☐ Beverage Cart Sponsor--$2,500
- (2) Two golfer entries
- (2) Tickets for Reception Dinner
- Company name & logo on Beverage Hole sign

☐ Grab-n-Go Lunch at the Turn Sponsor--$3,000
- (3) Three golfer entries
- (3) Tickets for Reception Dinner
- Company name & logo displayed at the lunch location

☐ Reception + Dinner Sponsor--$4,000
- (4) Four golfer entries
- (4) Tickets for Reception Dinner
- Company name & logo displayed during event Reception Dinner

OTHER SPONSORS

☐ Door Prize Sponsor
- Donation of merchandise, gift baskets, gift card, etc.

☐ Individual Golfer --$90
- (1) One golfer entry

☐ Tee & Hole Sponsor--$100
- (1) Company name & logo displayed on golf hole sign

☐ Competition Sponsor--$250
- (1) Company name & logo displayed on golf hole sign

☐ Foursome Team -$360
- (1) Foursome team entry

☐ Reception Dinner only--$30
- (1) Reception Dinner Ticket

PAYMENT & CREDIT CARD FORM

☐ MC ☐ VISA ☐ AM EX ☐ CASH ☐ CHECK

Cardholder Name:

Card Number:

Company Name (for signage)

Amt. Paid

Exp. Mo. Exp. Year CVV

Authorized Signature

Please send check or money order to:

Stark County Minority Business Association

222 Market Ave. N. | Canton, OH 44702
Attention: Amilah Johnson-Williams

Office Phone: (330) 458-2083

Email: amilahw@starkminoritybusiness.org

FOR OFFICE USE ONLY:
CHECK NO:
DATE:

OE-43

Link back to summary

Issue #4 – Claim: P. 10 - MAGNET charged an unnecessary and unreasonable headquarters groundbreaking event to the award.

Facts:

1. The NIST-MEP 2023-2027 Strategic Plan (no longer available on NIST's website, but MAGNET can supply a copy of the document downloaded in 2024), affirmed these strategies again and specifically called out:
    a. The need to develop "a strategy for manufacturing."
    b. The need to "invest in priority areas such as robotics, automation, and demonstration labs."
    c. "Host manufacturing networking events"
    d. "Provide advice to economic development enterprises"

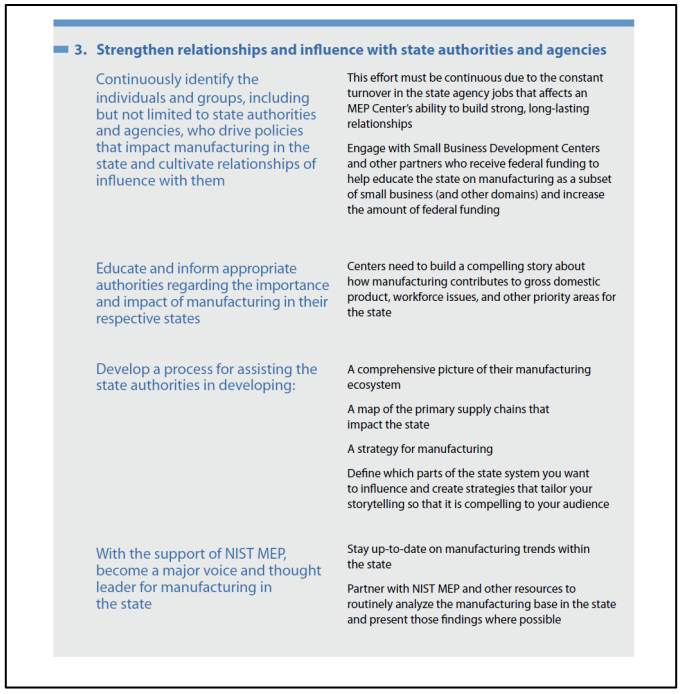
    The choice to develop a Blueprint for the Future of Manufacturing in Northeast Ohio and then launch this Blueprint strategy on the grounds of the future Manufacturing Technology, Innovation, and Job Center (MTIJC) was in full alignment with these stated NIST goals, as you can see below in the excerpts from the NIST strategic plan. Demonstration labs (which are a critical part of the MAGNET MTIJC) were prioritized investments in the NIST-MEP Strategic Plan:



2. Broaden and deepen expertise (continued)

Centers should focus on broadening and deepening their expertise in:

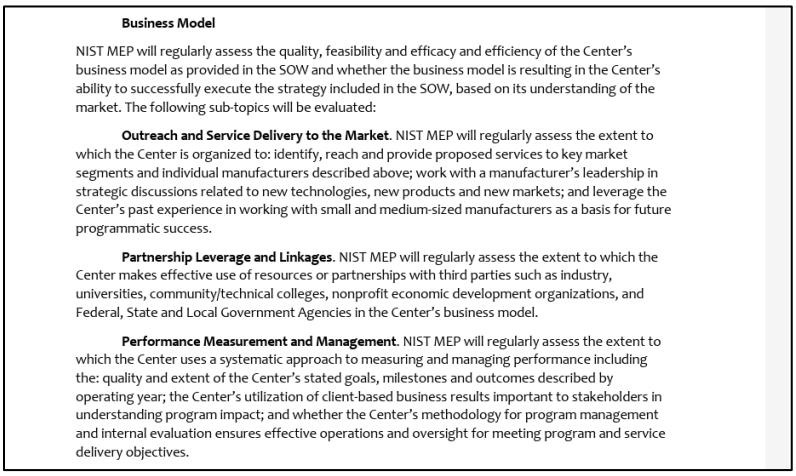
Technology solutions	Invest in priority areas such as robotics, automation and demonstration labs Develop services and offerings that encourage SMMs to invest in cybersecurity Develop a business case and technical road map that enables SMMs to understand the return on investment for technology services • Use assessments as a means to develop business cases and technical road maps Establish and maintain technology partnerships
Business planning and operational practices	Provide services that enable SMMs to develop best business and operational practices, including succession planning and ownership transfer • Develop the means to ascertain data on small manufacturing firms and the impact that these issues have on them • Prioritize building and maintaining trust, confidence and teamwork with SMMs - This is the foundation for all succession planning efforts. It enables Centers to show that they are valuable enough to help SMMs get to their goals and trusted enough to hold confidential information. • Provide support to SMMs in the areas of financial resilience and management - This will require IT, OT, and process automation that allows people to get their hands on actionable data in a timely manner • Develop business continuity programs that support the transitions that occur in small businesses • Provide risk assessments to help buyers understand what they are getting into before they invest





Link back to summary

2. The Blueprint and its launch was the culmination of strategic planning with 400 community leaders (economic development, manufacturers, education, and more). The priority of NIST to "work with a manufacturer's leadership in strategic discussions related to new technologies, new products and new markets, and leverage a Center's past experience in working with small and medium manufacturers as a basis for future programmatic success" as well as to make "effective use of resources with third parties such as industry, universities, community/technical colleges, nonprofit economic development organizations" are made abundantly clear in this NIST "multi-year renewal guidance" from 2018:



Business Model

NIST MEP will regularly assess the quality, feasibility and efficacy and efficiency of the Center's business model as provided in the SOW and whether the business model is resulting in the Center's ability to successfully execute the strategy included in the SOW, based on its understanding of the market. The following sub-topics will be evaluated:

Outreach and Service Delivery to the Market. NIST MEP will regularly assess the extent to which the Center is organized to: identify, reach and provide proposed services to key market segments and individual manufacturers described above; work with a manufacturer's leadership in strategic discussions related to new technologies, new products and new markets; and leverage the Center's past experience in working with small and medium-sized manufacturers as a basis for future programmatic success.

Partnership Leverage and Linkages. NIST MEP will regularly assess the extent to which the Center makes effective use of resources or partnerships with third parties such as industry, universities, community/technical colleges, nonprofit economic development organizations, and Federal, State and Local Government Agencies in the Center's business model.

Performance Measurement and Management. NIST MEP will regularly assess the extent to which the Center uses a systematic approach to measuring and managing performance including the: quality and extent of the Center's stated goals, milestones and outcomes described by operating year; the Center's utilization of client-based business results important to stakeholders in understanding program impact; and whether the Center's methodology for program management and internal evaluation ensures effective operations and oversight for meeting program and service delivery objectives.

3. NIST celebrated the release of the Blueprint within an article on the NIST website (shown below):



https://www.nist.gov/news-events/news/2021/06/magnet-releases-blueprint-boost-manufacturing-northeast-ohio

NIST National Institute of Standards and Technology U.S. Department of Commerce

UPDATES (https://www.nist.gov/news-events/news-updates/search)

MAGNET Releases Blueprint to Boost Manufacturing in Northeast Ohio

June 15, 2021

Ethan Karp, Center Director at Manufacturing and Advocacy and Growth Network (MAGNET, part of Ohio MEP), has announced MAGNET's new report, Make It Better: A Blueprint for Manufacturing in Northeast Ohio (https://www.manufacturingsuccess.org/blueprint-report). This report brings together insights from hundreds of manufacturing CEOs, community and business leaders, academics, workers, students and nonprofit leaders, with a vision to revitalize Northeast Ohio as a leader in smart manufacturing, create thousands of jobs and transform the industry.

Manufacturing (https://www.nist.gov/topic-terms/manufacturing)
Released June 15, 2021, Updated February 3, 2025

Link back to summary

4. All receipts from the event that MAGNET can identify based on the OIG's description are below. The receipts don't match the total amount in the report exactly because the OIG has not shared any specifics about the items that make up each total in the report. The State approval (below) matches the costs without indirect costs (this is how the State approves expenses). This was the only event MAGNET hosted in this time period, so we are confident this is the event in question.

Vendor	Amount	Indirect Rate	Total	Good/service provided
AAble Rents	$ [redacted]	[redacted]	$ [redacted]	Event supplies
Northeast Projections Inc	$		$	AV
Northeast Projections Inc	$		$	AV
Meredith Camp Events,LLC	$		$	Food and beverage
EventSource	$		$	Tables and chairs
Fastsigns	$		$	signage and fliers
Meredith Camp Events,LLC	$		$	Event Management
Meredith Camp Events,LLC	$		$	Event Management
Sandra Bass	$		$	Music for event
Northcoast Property Management	$		$	Event site prep
Shawn Smith	$		$	Event security
			$ 58,719	

- Close Window
- Print This Page

TRVL-00657

Approval Status	Approved	Owner	[redacted]
Travel Request Name	TRVL-00657		
Type of Request	Other (Specify in Description)	Expense End Date	6/8/2021
Expense Start Date	6/8/2021	Requestor's Email	[redacted]
Requested For	[redacted]	Ohio MEP Strategic Area	MEP Operations
Detailed Justification of Expense	MAGNET Blue Print Launch		
GSA Website	GSA Website	Estimated Meal Costs	
Estimated Mileage		Estimated Event Food Cost	
Estimated Lodging		Estimated Other Costs	$45,000.00
Estimated Airfare		Other Costs Explanation	food & beverages, Security,Rentals,Restrooms,signs,Entertainment
Estimated Equipment Purchase Cost		Sub-Grant Budget Addition Amount	
		Estimated Travel Cost - Rollup	$0.00
Created By	[redacted]	Last Modified By	Susan Foltz, 6/8/2021 10:23 AM

Approval History

6/8/2021 10:23 AM

Status	**Approved**
Assigned To	**Susan Foltz**
Actual Approver	**Susan Foltz**
Comments	**No alcohol!!**

6/8/2021 10:09 AM

Status	**Submitted**
Assigned To	[redacted]
Actual Approver	
Comments	**please review and approve**

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Link back to summary

Remit To:

AAble Rents
[redacted]
2166929800

Invoice

Closed	Invoice#
Thu 6/10/2021	27419

Customer #: 42560

Job Descr: Magnet Event

MEREDITH CAMP EVENTS,
[redacted]

Date Out Tue 6/ 8/2021

Terms	Aging Date
ON ACCOUNT	Tue 6/ 8/2021

Fold Here Fold Here

Ordered By: [redacted]
Salesman:

Qty	Items Rented	Each	Price
1	10mx20m Clearspan Structure 32 x 66 All white top structure	[redacted]	[redacted]
1	+10M GABLE END(WHITE)	$0.00	$0.00
4	+10m Mid Vinyl (white)	$0.00	$0.00
1	10m GE Ext = 5.000	$0.00	$0.00
1	+10M GABLE END(CLEAR) optional end facing away from stage	[redacted]	[redacted]
1	****W=10.35 L=20.40 D=22.88****	$0.00	$0.00
2	Ballast Covers (single)	[redacted]	[redacted]
4	Ballast Covers (single) weights for truss	[redacted]	[redacted]
4	3Mx5M WHITE CLEARSPAN SIDEWALL behind stage and at 2 openings with exit signs	[redacted]	[redacted]
8	3Mx5M CLEAR CLEARSPAN SIDEWALL	[redacted]	[redacted]
2	Anchor Plates(may need bolts)	[redacted]	[redacted]
2	Anchor Weights 2'x2'x3'at 1860lbs.	[redacted]	[redacted]
4	Anchor Weights 2'x2'x3'at 1860lbs. weights for truss	[redacted]	[redacted]
1	Clearspan Leg Fire Extinguisher Rental	[redacted]	[redacted]
2	Emergency Exit Sign (Illuminated)	[redacted]	[redacted]
2	50' EXTENSION CORD	[redacted]	[redacted]
1	Townotor Rental	[redacted]	[redacted]
1	NO Lighting ordered	$0.00	$0.00
1	FREIGHT BY MILE/FLATBED	[redacted]	[redacted]
25	Asphalt corks	$0.00	$0.00
1	PERMIT (1 TENT) CLEVELAND	[redacted]	[redacted]
1	PERMIT PROCESSING FEE (CLEVE)	[redacted]	[redacted]

MON - FRI 8:30AM - 5:00PM CLOSED SAT-SUN
Printed On Thu 6/10/2021 5:31:23PM

Software by Point-of-Rental Software www.point-of-rental.com

OE-8 Modification #4
Contract-Params.rpt (5)

NPi AUDIO VISUAL SOLUTIONS

Invoice

Invoice Number: 21-0729
Meredith Camp - MAGNET Festival

[redacted]

Bill To	Client Contact	Venue / Site
Meredith Camp Events [redacted]	Meredith Camp Events [redacted]	1800 E. 63rd St. Cleveland, OH 44103

Account Manager	Currency	Sales Tax Rule	Warehouse	Payment Terms
[redacted]	US Dollar	Tax Exempt	Cleveland	In Advance

Prepared Date	Entered By	Due Date	Status	Discount	Customer Purchase Order
6/3/2021	[redacted]	6/8/2021	Unpaid Invoice		

Type	Qty.	Description	Note	Time Qty.	Rate	Unit Rate	Ext. Price
Truss Arches							
Rental	1	12" Box Truss Structure Package (Custom)	9' x 16' truss arch behind stage				
Rental	4	Applied 12" Corner Block					
Rental	4	Applied 12" Heavy Duty Truss - 5'					
Rental	4	Applied 12" Heavy Duty Truss - 8'					
Rental	50	Truss Bolt					
Rental	2	Truss Tool Set (2)					
Rental	1	12" Box Truss Structure Package (Custom)	6' x 30' truss arch #1				
Rental	4	Applied 12" Corner Block					
Rental	4	Applied 12" Heavy Duty Truss - 2.5'					
Rental	2	Applied 12" Heavy Duty Truss - 5'					
Rental	3	Applied 12" Heavy Duty Truss - 10'					
Rental	64	Truss Bolt					
Rental	2	Truss Tool Set (2)					
Rental	1	12" Box Truss Structure Package (Custom)	6' x 30' truss arch #2				
Rental	4	Applied 12" Corner Block					
Rental	4	Applied 12" Heavy Duty Truss - 2.5'					
Rental	2	Applied 12" Heavy Duty Truss - 5'					
Rental	3	Applied 12" Heavy Duty Truss - 10'					
Rental	64	Truss Bolt					
Rental	2	Truss Tool Set (2)					
Rental	1	Rigging Pack					
Rental	8	Shackle 5/8" CM					
Rental	4	Heavy Duty Ratchet Strap - White - 30'					
Rental	8	3' Gac Flex Steel Core Round Sling					
Rental	100	Black Ball Bungee - 6"					
						Truss Arches:	[redacted]
Power							
Rental	1	36kW Diesel Generator					
Rental	2	Sunbelt Delivery - Per Truckload (Each Way)					

OE-5

Invoice (Invoice Number: 21-0729)

Type	Qty.	Description	Note	Time Qty.	Rate	Unit Rate	Ext. Price
Rental	1	Fuel Charge - Diesel - Per Day (estimated)					
Rental	1	Copper Grounding Rod - 4'					
Rental	1	Marshalltown Stake Puller					
Rental	1	Cast Bronze Ground Clamp					
Rental	1	Motion Labs 100 Amp Distribution System - 6 L21-30, 6 20 Amp Edison					
Rental	1	Feeder Cable Pack - #2 - 100a MAX					
Rental	1	#2 Camlock Tail Set (5 Wire Banded)					
Rental	1	50' #2 Banded Feeder Set					
Rental	1	100' #2 Banded Feeder Set					
Rental	1	Camlock Turnarounds (Green/White - 2xM-M / 2xF-F)					
Rental	1	Camlock Turnaround - F-F - Green					
Rental	1	Camlock Turnaround - F-F - White					
Rental	1	Camlock Turnaround - M-M - Green					
Rental	1	Camlock Turnaround - M-M - White					
						Power:	[redacted]
Banner Printing							
Retail	2	6' x 30' Banners, grommets and heat weld border					
Retail	1	Shipping					
						Banner Printing:	[redacted]
Band Needs - 5/28 Adds							
Rental	1	10 Unit - Shure UR4D+ Wireless (Beta58) Mic Rack	reduced cost for use of 5 mics				
Rental	2	Mic Stand Tripod					
Rental	2	Mic Stand Boom Arm					
Rental	1	Standard Microphone Package 1					
Rental	1	Microphone Stand Package (Outdoor)					
Rental	18	Mic Stand Tripod					
Rental	16	Mic Stand Boom Arm					
Rental	1	XLR Cable Package For Band					
Labor	1	Audio - Assistant (A2)					
						Band Needs - 5/28 Adds:	[redacted]

Notes:
Aable to provide (4) 1,800lb blocks for truss arch ballasting

If LED option is selected, we will need to bring an additional or larger generator

Subtotal:	$6,237.50
Hotel Commission Fee:	$0.00
Sales Tax:	$0.00
Discount:	$0.00
Delivery and Pickup:	$0.00
Credit Card Service Fee:	$0.00
Total:	$6,237.50
Total Applied Payments:	$0.00
Balance Due:	$6,237.50

AUDIO VISUAL SOLUTIONS

[redacted]

Invoice

Invoice Number: 21-0633
Meredith Camp - MAGNET Ground Breaking

Bill To	Client Contact	Venue / Site
Meredith Camp Events [redacted]	Meredith Camp Events [redacted]	1800 E. 63rd St. Cleveland, OH 44103

Account Manager	Currency	Sales Tax Rule	Warehouse	Payment Terms
[redacted]	US Dollar	Tax Exempt	Cleveland	In Advance

Prepared Date	Entered By	Due Date	Status	Discount	Customer Purchase Order
6/3/2021	[redacted]	6/8/2021	Unpaid Invoice		

Type	Qty.	Description	Note	Time Qty.	Rate	Unit Rate	Ext. Price
Audio							
Rental	1	Allen&Heath QU16 Digital Console Package					
Rental	1	Allen&Heath QU16 Digital Audio Console					
Rental	1	Countryman Isomax Cardioid Podium Microphone - 18"					
Rental	1	Audio Technica Podium Mic Stand Base					
Rental	1	Countryman Isomax Hypercardioid Podium Mic - 18"					
Rental	1	Audio Technica Podium Mic Stand Base					
Rental	1	Shure QLXD4 Wireless Combo Kit - Single					
Rental	1	Shure QLXD4 Kit - G50					
Rental	1	10' XLR					
Rental	1	Shure 4 channel Antenna Distribution System					
Rental	1	Shure UA844 UHF Antenna Amplifier					
Rental	4	Shure ULX Power Jumper Cable					
Rental	4	Shure QLX Power Jumper Cable					
Rental	2	Mic Stand Tripod					
Rental	1	Nexo Speaker Package					
Rental	1	Nexo NXAmp 4x1 Single Amp Tank					
Rental	1	Nexo 4x1 Amplifier					
Rental	1	XLR 4 Channel 10' Fan - Fan Snake					
Rental	4	Nexo PS10R2					
Rental	4	Ultimate Speaker Stand					
Rental	4	Speaker Stand Cover - 2 Sided Black Spandex					
Rental	1	AV Cart - Wide Top w/ Skirt					
Rental	1	38" Wide Top AV Cart					
Rental	1	Whirlwind Active Press Box - 12 Outputs					

Audio: [redacted]

Video							
Rental	1	Barco PDS-902 3G Seamless Switcher					
Rental	1	Dual 10" Lilliput Monitor Package					
Rental	1	Alienware Graphics Workstation Laptop					

OE-1

Type	Qty.	Description	Note	Time Qty.	Rate	Unit Rate	Ext. Price
Rental	1	MacBook Pro - Retina Display - Playback Pro - 15"					
Rental	1	Apple Thunderbolt to Ethernet Adapter					
Rental	1	D'San Perfect Cue Micro					
Rental	2	USB A-B Mini Cable					
Rental	1	D'San Perfect Cue Micro Cue Light					
Rental	2	75" Monitor Package					
Rental	4	Universal Plasma Truss Mount w/ Half Coupler - Black					
Rental	2	NO STAND NEEDED					
Rental	2	75" 4K Monitor LG UN7070 Model					
Rental	2	xVision HD-SDI to HDMI Converter with XLR Audio De-Embedder					
Rental	4	3' Pipe - Schedule 80 - 1.5" OD	TV mounting				
Rental	2	Double Cheeseborough - Swivel	TV mounting				
Rental	6	Double Cheeseborough - Fixed - 90 Degree	TV mounting				
Rental	1	JVC GY-HM620U Production Camera					
Rental	1	6'-10' HD-SDI BNC Cable					
Rental	1	Shure MX1BP Wired Lav Mic					
Rental	2	SD Card - Class 10 - 64GB					
						Video:	[redacted]
Lighting							
Rental	2	ETC Lustr 2 LED Leko					
Rental	2	TVMP Stud					
Rental	2	Avenger C-Stand (Black) - 10'					
Rental	6	Sand Bag - 25lb					
Rental	2	ETC Lustr Fresnel Adapter					
Rental	2	ETC Barn Door					
Rental	1	Elation SDC12 12-ch DMX Console					
Rental	1	DMX Turnaround - 3pin(M) - 5pin(F)					
Rental	2	Mega Tent Beam Clamp (1-Ton) - 4"					
Rental	2	Baby Pin - 1/2"-13 Male Threaded					
						Lighting:	[redacted]
Staging							
Rental	1	8' x 12' StageRight Package - 24"-36"					
Rental	4	StageRight ME-1000 Upright 24"-36" Height					
Rental	4	StageRight ME-1000 4'x8'x(24"-36") Diagonal Pole (YELLOW)					
Rental	4	StageRight ME-1000 4'x8' Horizontal Pole (GREEN)					
Rental	4	StageRight ME Hat - Dual					
Rental	4	StageRight ME Hat - Single					
Rental	3	StageRight Stage Deck - 4'x8' Black Poly/Carpet					
Rental	5	StageRight Skirting Section - (16'-24")x8'					
Rental	2	Triple Step Unit - Metal w/ Railing - 24"					
						Staging:	[redacted]
Soft Goods							
Rental	20	Pipe & Drape - Black (Per Ft.) - 16'	behind stage				
Rental	2	10'x16' Black Medium Drape					
Rental	3	Pipe and Drape Base Plate with Pin					
Rental	3	7.6'-12' 2 Pc. Telescoping Pipe and Drape Upright 2.0					
Rental	3	Sand Bag - 25lb					
Rental	2	7'-12' Pipe and Drape Crossbar 2.0					
						Soft Goods:	[redacted]

OE-2

Type	Qty.	Description	Note	Time Qty.	Rate	Unit Rate	Ext. Price
Labor							
Labor	1	Audio - Lead (A1)	Load In, Operate, Load Out				
Labor	1	Video - Basic Switcher Operator (PDS/ATEM)	Load In, Operate, Load Out				
Labor	4	Audio/Visual Technician - Set/Strike	Load In				
Labor	4	Audio/Visual Technician - Set/Strike	Load Out				
						Labor:	[redacted]
Cable							
Rental	1	L21-30 Cable Pack					
Rental	2	10' L21-30 Cable					
Rental	2	25' L21-30 Cable					
Rental	1	50' L21-30 Cable					
Rental	2	100' L21-30 Cable					
Rental	3	Lex Products Bento Box - 6 15 Amp Circuits, L21-30 In/Thru					
Rental	2	L21-30 to Edison Breakout (Non-Breakered)					
Rental	1	Edison 12/3 Cable Pack					
Rental	8	25' 12/3 Edison Cable					
Rental	6	50' 12/3 Edison Cable					
Rental	4	100' 12/3 Edison Cable					
Rental	10	Tri Tap - Black					
Rental	4	25' 12/3 E-String Multi-Tap Extension Cord					
Rental	4	Power Strip					
Rental	1	DMX Cable Pack					
Rental	2	25' DMX Cable					
Rental	2	50' DMX Cable					
Rental	2	100' DMX Cable					
Rental	1	NL4 Cable Pack					
Rental	2	Neutrik NL4 Barrel					
Rental	4	25' NEXO NL4 Cable					
Rental	4	75' NEXO NL4 Cable					
Rental	2	100' NEXO NL4 Cable					
Rental	1	SDI Cable Pack					
Rental	4	BNC Male to Male Barrel					
Rental	4	6'-10' HD-SDI BNC Cable					
Rental	4	25' HD-SDI BNC Cable					
Rental	4	50' HD-SDI BNC Cable					
Rental	2	100' HD-SDI BNC Cable					
Rental	1	AJA 1x6 3G HD-SDI DA					
Rental	1	D'San Laptop Sound Port					
						Cable Total Before Discount:	[redacted]
						100% Discount:	
						Cable:	**$0.00**
Signage Easels - 6/3 Adds							
Rental	12	Gold Signage Easel					
Rental	12	Sand Bag - 25lb					
						Signage Easels - 6/3 Adds:	[redacted]

OE-3

Invoice (Invoice Number: 21-0633)

Notes:
Aable to provide (4) 1,800lb blocks for truss arch ballasting

If LED option is selected, we will need to bring an additional or larger generator

Subtotal:	$9,497.00
Hotel Commission Fee:	$0.00
Sales Tax:	$0.00
Discount:	$0.00
Delivery and Pickup:	$0.00
Credit Card Service Fee:	$0.00
Total:	$9,497.00
Total Applied Payments:	$0.00
Balance Due:	$9,497.00

MEREDITH CAMP EVENTS, LLC

INVOICE

INVOICE NUMBER: 6019
DATE: JUNE 8, 2021

BILL TO:
[redacted]

VIA EMAIL

MAGNET EVENT MANAGEMENT - EXPENSES

ADDITIONAL MCE TIME TO PLAN FESTIVAL AND EXTRA STAFF ON-SITE (PER THE BUDGET) [redacted]

TABLE COVERS	[redacted]
FOOD AND BEVERAGE-DAVES	
FOOD AND BEVERAGE-JIMMY JOHNS	
FOOD AND BEVERAGE-RASCAL HOUSE	
FOOD AND BEVERAGE-JIMMY JOHNS	
FOOD AND BEVERAGE-DAVES	
FOOD AND BEVERAGE-RASCAL HOUSE	
TARGET	
FOOD AND BEVERAGE-DAVES	
FOOD AND BEVERAGE-DAVES	
ICE	
TIPS FOR FOOD DELIVERY	
TOTAL DUE	$3,982.30

PAYMENT DUE NET 30 DAYS

PLEASE SEND ALL PAYMENTS TO:
[redacted]

PS-17

EVENT SOURCE | [redacted] | [redacted]

Event Name: MAGNET Event

Price Quote

Contract Number: C453673
Customer Number: 00-MAGN014

Billing Information:	Shipping Information:
MAGNET, Inc. 1768 E. 25th Street Cleveland, OH 44114	Cleveland Metropolitan School 1800 E. 63rd Street Cleveland, OH 44103
Email Invoice:	
PO #:	Site Contact Person: . Site Phone Number:
Ordered By Name: [redacted] Ordered By Phone: Order Entered By:	Deliver/Out: 6/7/2021 9:00 AM - 4:00 PM MON - FRI Event Date: 6/8/2021 Pickup/Return: 6/9/2021 9:00 AM - 4:00 PM MON - FRI

Rental/Sale Items

Description	Quantity	Your Price	Total
CHAIR FOLDING WHITE PADDED	100		
KIT TABLE SWIRL 30" RD X 42" H	8	[redacted]	[redacted]
TABLETOP ALUM SWIRL 30" RD	8		
TABLE ROUND 30" PEDESTAL	8		
42" CENTER POLE TABLE PEDESTAL	8		
TABLE PEDESTAL BASE	8		
COVER FOR 30" TABLETOP ALUMINU	8		
30"X42"H RND SPANDEX BLACK	8		
KIT TABLE SWIRL 30" RD X 30" H	8	[redacted]	[redacted]
TABLETOP ALUM SWIRL 30" RD	8		
TABLE ROUND 30" PEDESTAL	8		
30" CENTER POLE TABLE PEDESTAL	8		
TABLE PEDESTAL BASE	8		
COVER FOR 30" TABLETOP ALUMINU	8		
30"X30"H RND SPANDEX BLACK	8		
TABLE BANQUET 8' x 30"	22	[redacted]	[redacted]
PROMO POLY 88X154 BLACK	6		

***Does not include labor set up or breakdown. Please reach out to your sales rep if you would like to add any labor services.**

Print Date: 5/26/2021 5:33:53PM fm51

Page 1 of 2

2OE-3C453673

EVENT SOURCE | [redacted] | [redacted]

Event Name: MAGNET Event

Price Quote

Contract Number: C453673
Customer Number: 00-MAGN014

Rental/Sale Items

Description	Quantity	Your Price	Total

Delivery/Pickup Information

Standard delivery & pickup of equipment is dock to dock, or dock to garage, Monday - Friday, 9:00am - 4:00pm. This means our drivers will **arrive** anytime in that time range. This does not guarantee delivery or pickup completion time. Please call our sales team in advance if you want to add a time sensitive service to secure a completion time.

Totals

Thank you for your inquiry. Please review this quote carefully and confirm your delivery date, event date, pickup date, and all items listed with quantities.
Please note, items with a – symbol in front of description include complimentary setup and breakdown.
This quote does not hold or reserve any items.

Rentals:	[redacted]
Services:	0.00
Net Order:	[redacted]
Delivery & Pickup:	[redacted]
Damage Waiver:	
Sales Tax:	0.00
Order Total:	**2,302.12**

Terms: Pre-Pay
A 50% deposit is required to reserve the items. The remaining balance will be due two weeks prior to delivery.

Cancel or reduce date is greater than 7 days prior to the delivery date	Cancel or reduce date is 4 to 6 days prior to the delivery date	Cancel or reduce date is 1 to 3 days prior to the delivery date	Cancel or reduce date occurs on the delivery date
Full Refund if cancelled before 5/31/2021	**75% Refund if cancelled before 6/3/2021**	**50% Refund if cancelled before 6/6/2021**	**No Refund**

BY SIGNING BELOW, I HAVE VERIFIED ALL PRODUCTS, QUANTITIES, DELIVERY, AND PICK UP DATES ON THIS CONTRACT AND ACCEPT THE TERMS AND CONDITIONS LISTED.

[redacted]
CUSTOMER SIGNATURE

Print Date: 5/26/2021 5:33:53PM fm51

Page 2 of 2

2OE-4 C453673

EVENT SOURCE | [redacted] | [redacted]

Event Name: MAGNET Event

Credit Card Authorization

Contract Number: C453673
Customer Number: 00-MAGN014

Billing Information:	Shipping Information: Pickup Address (if different):
MAGNET, Inc. 1768 E. 25th Street Cleveland, OH 44114	Cleveland Metropolitan School 1800 E. 63rd Street Cleveland, OH 44103
Email Invoice:	
PO #:	Site Contact Person: Site Phone Number:
Ordered By Name: [redacted] Ordered By Phone: Order Entered By: [redacted]	Deliver/Out: 6/7/2021 9:00 AM - 4:00 PM MON - FRI Event Date: 6/8/2021 Pickup/Return: 6/9/2021 9:00 AM - 4:00 PM MON - FRI

Cardholder Name			
[redacted]			
Card Billing Street Address			
1768 E 25TH ST			
City	State	Zip	
cleveland	OH	44114	
Card Number first 11-12 digits	Last 4 digits	Exp Date	CVV Number
[redacted]	[redacted]	[redacted]	[redacted]

I, [redacted], herby authorize Event Source to charge my credit card for the above contract. I agree to authorize Event Source to also charge my card for any damage or loss of equipment while in my possession not returned within 72 hours of agreed rental return date. I agree to be bound by the Event Source Terms and Conditions on the following page.

CARDHOLDER SIGNATURE: [redacted] DATE: 05/26/2021

2OE-5 C453673

FASTSIGNS
More than fast. More than signs.

2102 St. Clair Ave
Cleveland, OH 44114
(216) 523-2288

More than fast. More than signs. ®
fastsigns.com/333

INVOICE
333-70402

Payment Terms: Cash Customer

Created Date: 6/4/2021

DESCRIPTION: Foam and Coro Event Signage

Bill To: MAGNET
1768 E. 25th St.
Cleveland, OH 44114
US

Pickup At: FASTSIGNS
2102 St. Clair Ave
Cleveland, OH 44114
US

Ordered By: [redacted]
Email:
Work Phone:

Salesperson: [redacted]

NO.	Product Summary	QTY	UNIT PRICE	TAXABLE	AMOUNT
1	**Tour Information and Welcome Sign**	8	[redacted]	$0.00	[redacted]
1.1	**Foam Core 3/16" - Foam Signage** **Part Qty:** 1 **Width:** 36.00" **Height:** 48.00" **Sides:** 1 **Text:** Direct print to 3/16" Foam Board Cut Only				
2	**Tours Meet Here**	1	[redacted]	$0.00	[redacted]
2.1	**Coroplast 4 mil - Coro Sign** **Part Qty:** 1 **Width:** 36.00" **Height:** 48.00" **Sides:** 1 **Text:** Direct Print to 4MM Coro Cut Only				
3	**Creative Services**	1	[redacted]	$0.00	[redacted]
3.1	**Graphic Design Fee -**				
4	**Event Parking A-Frame Inserts**	4	[redacted]	$0.00	[redacted]
4.1	**Coroplast 4 mil - Coro Inserts** **Part Qty:** 1 **Width:** 24.00" **Height:** 36.00" **Sides:** 1 **Text:** Direct print to 4MM Coro Velcro for A-frames Velcro Arrows to be attached to front				

Generated On: 6/4/2021 12:18 PM

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5	**Arrows for A-frame Signs** **Coroplast 4 mil -** **Part Qty:** 1 **Width:** 10.00" **Height:** 10.00" **Sides:** 1 **Text:** Direct Print to 4MM Coro Routed to Arrow Shape Hook and Loop Velcro for application to inserts	4	[redacted]	$0.00	[redacted]
6	**Festival Flyer** **Foam Core 3/16" -** **Part Qty:** 1 **Width:** 24.00" **Height:** 36.00" **Sides:** 1 **Text:** Direct Print to 3/16" Foamcore Cut Only	1	[redacted]	$0.00	[redacted]
7	**Job Application Sign** **Coroplast 4 mil - ADD ON SIGN** **Part Qty:** 1 **Width:** 36.00" **Height:** 24.00" **Sides:** 1 **Text:** Direct Print to 4MM Coro Cut Only	1	[redacted]	$0.00	[redacted]

Subtotal:	$1,318.78
Taxable Amount:	$0.00
Taxes:	$0.00
Grand Total:	$1,318.78
Amount Paid:	$0.00
BALANCE DUE:	$1,318.78

Thank you for your business.
This FASTSIGNS location is independently owned and operated.

MEREDITH CAMP EVENTS, LLC

INVOICE

INVOICE NUMBER: 6018
DATE: JUNE 8, 2021

BILL TO:
[redacted]

VIA EMAIL

MAGNET EVENT MANAGEMENT PAYMENT #2

TOTAL DUE: **$5,000.00**

PAYMENT DUE NET 30 DAYS

PLEASE SEND ALL PAYMENTS TO:
[redacted]

PS-14

MEREDITH CAMP EVENTS, LLC

INVOICE

INVOICE NUMBER: 6006
DATE: APRIL 22, 2021

BILL TO:

[redacted]

VIA EMAIL

MAGNET EVENT MANAGEMENT PAYMENT #1

TOTAL DUE: $4,000.00

PAYMENT DUE NET 30 DAYS

PLEASE SEND ALL PAYMENTS TO:

[redacted]

PS-9

INVOICE

NORTHCOAST
PROPERTY MANAGEMENT

[redacted]
1800 East 63rd Street
Cleveland , Ohio 44103
(216) 316-7643

NorthCoast Property Management

[redacted]

Payment Terms	Due upon receipt
Invoice #	000158
Date	05/31/2021
Business / Tax #	46-3180498

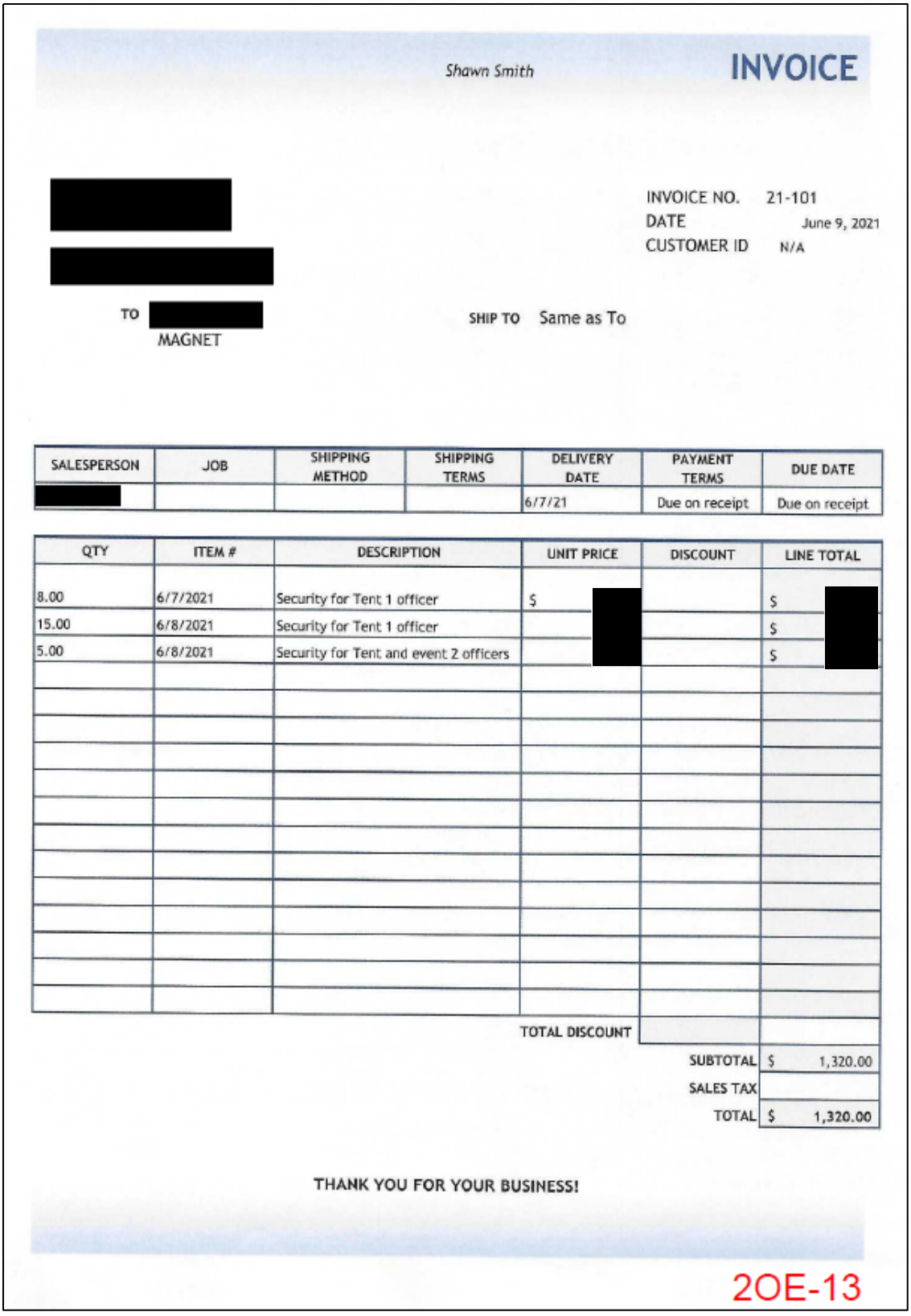
Description	**Total**
Property Maintenance	$5,600.00

- clean up debris throughout the property and dispose of
- brush hog, cut and bag the grass (will take multiple cuts and bagging.)
- cut up and discard of the tree limb that has come down
- clean up play ground area
- remove and spray out for weeds along city walks and around property

This is going to be a 2-3 day Job. The grass as you are aware is over grown and beyond the point of just cutting. There's garbage around the property that needs picked up, string trimming along the building, walkways etc. We will be on site Saturday, Sunday and Monday to get the property presentable for you.

Subtotal	$5,600.00
Total	**$5,600.00**

OE-10



Shawn Smith

INVOICE

[redacted]

[redacted]

INVOICE NO. 21-101
DATE June 9, 2021
CUSTOMER ID N/A

TO [redacted]
MAGNET

SHIP TO Same as To

SALESPERSON	JOB	SHIPPING METHOD	SHIPPING TERMS	DELIVERY DATE	PAYMENT TERMS	DUE DATE
[redacted]				6/7/21	Due on receipt	Due on receipt

QTY	ITEM #	DESCRIPTION	UNIT PRICE	DISCOUNT	LINE TOTAL
8.00	6/7/2021	Security for Tent 1 officer	$ [redacted]		$ [redacted]
15.00	6/8/2021	Security for Tent 1 officer			$
5.00	6/8/2021	Security for Tent and event 2 officers			$
			TOTAL DISCOUNT		
				SUBTOTAL	$ 1,320.00
				SALES TAX	
				TOTAL	$ 1,320.00

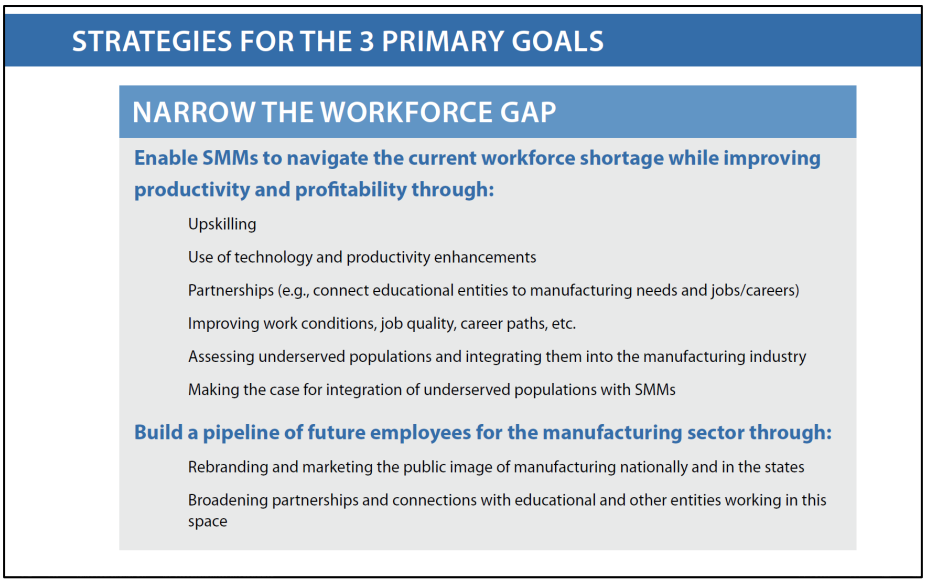
THANK YOU FOR YOUR BUSINESS!

2OE-13

[Link back to summary]

Issue #8 – Claim: P. 10 - MAGNET paid $5,743 for rights to use a photograph of LeBron James.

MAGNET purchased limited rights to use the photograph in the Blueprint for Manufacturing campaign. A major part of this strategy was a regional effort to change outdated perceptions of manufacturing and attract young people to manufacturing careers. NIST's 2023–2027 MEP Strategic Plan specifically called for "rebranding and marketing the public image of manufacturing nationally and in the states." The expense purchased image rights for the campaign. It did not pay for an appearance or endorsement. MAGNET documented the purpose of the expense, submitted it to the State, and was reimbursed.



certain pictures

[redacted]

certain

BILL TO
MAGNET
1768 E 25th St
Cleveland, OH 44114

INVOICE 212929

DATE 03/16/2021 TERMS Net 10

DUE DATE 03/26/2021

[redacted]

PROJECT
Blueprint Campaign Videos

PROJECT CODE
PO 016012

DATE	ACCOUNT SUMMARY	AMOUNT
01/16/2021	Balance Forward	11,763.53
	Other payments and credits after 01/16/2021 through 03/15/2021	-11,763.53
03/16/2021	Other invoices from this date	0.00
	New charges (details below)	4,760.20
	Total Amount Due	4,760.20

DESCRIPTION	DAYS/QTY	RATE	AMOUNT
-- Stock Footage --			
Getty Images, usage rights for 2 years - Lebron James photographs (4)			[redacted]
		Subtotal:	
-- Transcription Fees --			
Interview transcriptions for ROE Dental and Buckeye Mask			[redacted]
Interview transcriptions for Pierre's Ice Cream			
		Subtotal:	
-- Other Production Expenses --			
Zoom Pro monthly sub for Q420 - Q121			[redacted]
Zoom Pro monthly sub for Q420 - Q121			
		Subtotal:	

[redacted]

TOTAL OF NEW CHARGES 4,760.20

If mailing a check, please make payable to Certain Pictures.

TOTAL DUE $4,760.20

Link back to summary

Issue #9 – Claim: P. 10 - MAGNET sponsored a gala at a professional sports hall of fame and bought four tickets. OIG also says MAGNET coded the expense as dues/subscriptions instead of advertising/promotion.

Facts:

1. MAGNET did sponsor and attend the Veterans Day tribute and gala. It invited 5 economic development leaders with the express purpose of promoting manufacturing and building relationships in order to extend MEP outreach and foster partnerships with community groups and manufacturers across the region.

[redacted]

From: [redacted]
Sent: Wednesday, November 16, 2022 5:46 PM
To:
Cc: [redacted]
Subject: Approval Request - Invoice Veterans Day Tribute and GALA
Attachments: magnet.pdf; TRAVEL REQUEST FORM MAGNET Veterans Day Gala Nov 2022.docx

Good Evening [redacted]

I have attached the invoice, MEP travel form request and the sponsorship picture listing from the Veterans Day Tribute and GALA at the HOF on Friday 11/11/22. [redacted] was able to include economic development leaders from 5 counties, [redacted]

Please let me know if you have any questions or need anything additional.

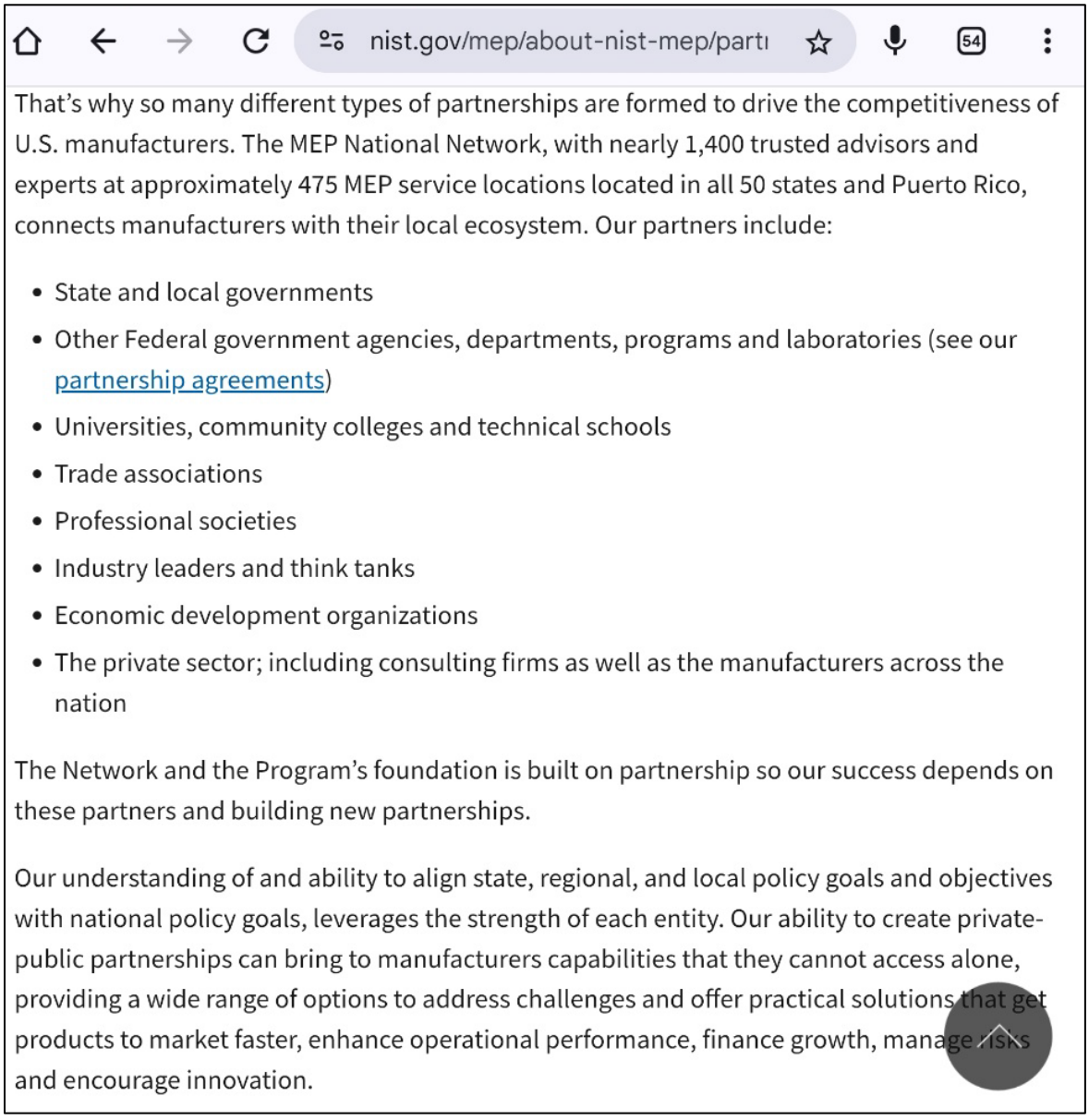


Thank you,
[redacted]

1

OE-15

2. “Leveraging Partnerships” is a critical way that MAGNET gains clients through outreach in events and via referrals. Examples of the types of local partners we work with and do partnership events with are similar to those listed on the NIST website as desirable. “Leverage Partnerships” is one of the 2017-2027 strategic pillars of the NIST-MEP strategy.



That’s why so many different types of partnerships are formed to drive the competitiveness of U.S. manufacturers. The MEP National Network, with nearly 1,400 trusted advisors and experts at approximately 475 MEP service locations located in all 50 states and Puerto Rico, connects manufacturers with their local ecosystem. Our partners include:

- State and local governments
- Other Federal government agencies, departments, programs and laboratories (see our partnership agreements)
- Universities, community colleges and technical schools
- Trade associations
- Professional societies
- Industry leaders and think tanks
- Economic development organizations
- The private sector; including consulting firms as well as the manufacturers across the nation

The Network and the Program’s foundation is built on partnership so our success depends on these partners and building new partnerships.

Our understanding of and ability to align state, regional, and local policy goals and objectives with national policy goals, leverages the strength of each entity. Our ability to create private-public partnerships can bring to manufacturers capabilities that they cannot access alone, providing a wide range of options to address challenges and offer practical solutions that get products to market faster, enhance operational performance, finance growth, manage risks and encourage innovation.

116

[redacted]

Address: 1800 E63rd At
Cleveland, OH 44103

Pro Football Hall of Fame Heroes Gala **11-11-2022**

Item #	Item Name	Value	Amount
Miscellaneous Charges			
	1 Silver	$2,500.00	$2,500.00
	4 Single Ticket	$1,000.00	$1,000.00

Payment History	Amount	Method	Status	Trans. Time
No Payment History				

Total Charges:	$3,500.00
Total Payments:	$0.00
Balance Due:	**$3,500.00**

Payment Received by:

Check #: ☐☐☐☐☐ **Credit Card:** VISA MASTERCARD AMERICAN EXPRESS DISCOVER

Credit Card #: ☐☐☐☐ ☐☐☐☐ ☐☐☐☐ ☐☐☐☐ Exp: ☐☐/☐☐

Security Code: ☐☐☐☐ **Signature:** X _____

Name on Card: _____ **Billing Address:** _____

Cash: $ _____ _____

[redacted]

Please retain this receipt for your records. The amount of your contribution that is deductible for federal income tax purposes is limited to the excess of money contributed over the fair market value of goods or services provided by the organization.

Thank you for supporting Pro Football Hall of Fame!

onecause Print Time: 11-15-2022

OE-11

- Close Window
- Print This Page

TRVL-00919

Approval Status	Approved	Owner	[redacted]
Travel Request Name	TRVL-00919		
Type of Request	Other (Specify in Description)	Expense End Date	11/11/2022
Expense Start Date	11/11/2022	Requestor's Email	[redacted]
Requested For	[redacted]	Ohio MEP Strategic Area	Partnership & Collaboration
Detailed Justification of Expense	Youngstown, OH-MAGNET sponsored the Veterans Day Tribute and GALA. that the Hall of Fame hosted. We were able to include economic development leaders from 5 counties.		
GSA Website	GSA Website	Estimated Meal Costs	
Estimated Mileage		Estimated Event Food Cost	
Estimated Lodging		Estimated Other Costs	$3,500.00
Estimated Airfare		Other Costs Explanation	Sponsorship-Youngstown, OH-MAGNET sponsored the Veterans Day Tribute and GALA. that the Hall of Fame hosted.
Estimated Equipment Purchase Cost		Sub-Grant Budget Addition Amount	
		Estimated Travel Cost - Rollup	$0.00
Created By	[redacted]	Last Modified By	Traci Spencer, 12/6/2022 9:32 AM

Approval History

12/6/2022 9:32 AM

Status	
Assigned To	**Aaron Patrick**
Actual Approver	
Comments	

12/6/2022 9:32 AM

Status	**Approved**
Assigned To	**Traci Spencer**
Actual Approver	**Traci Spencer**
Comments	**Approved 12/6/22 TLS Please make sure you provide documentation of how the Ohio MEP logo and/or description of our program was part of this sponsorship.**

11/22/2022 11:58 AM

Status	**Submitted**
Assigned To	[redacted]
Actual Approver	
Comments	**Please review and approve**

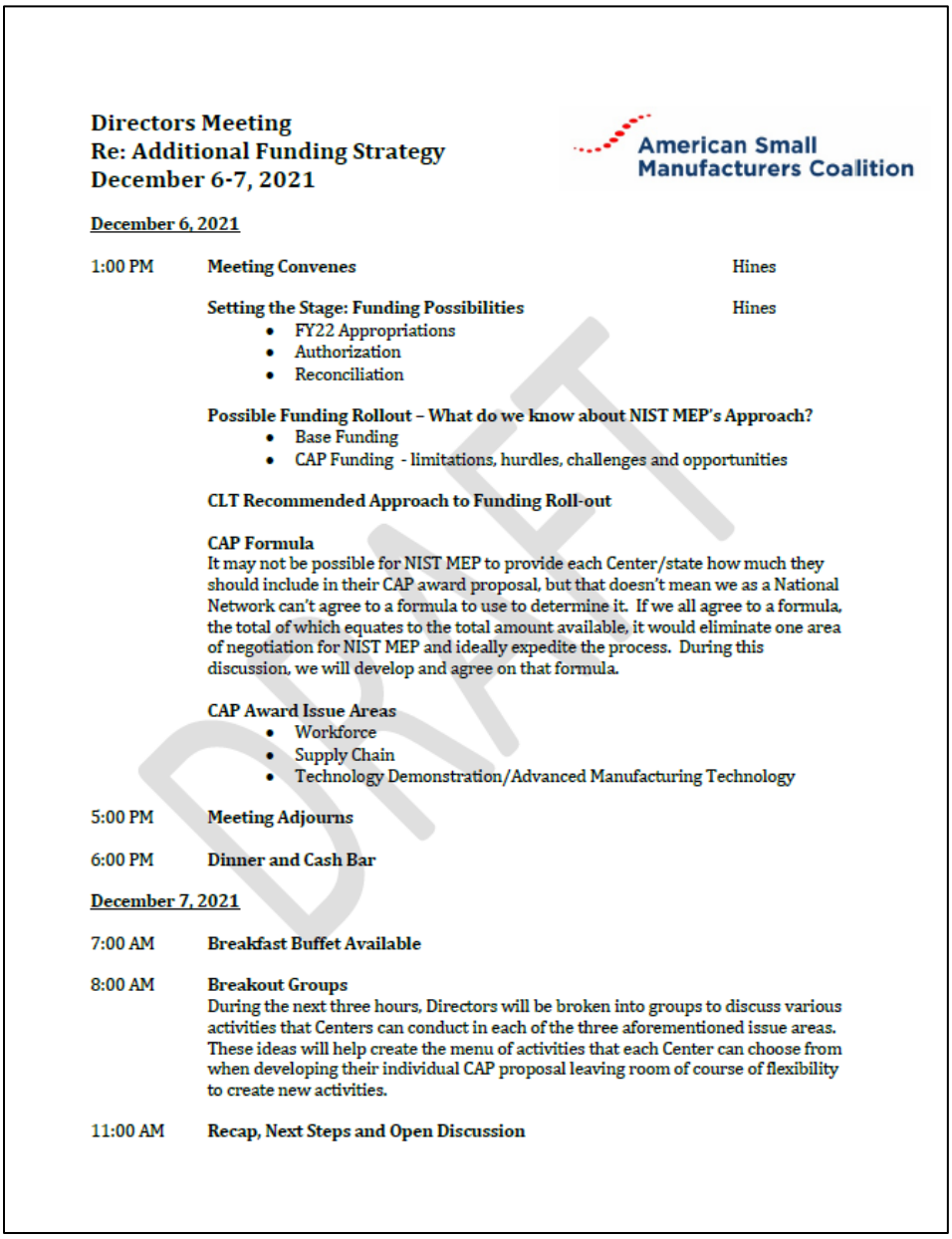
Notes & Attachments

Link back to summary

Issue #11 – Claim: P. 11 - MAGNET's president attended a meeting about future NIST MEP funding proposals and charged labor to NIST while serving as secretary of the host organization's board.

Facts:

1. The cost of participating in a national MEP strategy meeting was an allowable program expense.
2. MEP leaders met in Dallas to discuss the future of the national manufacturing support system. The meeting was open to MEP centers, focused on program strategy and included no meetings with legislators.
3. MAGNET charged no travel expenses to the award, only MAGNET's president's time for MEP work.
4. His role on the host organization's board did not change the purpose of the meeting.
5. MAGNET also cannot fully reconcile the $5,308 claimed in the report because we were not provided with the details of what the OIG included in that amount.



Directors Meeting
Re: Additional Funding Strategy
December 6-7, 2021

American Small Manufacturers Coalition

December 6, 2021

1:00 PM **Meeting Convenes** — Hines

Setting the Stage: Funding Possibilities — Hines
- FY22 Appropriations
- Authorization
- Reconciliation

Possible Funding Rollout – What do we know about NIST MEP's Approach?
- Base Funding
- CAP Funding - limitations, hurdles, challenges and opportunities

CLT Recommended Approach to Funding Roll-out

CAP Formula
It may not be possible for NIST MEP to provide each Center/state how much they should include in their CAP award proposal, but that doesn't mean we as a National Network can't agree to a formula to use to determine it. If we all agree to a formula, the total of which equates to the total amount available, it would eliminate one area of negotiation for NIST MEP and ideally expedite the process. During this discussion, we will develop and agree on that formula.

CAP Award Issue Areas
- Workforce
- Supply Chain
- Technology Demonstration/Advanced Manufacturing Technology

5:00 PM **Meeting Adjourns**

6:00 PM **Dinner and Cash Bar**

December 7, 2021

7:00 AM **Breakfast Buffet Available**

8:00 AM **Breakout Groups**
During the next three hours, Directors will be broken into groups to discuss various activities that Centers can conduct in each of the three aforementioned issue areas. These ideas will help create the menu of activities that each Center can choose from when developing their individual CAP proposal leaving room of course of flexibility to create new activities.

11:00 AM **Recap, Next Steps and Open Discussion**

DRAFT

Link back to summary

Issue #13 – Claim: P. 27 - MAGNET expensed a celebrity speaker for a virtual event even though the celebrity did not speak.

Facts:

1. The State directed MAGNET to hire actor John Ratzenberger to speak at the Ohio MEP Summit.
2. The speaker was canceled and he did not speak.
3. MAGNET already paid the vendor and failed to get a refund until this was brought to our attention in 2025.
4. This was discussed with the State of Ohio who instructed MAGNET to hold any state payments until the end of this audit.
5. MAGNET accepts responsibility for failing to request a vendor refund and refund the cost of a State-selected MEP Summit speaker after an event was canceled. MAGNET will refund $15,954 to the State.
6. This was an administrative mistake, and MAGNET takes responsibility for refunding this amount.

ALL AMERICAN
ENTERTAINMENT

INVOICE

All American Entertainment
[redacted]

INVOICE #: 132908-110420
DUE: November 04, 2020

Description	Amount
John Ratzenberger engagement 11/10/2020 / Virtual Full Honorarium	[redacted]
Please remit payment through one of the methods listed below.	
TOTAL	$[redacted] USD

Payment via Check:
[redacted]

Payment via Wire Transfer/ ACH:
[redacted]

THANK YOU FOR YOUR BUSINESS!

From: Aaron.Patrick@development.ohio.gov [mailto:Aaron.Patrick@development.ohio.gov]
Sent: Monday, October 26, 2020 3:41 PM
To: [redacted]@manufacturingsuccess.org>; [redacted]
Cc: [redacted] susan.foltz@development.ohio.gov
Subject: Ohio MEP Summit - Agenda (Rev 1)

Attaching the first pass at the agenda – please let me know your thoughts…

We are very close to having John Ratzenberger as our Key Note Speaker – that's awesome news!! Traci – I will keep you updated on progress we are making in that area…

Thank you all!

Ohio | Development Services Agency

Aaron Patrick
Program Manager, Manufacturing Assistance Programs
Office of Small Business and Entrepreneurship

A Aaron.Patrick@development.ohio.gov

Reply | Reply all | Forward

To: [redacted] +5 others
Cc:

Thu 10/15/2020 3:12 PM

Hello – I hope everyone is doing well on this dreary Thursday afternoon… Providing an update and an "ask" to the group….

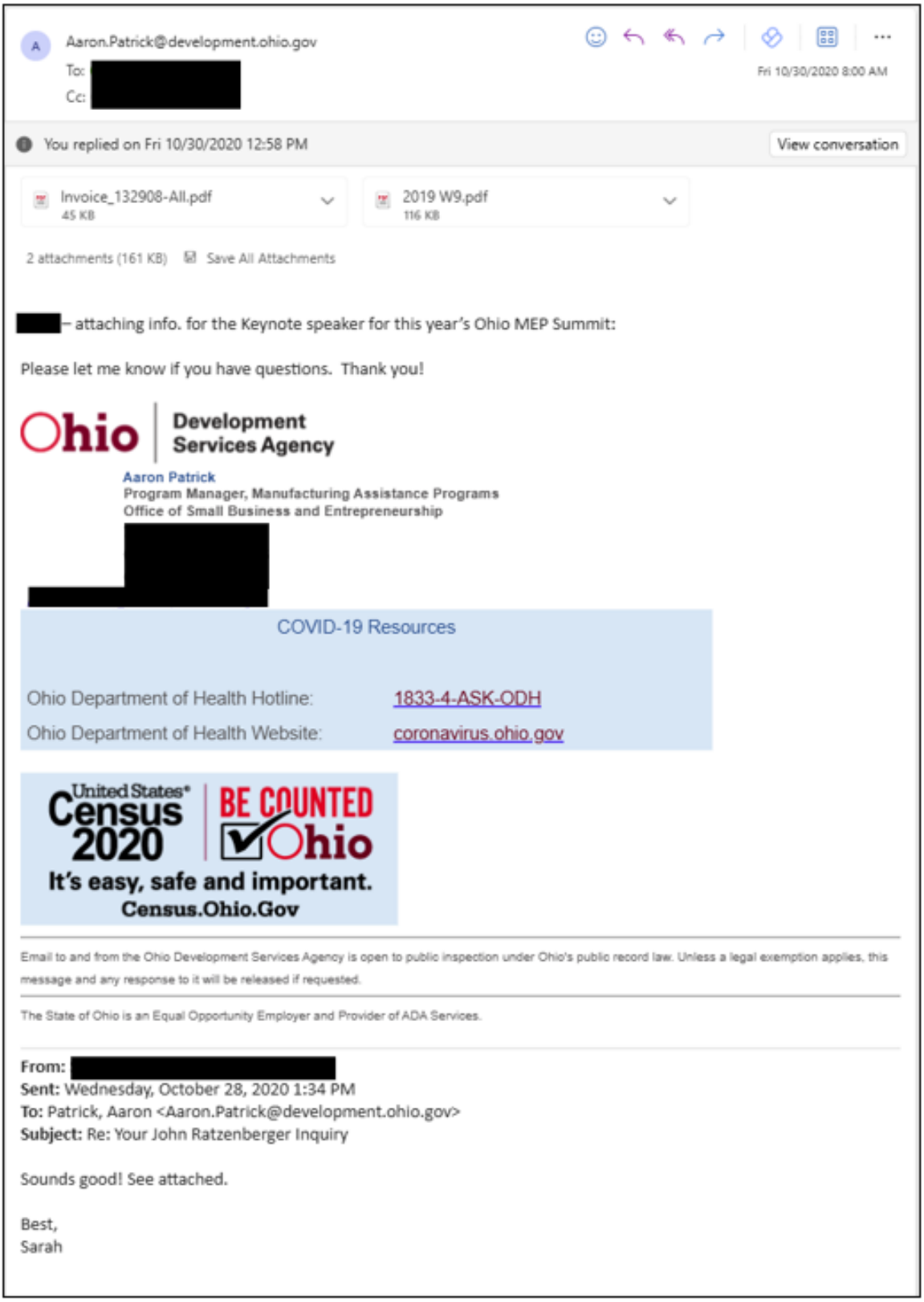
1. Key Note Speaker: I have reached out to John Ratzenberger's representatives per Susan's request. I should hear back from them tomorrow afternoon. My initial thought is he will be too expensive – but I will wait to hear more tomorrow.
    a. Cathy has provided information related to another Key Note so we will consider this individual as well
    b. ODSA Leadership mentioned Jim Tressel as a possible speaker today…
        i. I will continue to work through this and keep everyone updated…
2. Breakouts: I'm thinking it's best if we partner up in certain area's and work together on creating the best possible break outs. Just my thoughts noted below:
    a. AI – I'm in touch with the South Carolina MEP and should be able to organize a break out centered around AI
    b. Marketing & MEP's working on more projects together – could TechSolve (Traci) and FastLane (Tamara) tackle this topic?
    c. Job Instructions and Elevator Speeches – could OSU South Centers tackle this topic?
    d. Sales Training (Sandler) – could Magnet tackle this topic?
    e. Mfg 4.0 – Micro-credentialling – could CIFT and Columbus State tackle this topic?
    f. Post COVID (furthering the brand) – is anyone interested in tackling this topic?

I think 6 breakouts should be plenty for this event. If you have further recommendations – please let me know.

Please respond back to this email and let me know your thoughts. Thank you very much – have a great Thursday afternoon!!!

Ohio | Development Services Agency

Aaron Patrick
Program Manager, Manufacturing Assistance Programs
Office of Small Business and Entrepreneurship



Link back to summary

Issue #14 – Claim: P. 27 - MAGNET charged filming and aerial photography of its new building as unallowable marketing and advertising.

Facts:

1. The $40,188 in videos promoted MEP technology and Ohio manufacturers and was an allowable program expense.
2. Of the amount questioned, $12,150 covered construction footage, including aerial images, showing manufacturers the new technology, labs and technical support available through MEP.
3. The remaining invoices covered videos filmed at client facilities to share manufacturers' stories and bring more companies into the program.
4. MAGNET's position is that these were allowable program outreach costs.
5. It submitted the expenses and outreach goals to the State and was reimbursed.

AKRON VIDEO MAKERS
akronvideomakers.com

Akron Publishing Company LLC dba
Akron Video Makers
[redacted]

INVOICE

BILL TO
[redacted]
MAGNET
1768 East 25th Street
Cleveland, OH 44114

INVOICE 1229
DATE 10/28/2022
TERMS Due on receipt
DUE DATE 10/28/2022

PURCHASE ORDER #
016987

ACTIVITY	QTY	RATE	AMOUNT
Filming New Building: 7/14, 8/19, 9/14, 9/16,9/20, 9/23, 9/27, 9/29, 10/1, 10/6, 10/12, 10/20,	38	[redacted]	[redacted]
Video Editing Services Sort and Organize ALL footage for 2021 and 2022	27	[redacted]	[redacted]
Video Editing Services Edite 360* footage into Time Lapse video	15	[redacted]	[redacted]
Video Services 5 TB hard drive Backup All photos and Video	1	[redacted]	[redacted]

We appreciate your business and look forward to helping you again soon!

BALANCE DUE $12,150.00

Please make checks payable to: Akron Publishing Company LLC. Thank you!
Page 1 of 1

OE-1

AKRON
VIDEO MAKERS
akronvideomakers.com

Akron Publishing Company LLC dba
Akron Video Makers
[redacted]

INVOICE

BILL TO
[redacted]
1768 East 25th Street
Cleveland, OH 44114

INVOICE	1176
DATE	09/02/2021
TERMS	Due on receipt
DUE DATE	09/02/2021

ACTIVITY	QTY	RATE	AMOUNT
Filming M-7 Technologies - Filming on location	6.50	[redacted]	[redacted]
Video Production M-7 Technologies - Post-production	24		
Misc M-7 Technologies - Extra drive time	2		
Filming Alloy Precision Technologies - Filming on location	4		
Video Production Alloy Precision Technologies - Post-production	20		
Filming South Shore Controls - Filming on location	4		
Video Production South Shore Controls - Post-production	21		
Filming I.C. Automation - Filming on location	4		
Video Production I.C. Automation - Post-production	19		

PAYMENT	15,525.00
BALANCE DUE	$0.00

PAID

Please make checks payable to: Akron Publishing Company LLC. Thank you!
Page 1 of 1

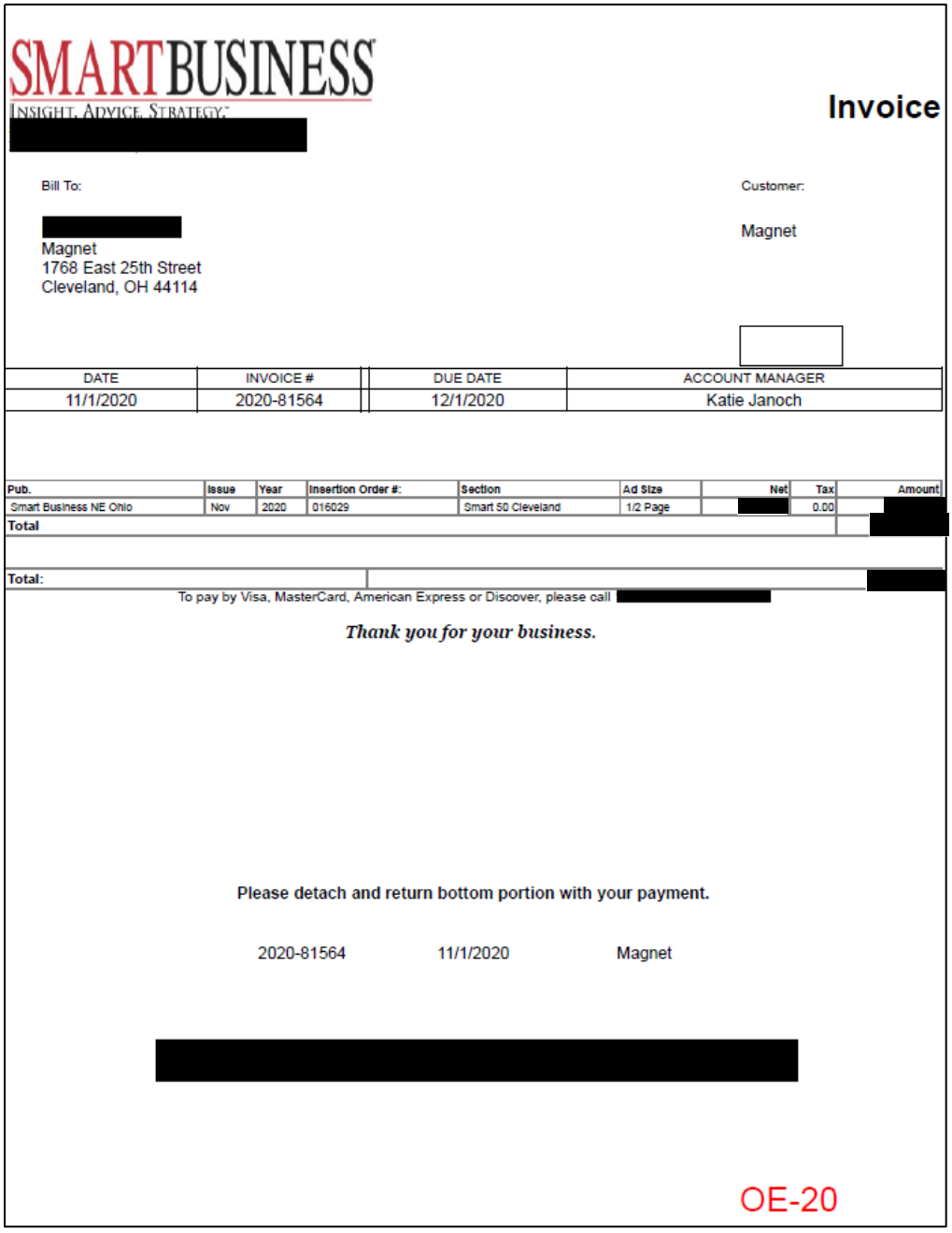
OE-1

Link back to summary

Issue #15 – Claim: P. 27 - MAGNET charged advertising congratulating its president on being named a top 50 executive.

Facts:

1. The Smart Business advertisement was used to promote MEP to regional business leaders.
2. The placement used MAGNET president's Top 50 recognition as an opportunity for an advertisement about MAGNET and its manufacturing mission. It carried the MEP logo, reached hundreds of business leaders, and included a speaking opportunity (screenshot below).
3. MAGNET's position is that the $2,533 was a program outreach expense under the federal cost rule, not a personal congratulatory advertisement.
4. It submitted the expense and purpose to the State and was reimbursed.



SMART BUSINESS
INSIGHT. ADVICE. STRATEGY.
[redacted]

Invoice

Bill To:

[redacted]
Magnet
1768 East 25th Street
Cleveland, OH 44114

Customer:

Magnet

DATE	INVOICE #	DUE DATE	ACCOUNT MANAGER
11/1/2020	2020-81564	12/1/2020	Katie Janoch

Pub.	Issue	Year	Insertion Order #:	Section	Ad Size	Net	Tax	Amount
Smart Business NE Ohio	Nov	2020	016029	Smart 50 Cleveland	1/2 Page	[redacted]	0.00	[redacted]
Total								[redacted]

Total: [redacted]

To pay by Visa, MasterCard, American Express or Discover, please call [redacted]

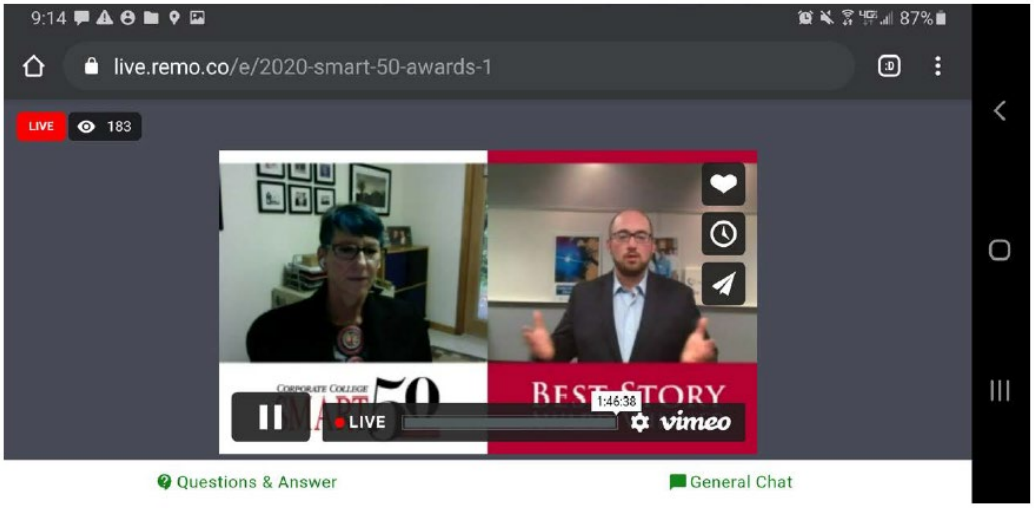
Thank you for your business.

Please detach and return bottom portion with your payment.

2020-81564 11/1/2020 Magnet

[redacted]

OE-20





2020 Northeast Ohio Smart 50

W. Michael Jarrett
PRESIDENT & CEO
Jarrett

W. Michael Jarrett believes that some of the most important factors to running a smart organization are passion, financial responsibility, vision, persistence and a solid foundation of integrity, character and faith.

Jarrett secures the success of his organization by hiring people with integrity, character, honesty, respect and work ethic. He believes that with the right people in the right positions, through the values they possess and the training JLS can provide, the business will grow.

JLS has an open door policy in place to encourage employees to discuss new ideas, opportunities and projects that will advance the organization. Jarrett believes that if employees feel like their opinions matter and their ideas are taken seriously, that will help a company truly succeed.

Jon Pinney
MANAGING PARTNER
Kohrman Jackson & Krantz LLP

Jon Pinney, managing partner at Kohrman Jackson & Krantz, is well known in Cleveland's legal and business community for his leadership, credibility and trustworthiness. His tireless efforts of community involvement and betterment have been recognized for years — for instance, being a prime architect of the winning bid to host the 2016 Republican National Convention and serving in leadership positions on local boards.

He uses his legal acumen and business savvy to win for clients, including those critical to the regional economy like entrepreneurs, privately held businesses and nonprofit organizations. Pinney believes in and practices excellence in client service. He is a great delegator, assigning team members to appropriate clients and empowering them to do their best jobs.

Peruri Srinivasulu
CEO
Krish Services Group

Peruri Srinivasulu is CEO of Krish Services Group, an information technology development and service company in Northeast Ohio with more than 40 employees between its Brecksville, Ohio, headquarters and Bangalore, India, offices.

Srinivasulu was born in Nellore, India, and came to the U.S. in 1999 to work for Pilgrim Software in Florida. He moved to Cleveland in 2005 to join a local employer as a Microsoft consultant and founded Krish Services Group in 2011. Srinivasulu structured his team to deliver end-to-end services in the areas of Microsoft SharePoint/Office 365, enterprise application, and mobile app development. As business markets and needs change, Srinivasulu continues to grow his technology service offerings to meet demand.

MAGNET

Congratulations to Ethan Karp and all the 2020 SMART 50 Honorees!

We at MAGNET are proud to work with you all to strengthen Northeast Ohio's manufacturers, creating a more vibrant and inclusive economy for all.

MAGNET: The Manufacturing Advocacy & Growth Network
(216) 391-7002 | info@manufacturingsuccess.org

Ohio Manufacturing Extension Partnership

Link back to summary

Issue #17 – Claim: P. 11 - MAGNET omitted nearly $6.6 million in purchase orders and more than $1.6 million in forgiven PPP loans from overhead-rate calculations and did not materially reduce its indirect rates, causing overbilling

Facts:

1. NIST is trying to apply a different calculation for overhead expense reimbursement after the fact and against the rules.
2. MAGNET appropriately used the federally approved overhead-rate the National Science Foundation approved through FY2020 and FY2021.
3. MAGNET's overhead-rate [redacted], otherwise known as the indirect cost rate, determines how much of shared expenses can be charged to the MEP award.
4. There are many kinds of rates that are typically negotiated with a federal grantor like the National Science Foundation.
5. The rate MAGNET negotiated during the FY2020 and FY2021 years was a "predetermined" rate.
6. Predetermined rates do not change for any reason (including purchase orders or forgiven loans).
7. MAGNET correctly applied its predetermined rates during this time period.
8. This claim is false.
9. Below is the formal rate communication from the National Science Foundation.

NATIONAL SCIENCE FOUNDATION
2415 Eisenhower Avenue
Alexandria, VA 22314

Division of Institution and Award Support
(703) 292-8244 VOICE
(703) 292-9440 FAX

May 27, 2020

[redacted]
Manufacturing Advocacy & Growth Network (MAGNET)
1768 E. 25th Street
Cleveland, OH 44114

Dear Ms. Mayer:

We have completed our review of the indirect cost proposal and supporting financial data submitted to the National Science Foundation (NSF) for your fiscal year ended June 30, 2019.

The enclosed rate agreement indicates the rates approved by this office. Please indicate your concurrence with these rates by signing, dating and returning a copy of the agreement to my attention at the above address. The rates included in the agreement may not be used until the agreement has been ratified through signatures from both your organization and NSF.

Should you wish to appeal any of the indirect cost pool adjustments NSF made as part of this rate negotiation, you may follow the dispute resolution procedures contained in Chapter XII of the NSF Proposal & Award Policies and Procedures Guide (PAPPG). These may be found online at: https://www.nsf.gov/publications/pub_summ.jsp?ods_key=papp.

Per the rates that have established, the organization will not be required to submit a new indirect cost rate proposal until the end of your FY 2021. This proposal should be submitted to this office within 6 months after the end of the organization's fiscal year, and should follow NSF's current submission procedures (https://www.nsf.gov/bfa/dias/caar/docs/idcsubmissions.pdf). If you have any questions concerning the contents of this letter or the rate agreement, please contact Onyx A. Evison at (703) 292-4476.

Sincerely,

[redacted]

Enclosure: Rate Agreement

NATIONAL SCIENCE FOUNDATION

OFFICE OF BUDGET, FINANCE & AWARD MANAGEMENT
Division of Institution and Award Support

NON-PROFIT ORGANIZATION
NEGOTIATED INDIRECT COST RATE AGREEMENT (NICRA)

EIN #: [redacted]

NSF INS CODE: [redacted]

ORGANIZATION:
Manufacturing Advocacy & Growth Network (MAGNET)
1768 East 25th Street
Cleveland, OH 44114

DATE: May 27, 2020

FILING REF: None

The indirect cost rates contained herein are for use on grants, contracts, and other agreements with the Federal Government to which 2 CFR Part 200 apply, subject to the limitations contained in Section II.A of this agreement. The rates were negotiated by the National Science Foundation and the subject organization in accordance with the authority contained in applicable regulations.

SECTION I: RATES

Indirect Cost Rates

Type	Effective Period	Rate	Base
FINAL	07/01/18 – 06/30/19	[redacted]	(a)
PREDTERMINED	07/01/19 – 06/30/20		(a)
PREDTERMINED	07/01/20 – 06/30/21		(a)

Rate Application Bases

(a) Total direct costs excluding capital expenditures, equipment, participant support, and the portion of each subaward in excess of $25,000 (regardless of the period covered by the subaward).

Fringe Benefits

Type	Effective Period	Rate
FINAL	07/01/18 – 06/30/19	[redacted]
PREDTERMINED	07/01/19 – 06/30/20	
PREDTERMINED	07/01/20 – 06/30/21	

Treatment of fringe benefits: Fringe benefits associated with direct salaries and wages are treated as direct costs and included in the indirect cost rate application base. Fringe benefits consist of:

Paid Time Off
Payroll Taxes
Workers Compensation
Health & Dental Insurance
Other Fringe Benefits (Wellness Reimbursement)
Life & Disability Insurance
Retirement Contributions

Treatment of Paid Absences: Vacation, holiday, sick leave pay and other absences are included in the organization's fringe benefit rate and are not included in the direct cost of salaries and wages. Claims for direct salaries and wages must exclude those amounts paid or accrued to employees for periods when they are on vacation, holiday, sick leave, or are otherwise absent from work.

ORGANIZATION:
Manufacturing Advocacy & Growth Network (MAGNET)

SECTION II: GENERAL TERMS

A. LIMITATIONS: Use of the rates contained in this agreement is subject to any applicable contractual or grant limitations. Acceptance of these rates agreed to herein is predicated upon the conditions: (1) that no costs other than those incurred by the contractor or grantee were included in its indirect cost proposal and that such costs are legal obligations of the contractor or grantee, (2) that the same costs that have been treated as indirect costs have not been claimed as direct costs, and (3) that similar types of costs have been accorded consistent treatment.

B. AUDIT: All costs, direct and indirect, Federal and non-Federal are subject to audit. Adjustments to amounts resulting from audit of cost allocation plan or indirect rate proposal upon which the negotiation of this agreement was based will be compensated for in subsequent negotiation.

C. ACCOUNTING CHANGES: The rates contained in this agreement are based on the accounting system in effect at the time the proposal was prepared and the rates were negotiated. Changes to the method of accounting which effect the amount of reimbursement resulting from the use of these rates require the prior approval of this office. Failure to obtain such approval may result in subsequent cost disallowances.

D. RATE TYPES:

1. Provisional/Final Rate: Within six (6) months after fiscal year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to federal grants and contracts must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

2. Predetermined Rate: Predetermined rates are applicable to a current or future period, and are based upon an estimate of the costs to be incurred during the period. A predetermined rate is not subject to adjustment.

E. NOTIFICATION TO FEDERAL AGENCIES: Copies of this document may be provided to other Federal offices as a means of notifying them of the rates agreed to herein.

SECTION III: ACCEPTANCE

BY THE ORGANIZATION:

Manufacturing Advocacy & Growth Network (MAGNET)
(Organization)

[redacted]

5/27/2020
(Date)

ON BEHALF OF THE FEDERAL GOVERNMENT:

National Science Foundation
(Agency)

[redacted]

5/27/2020
(Date)

[redacted]

Link back to summary

Issue #19 – Claim: P. 11 - MAGNET included overstated rent in its FY2023 indirect-cost rate, causing award overbilling.

Facts:

1. MAGNET performed an indirect rate calculation FY2023, which was submitted and accepted to the Department of Interior resulting in an FY2023 Final approved indirect rate of [redacted]
2. In calculating the indirect rate of [redacted] MAGNET included $514,858 of donated rent, which should have been removed as an unallowable for purposes of the indirect rate calculation. Had such adjustment been made, the indirect rate would have been [redacted]
3. During FY2023, all MEP grant invoices utilized an indirect rate of [redacted]
4. The impact of utilizing an incorrectly calculated indirect rate results in an over-reimbursement of indirect costs of [redacted]

The table below represents an invoice-by-invoice recalculation of indirect costs reimbursed using the [redacted] indirect rate, which was the actual rate applied to each relevant invoice in FY2023 vs. an indirect rate of [redacted], which is the correct rate after adjusting the calculation for donated rent:

Final FY23 approved indirect rate										
FY23 rate used										
FY23 indirect rate with donated rent correction										
Date	**July - Sept 2022**	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**
Grant	**22-0291**	**23-2909**	**23-2909**	**23-2909**	**23-2909**	**23-2909**	**23-2909**	**23-2909**	**23-2909**	**23-2909**
Total expenses charged (excluding indirect rate)		265,292	175,525	158,744	221,546	175,420	123,308	152,795	266,662	162,121
Indirect rate used		[redacted]								
Total indirect rate on invoice										
Approved indirect rate (correcting for donated rent)										
Correct indirect expenses										
Indirect over/(under) charged										
Indirect over (under) charged total	**46,449**									

Link back to summary

Issue #20 – Claim: P.12 - ODOD used base-award federal funds to reimburse MAGNET for costs on a state-funded, non-MEP award, largely internship-wage reimbursements to manufacturers. NIST did not approve this use.

Facts:

1. This was a State-funded internship program and MAGNET administered it under the grant terms and approvals it received from the State.
2. MAGNET delivered the program it was asked to run by the State and followed the rules the State communicated.

Ohio | Development Services Agency

Mike DeWine, Governor
Jon Husted, Lt. Governor

Lydia L. Mihalik, Director

GRANT AGREEMENT

MEP Internship

Grant Information					
Grantee:	Manufacturing Advocacy & Growth Network, Inc.			Grant Control No.:	MEPG20221718
Address:	1768 East 25th Street			Federal Grant Funds:	$ 0.00
City:	Cleveland			State Grant Funds:	$ [redacted]
State:	Ohio	Zip:	44114	Cost Share Amount:	$ 0.00
Project Local Jurisdiction:		Cleveland		Effective Date:	October 1, 2021
Project County:		Cuyahoga		Project Completion Date:	September 30, 2022

Project Contact					
Grantee Contact:	[redacted]		Title:	[redacted]	
Address:	1768 East 25th Street				
City:	Cleveland	State:	Ohio	Zip:	44114
Phone Number:	[redacted]	Email:	[redacted]		

This Grant Agreement (the "**Agreement**") is made and entered into by and between the **State of Ohio, Department of Development**, ("**Grantor**") and **Manufacturing Advocacy & Growth Network, Inc.** ("**Grantee**") to set forth the terms and conditions upon which Grantor will provide financial assistance to Grantee and Grantee will use the financial assistance to undertake the Ohio Manufacturing Extension Program project to occur at the Grantee's facility located in Cleveland, Cuyahoga, Ohio (the "**Project**"), as described in further detail in Exhibit V and Exhibit VI. In consideration of the mutual promises and covenants hereinafter set forth, each of Grantee and Grantor (collectively, the "**Parties**") agree as follows:

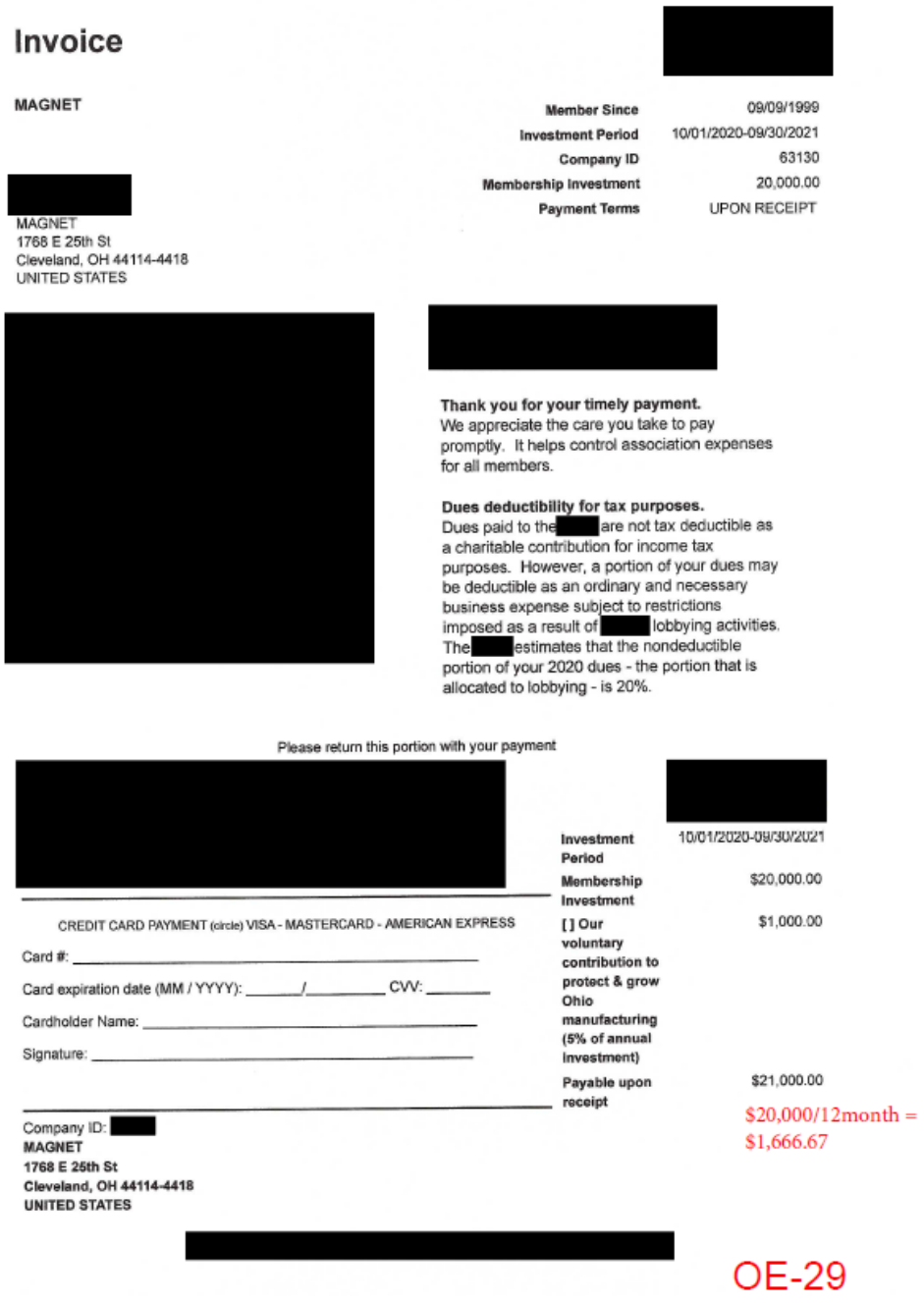
EXHIBIT VI - BUDGET

Ohio MEP Internship Budget Form 1 - Lead Applicant Budget			
Lead Applicant Name:	MAGNET		
Program Year	**2022**	State Funds	**Total**
Operating Funds			
Personnel/Fringe		22,489	22,489
Supplies		0	0
Purchased Services/Subcontracts		300,000	300,000
Travel		0	0
Other Direct Costs		0	0
Total Direct		$322,489	$322,489
Indirect Costs* (INSERT RATE AT RIGHT)	[redacted]	[redacted]	[redacted]
Total Operating (Project)		[redacted]	[redacted]
Budget Narrative - Please add all budget notes below.			
Personnel/Fringe: Personnel to support internship program [redacted]			
Supplies:			
Purchased Services/Subcontracts: Internships			
Travel:			
Other Direct Costs:			
Indirect Costs: Costs associated with federal rate to support [redacted] **personel time**			

Link back to summary

Issue #10 – Claim: P.10 - MAGNET membership costs included unallowable lobbying.

The invoice below represents the single annual invoice provided by the organization referenced within the claim. For purposes of submitting expenses for reimbursement, multi-month expenses are required to be divided into the portion of the expense related to a single given month. Therefore, the invoice total was divided by 12, equaling an expense reimbursement request for $1,666.67 per month. Expense reimbursements were submitted for 8 of the 12 months, totaling $13,333.36 or 66.67% of the invoice total.



Invoice

[redacted]

MAGNET

Member Since	09/09/1999
Investment Period	10/01/2020-09/30/2021
Company ID	63130
Membership Investment	20,000.00
Payment Terms	UPON RECEIPT

[redacted]
MAGNET
1768 E 25th St
Cleveland, OH 44114-4418
UNITED STATES

[redacted]

[redacted]

Thank you for your timely payment.
We appreciate the care you take to pay promptly. It helps control association expenses for all members.

Dues deductibility for tax purposes.
Dues paid to the [redacted] are not tax deductible as a charitable contribution for income tax purposes. However, a portion of your dues may be deductible as an ordinary and necessary business expense subject to restrictions imposed as a result of [redacted] lobbying activities. The [redacted] estimates that the nondeductible portion of your 2020 dues - the portion that is allocated to lobbying - is 20%.

Please return this portion with your payment

[redacted]

[redacted]

Investment Period	10/01/2020-09/30/2021
Membership Investment	$20,000.00
[ ] Our voluntary contribution to protect & grow Ohio manufacturing (5% of annual investment)	$1,000.00
Payable upon receipt	$21,000.00

CREDIT CARD PAYMENT (circle) VISA - MASTERCARD - AMERICAN EXPRESS

Card #: _____

Card expiration date (MM / YYYY): _____/_____ CVV: _____

Cardholder Name: _____

Signature: _____

$20,000/12month = $1,666.67

Company ID: [redacted]
MAGNET
1768 E 25th St
Cleveland, OH 44114-4418
UNITED STATES

[redacted]

OE-29

[Link back to summary]

MAGNET's Audit History During the Years Covered by the OIG Audit – 21 Audits

Year	Period Covered	Audit Type	Findings	Comment on Findings
2017	July 1, 2016 – June 30, 2017	Single Audit	No findings	
2017	July 1, 2016 – June 30, 2017	Financial Statement Audit	No findings	
2018	July 1, 2017 – June 30, 2018	Single Audit	No findings	
2018	July 1, 2017 – June 30, 2018	Financial Statement Audit	No findings	
2018	July 1, 2016 – June 30, 2018	State Audit	The State questioned three costs: 1. Costs exceeding cost category - $3,132.70 2. Overcharged a grant (charged taxes) - $12.55 3. Charge outside the grant period - $1,250.00	1. Susan Foltz, ODOD, submitted a waiver for this cost category variance. This did NOT represent inappropriate spending, simply a variance in spending in one category versus another. 2. We reimbursed the state for the $12.55 overage. This related to taxes on a hotel stay that exceeded the allowable rate 3. We provided documentation to ODOD that an adjustment to this was included within an invoice during the grant period such that there was no charge outside the grant period. This was not an error **Result:** A total amount of $12.55 was repaid to the State.
2019	July 1, 2018 – June 30, 2019	Single Audit	No findings	
2019	July 1, 2018 – June 30, 2019	Financial Statement Audit	The auditor identified certain year-end closing adjustments required to ensure the Finance Statements were compliant with US GAAP reporting requirements. These findings identified a significant deficiency in internal controls.	As a result of the finding, MAGNET implemented changes to the year-end close process to ensure appropriate review of the cut-off period. The significant deficiency was remediated and did not repeat the following year. **Note:** None of these findings relate to the Single audit, meaning they have limited to no impact on questioned costs, etc. The conclusion remained that the financial statements were fairly presented, in all material respects.
2020	July 1, 2019 – June 30, 2020	Single Audit	No findings	
2020	July 1, 2019 – June 30, 2020	Financial Statement Audit	No findings	
2020	July 1, 2018 – June 30, 2020	State Audit	No findings	

2021	July 1, 2020 – June 30, 2021	Single Audit	No findings	
2021	July 1, 2020 – June 30, 2021	Financial Statement Audit	No findings	
2022	July 1, 2021 – June 30, 2022	Single Audit	No findings	
2022	July 1, 2021 – June 30, 2022	Financial Statement Audit	No findings	
2023	July 1, 2022 – June 30, 2023	Single Audit	No findings	
2023	July 1, 2022 – June 30, 2023	Financial Statement Audit	No findings	
2023	July 1, 2021 – June 30, 2023	State Audit	1. An expense for $12,999.50 recorded outside the grant period. 2. Financial Reports not in agreement with the general ledger	1. There was one expense reported during the 2022 grant year that related to 2023. MAGNET agreed with the audit finding and promptly repaid the expense. 2. MAGNET recorded all eligible grant expenses within the general ledger as being associated with the grant, however that was not intended to reflect what expenses were actually billed to the grant. This resulted in a reconciliation difference between the general ledger and grant invoices. This is an administrative finding with no financial implications. No amount was requested to be repaid and no amount was repaid. **Result:** A total amount of $12,999.50 was repaid to the State and MAGNET agreed to reflect only those expenses charged to the grant as such in our general ledger.
2024	July 1, 2023 – June 30, 2024	Single Audit	No findings	
2024	July 1, 2023 – June 30, 2024	Financial Statement Audit	No findings	
2025	July 1, 2024 – June 30, 2025	Single Audit	No findings	
2025	July 1, 2024 – June 30, 2025	Financial Statement Audit	No findings	

Link back to summary

APPENDIX B

From: Karp, Ethan <ekarp@manufacturingsuccess.org>
Sent: Wednesday, April 22, 2026 12:18:14 PM
To: Rao, G. N. (Fed)
Cc: REDACTED

Subject: [EXTERNAL] Response to Preliminary Program Income, Conflict of Interest, and Questioned Cost Findings

Dear Mr. Rao,

I am writing to bring to NIST's attention two developments that require immediate engagement at the NIST level.

First, on March 27, 2026, MAGNET submitted a substantive written response to OIG Audit Manager REDACTED addressing the preliminary program income, conflict of interest, and questioned cost findings raised during the audit of Ohio's MEP program. That letter (attached to this email) requested, among other things:

- A complete itemized schedule of all transactions identified as program income, including the specific regulatory basis for each classification
- A complete itemized schedule of all questioned direct costs, including the specific regulatory citation supporting each unallowability determination
- Reconsideration of the OSU conflict of interest finding based on documentary evidence showing REDACTED was named in ODOD's original application to NIST and that NIST reviewed and approved his participation before the award was made.

On April 6, 2026, REDACTED responded that the OIG is finalizing its draft report and that any further communication or information regarding the audit issues should be directed to NIST. I am following that instruction directly. The specific requests and positions set out in the attached letter remain outstanding and unaddressed, and MAGNET respectfully requests that NIST engage with them as part of its review of the draft report before it is

finalized.

Second, MAGNET wishes to formally document the delay in the audit timeline and its ongoing consequences. The Pre-Exit Conference held on September 18, 2025 identified the following schedule:

- Exit conference in late October 2025
- Draft report in mid-December 2025, and final report in late February 2026.

We are now in April 2026. The exit conference has not occurred. The draft report has not been issued. The final report is approximately two months past its projected completion date. This delay matters for the reason the suspension notice itself makes explicit: the suspension of Award No. 70NANB21H144 will remain in effect until the OIG finalizes and publishes the final audit report and unless and until the findings are resolved to NIST's satisfaction. In other words, the funding suspension and the organizational destruction it is causing is directly tied to the report's publication date. Every day the report is delayed is a day MAGNET remains suspended, understaffed, and unable to serve the manufacturers that depend on it.

MAGNET has now lost 37 of 75 staff positions, and the institutional capacity that took decades to build continues to erode. The nearly 14,000 manufacturers MAGNET serves across Northeast Ohio are being denied services at precisely the moment that new trade and tariff policies are placing maximum pressure on them to adapt and compete. MAGNET is not asking for special treatment. It is asking for the process to move forward.

Specifically, MAGNET requests that NIST:

1. Confirm that NIST has received this email and the attached March 27, 2026 response to the OIG, and will consider the positions and requests set out therein in connection with its review of the OIG draft report;

2. Provide MAGNET with an updated timeline for the exit conference, draft report issuance, and final report issuance; and

3. Advise whether NIST is prepared to consider a partial lifting or modification of the award suspension as applied to MAGNET, given that MAGNET was not identified as a primary finding target in the December 5, 2025 suspension notice and that the organizational harm being caused to MAGNET is disproportionate to any compliance concern directly

attributable to MAGNET.

MAGNET remains fully committed to cooperating with both the OIG and NIST to resolve this matter. We are available immediately for a call or meeting at NIST's convenience.

Respectfully,

Ethan Karp

March 27, 2026

REDACTED Audit Manager
Office of Inspector General
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Re: Response to Preliminary Program Income, Conflict of Interest, and Questioned Cost Findings

NIST MEP Awards 70NANB16H216 and 70NANB21H144 / MAGNET Subawards MEPG20200047,

70NANB20H035, and Related Awards

Dear REDACTED:

Manufacturing Advocacy & Growth Network, Inc. (MAGNET) submits this letter in response to the preliminary program income findings identified during the Office of Inspector General's audit of the Ohio Department of Development's administration of NIST Manufacturing Extension Partnership awards covering program years 2017 through 2024. MAGNET appreciates the opportunity to address these findings prior to the issuance of the draft audit report and is committed to cooperating fully with the OIG and with NIST to resolve any outstanding compliance concerns in a manner that is consistent with applicable federal regulations and the terms and conditions of MAGNET's subawards.

I. MAGNET's Position on Program Income

MAGNET has conducted a preliminary internal review of its accounting records for the period encompassed by the OIG's audit scope. Based on that review, MAGNET believes that for the substantial majority of the transactions identified as potential program income, including revenue generated in connection with MAGNET's PPE-related activities, fee-for-service client engagements, rental income, and other revenue streams cited in the preliminary findings, there are documented project costs that, when properly applied under the cost netting provisions of 2 C.F.R.§ 200.307(d) and Section 12.E of the NIST MEP General Terms and Conditions (August 2017), will substantially reduce or eliminate the net program income figure for each identified transaction.

As the OIG is aware, 2 C.F.R.§ 200.307(d) and the applicable MEP General Terms and Conditions provide that costs incidental to the generation of program income may be deducted from gross income to determine net program income, provided those costs have not been charged to the federal award. MAGNET maintains detailed project-level cost records and intends to demonstrate, for each instance of identified program income, the specific costs incurred that are properly deductible against gross receipts in arriving at net reportable program income. MAGNET anticipates that this analysis will result in net program income that is materially lower than the gross revenue figures referenced in the preliminary findings and may result in a net program income figure of zero.

MAGNET does not at this time concede that all transactions identified in the preliminary findings meet the regulatory definition of program income under 2 C.F.R.§ 200.80 (in effect through November 11, 2020) or the current definition under 2 C.F.R.§ 200.1. Where MAGNET has regulatory or factual grounds to contest the classification of specific transactions, it will do so in its detailed response. However, MAGNET acknowledges that program income reporting is an area where specific practices require improvement in particular regarding getting clarity from ODOD regarding reporting, and it is committed to implementing the corrective actions necessary to ensure full compliance prospectively.

II. Request for Itemized Identification of Program Income Instances

To prepare a complete and accurate response to the program income findings (including the specific cost documentation necessary to support the netting analysis described above), MAGNET respectfully requests that the OIG provide an itemized schedule of all transactions or categories of transactions the OIG has identified as program income across the audit scope. Specifically, MAGNET requests that the OIG identify, for each instance or category:

1. The specific revenue transaction(s) or revenue stream(s) identified as program income, including the transaction date(s), amount(s), and the payor(s);
2. The federal award(s) and subaward(s) to which each identified program income instance is attributed;
3. The regulatory or contractual basis upon which the OIG has determined that each transaction or revenue stream constitutes program income (specifically, whether the OIG's determination rests on the "directly generated" prong or the "earned as a result of" prong of the definition, or both);
4. The operating year(s) and invoice period(s) within which the program income was determined to have been generated; and
5. The gross revenue figure the OIG has attributed to each identified instance or category, as well as any costs the OIG has already identified as potentially deductible against gross receipts in calculating net program income.

MAGNET understands that the OIG has identified program income issues across multiple categories, including but not limited to: (a) revenue generated in connection with MAGNET's PPE-related activities under the CARES Act NEAP subawards; (b) rental income reflected in MAGNET's indirect cost rate pool; and (c) individual client project revenues not reported as program income on MAGNET's periodic invoices to ODOD. To the extent the OIG has identified specific transactions within any of these categories beyond those discussed in prior audit communications, MAGNET requests that those instances be identified so that MAGNET may respond with the corresponding cost documentation.

MAGNET recognizes that the OIG's preliminary findings note that program income computations are still in progress and that the total net figure across all subrecipients has not yet been finalized. MAGNET therefore requests this itemization as soon as practicable so that its response can be as complete and well-documented as possible prior to the issuance of the draft report.

III. MAGNET's Commitment to Prompt Documentation

Upon receipt of the itemized schedule requested above, MAGNET commits to providing, within a reasonable time agreed upon with the OIG, a transaction-level cost documentation package for each identified program income instance. That package will include:

1. A reconciliation of gross revenue to net program income for each identified instance, applying the cost netting methodology of 2 C.F.R. § 200.307(d) and Section 12.E of the MEP General Terms and Conditions;
2. Source documentation (if not already provided) sufficient to establish the nature, amount, and nature of each cost claimed as deductible against gross receipts, including general ledger extracts, invoices, and payroll or time records as applicable.
3. For any instance where MAGNET contends that the relevant revenue does not meet the regulatory definition of program income, a specific regulatory and factual basis for that position; and
4. A proposed net program income figure for each identified instance, together with MAGNET's proposed treatment of that net figure under the priority ordering set forth in Section 12.B of the

MEP General Terms and Conditions, including identification of any amounts properly applicable to satisfaction of MAGNET's non-federal cost share obligations.

MAGNET's accounting records are organized at the project code level and MAGNET can produce the documentation described above in a structured and verifiable format. MAGNET is prepared to make its outside compliance advisors available for a working-level meeting with OIG staff to review the reconciliation methodology and address any questions that arise from the documentation, should that be helpful to the OIG.

IV. Response to Conflict-of-Interest Findings

The OIG's preliminary findings identify two separate conflict-of-interest issues involving MAGNET: (a) the subaward from ODOD to MPI Group, whose principal was a member of MAGNET's Oversight Board; and (b) the subcontract involving The Ohio State University (OSU) faculty member REDACTED, who also served on MAGNET's Oversight Board. MAGNET addresses each finding separately, as the factual and regulatory analysis for each is distinct.

A. MPI Group

MAGNET respectfully submits that this finding is properly directed at ODOD, and that MAGNET did not bear an independent obligation to disclose or prevent an arrangement it did not initiate, approve, or participate in.

The subaward to MPI Group ran directly from ODOD to MPI. MAGNET was not a party to that transaction. MAGNET did not contract with MPI, did not approve the subaward, and did not direct any funds to MPI at any stage. The financial relationship at issue existed entirely between ODOD and MPI, without MAGNET's involvement in or knowledge of its full scope.

The conflict-of-interest prohibition in the MEP Oversight Board Standards is directed at vendor relationships with the Center itself. The underlying concern is that a board member who is simultaneously a vendor to the Center could improperly influence the Center's own operational and procurement decisions. That concern is not implicated here because MPI was not a vendor to MAGNET. MPI's financial relationship was with ODOD, not with MAGNET, and MAGNET exercised no decision-making authority over the subaward at any point.

B. OSU - REDACTED

MAGNET submits that the factual record on this finding is decisive and respectfully requests that it be reconsidered before the draft report is issued.

REDACTED was not an undisclosed conflict. He was named in ODOD's original application to NIST. His name, his institutional affiliation with OSU, his specific role in the project, and OSU's compensation (through the Ohio Manufacturing Institute) were included in the project budget that NIST reviewed and approved prior to making the award. NIST had actual and affirmative knowledge of REDACTED participation from the earliest stage of the award process. This was not a relationship that developed after the award was made, was not concealed from the awarding agency, and did not slip past the oversight process. NIST approved it.

Furthermore, MAGNET did not make an independent decision to engage REDACTED or OSU. The arrangement was structured by ODOD and OSU before MAGNET was involved. Susan Foltz, Director of

Manufacturing Extension Partnership Program at ODOD, directed MAGNET to serve as fiscal agent for an arrangement that ODOD and OSU had already designed. Ms. Foltz provided MAGNET with the complete project budget, specifying the amount allocated to OSU (from which REDACTED drew salary) and the total for the rest of the line items, and instructed MAGNET to execute it accordingly. MAGNET had no discretion over whether REDACTED was engaged, at what compensation rate, or for what scope of work. Each of those decisions was made by ODOD, reviewed by NIST as part of the application, and approved prior to MAGNET's involvement as fiscal agent.

MAGNET did disclose the board relationship internally. Upon becoming aware of the potential conflict, MAGNET disclosed it to its Executive Committee and engaged counsel. Based on legal counsel analysis, at the time of entering the contract and currently, MAGNET does not believe there was a conflict of interest with OSU. MAGNET followed all of the procedures of its Board and ensured disinterested parties examined the relationship. As the contract was entirely directed by the State and approved by NIST-MEP, there was found to be no conflict of interest.

That conclusion is consistent with the factual record described above and with the governing principle underlying federal conflict of interest requirements: that conflicting relationships must not be permitted to influence award or procurement decisions. MAGNET made no award decision. ODOD made the decision, NIST approved it, and MAGNET executed what it was directed to execute.

MAGNET has in its possession the original ODOD application to NIST naming REDACTED, the approved project budget specifying the amount of payment to OSU (specifically the Ohio Manufacturing Institute at OSU), and the ODOD communications directing MAGNET's role as fiscal agent. MAGNET has provided most of these documents and is available to review them with OIG staff at any time prior to the issuance of the draft report. MAGNET respectfully requests the opportunity to do so, as it believes this documentary record does confirm that this finding, as directed at MAGNET, is not supported by the facts.

V. Request for Complete Listing of Questioned Costs with Regulatory Support

In addition to the program income itemization requested in Section II above, MAGNET respectfully requests that the OIG provide, prior to the issuance of the draft audit report, a complete and itemized schedule of all direct costs the OIG has questioned or intends to question under MAGNET's subawards. MAGNET understands from preliminary audit communications that the OIG has identified in excess of one million dollars in questioned direct costs. To prepare a complete and substantive response to those findings, MAGNET requires specificity that has not yet been provided.

Specifically, for each questioned cost item or category, MAGNET requests that the OIG identify the following:

1. The specific transaction(s) or cost category being questioned, including vendor name, transaction date, dollar amount, and the subaward and invoice period to which the cost was charged;

2. The specific regulatory or contractual basis for each unallowability determination, with citation to the applicable provision, including but not limited to the relevant section of 2 C.F.R.200, the NIST MEP General Terms and Conditions, the Department of Commerce Financial Assistance Standard Terms and Conditions, the NIST MEP Strategic Plan, or MAGNET's approved subaward budget;

3. Whether the OIG's determination is that the cost is unallowable on its face under an express regulatory prohibition, unallowable because it is inconsistent with the objectives and scope of the award, or unallowable for another stated reason, with the specific basis for each determination identified separately;

4. Whether the OIG has considered, and if so, how it has evaluated, any pre-approval or prior authorization obtained from ODOD or NIST with respect to the questioned cost; and

5. Whether the OIG's position is that the cost is wholly unallowable or only partially unallowable, and if the latter, the basis for the partial allowance determination and the dollar amount the OIG regards as unallowable.

This request is grounded in the fundamental principle of federal audit resolution that a recipient must have adequate notice of the specific factual and regulatory basis for any questioned cost to mount a meaningful response. A finding that costs are unallowable without identifying the specific regulatory authority for that conclusion does not provide MAGNET with a sufficient basis to respond and would risk producing a final audit report that rests on unallowability determinations that cannot withstand regulatory scrutiny.

MAGNET notes in this regard that many of the cost categories likely to be questioned, including outreach and marketing expenditures, conference and event costs, content creation, and media engagement activities, were undertaken in direct alignment with the objectives of the NIST MEP program and in response to explicit encouragement from NIST program staff. MAGNET is prepared to demonstrate, for each questioned cost category, both the regulatory basis for allowability and the connection between the expenditure and the award objectives, including through contemporaneous communications with NIST personnel. MAGNET reserves the right to present that evidence in full once it has received the itemized questioned cost schedule requested herein.

V. Reservation of Rights

Nothing in this letter constitutes an admission by MAGNET with respect to any finding addressed herein, including but not limited to any admission that any specific transaction constitutes program income, that any amount of program income or costs were improperly retained or expended, that any conflict of interest disclosure obligation attached to MAGNET, or that MAGNET is liable for any repayment to ODOD, NIST, or the federal government. MAGNET expressly reserves all rights to contest the classification, valuation, and proposed disposition of any program income identified in the OIG's draft or final audit report, and to present a complete factual and regulatory defense in accordance with the applicable audit resolution procedures.

MAGNET appreciates the OIG's continued engagement and looks forward to receiving the itemized schedules and items referenced above. Please direct any questions or the requested documentation to the undersigned at the contact information below. As it has been one month since MAGNET was told they should anticipate an exit interview, MAGNET will make itself available immediately to schedule a call to discuss logistics of this response process at the OIG's convenience. Because the suspension cannot be lifted until this report is published according to the suspension notice, every day of the report's further delay causes significant organizational harm.

Respectfully submitted,



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