

JOB CREATION GRANT PROGRAM

PROGRAM DESCRIPTION

The City of Medina established the Job Creation Grant Program to offer incentives to eligible businesses to establish or expand in the City of Medina and to create and retain jobs. The City may offer an eligible company an annual grant payment based on a percentage of the annual payroll withholding taxes generated from new employees to the City of Medina.

ALL JOB CREATION GRANT AGREEMENTS MUST BE COMPLETED PRIOR TO A COMPANY'S UNDERTAKING OF THE PROJECT. A company will lose its eligibility for the grant program if agreements for construction, leasing, or installation of machinery/equipment are finalized prior to completion of a Job Creation Grant Agreement with the City of Medina. Letters of intent must specify that agreements for construction, leasing, or installation of machinery/equipment are contingent upon completion of a Job Creation Grant Agreement. Commencement of a project prior to approval is done at the company's risk of rendering any such agreement invalid.

ELIGIBILITY

The program is available to businesses considering a location or expansion in any business district in the City of Medina.

Retail businesses are not eligible.

A company receiving Enterprise Zone tax abatement is not eligible for a Job Creation Grant for the same project.

A company not yet located in Medina must create within a 3 year period a minimum of 30 new full time or full time equivalent jobs to the City of Medina or a minimum payroll of \$750,000 new to the City of Medina.

A company already located in Medina and expanding at its current facility or expanding at a new facility in Medina must create within a 3 year period an additional 30 new full time or full time equivalent jobs or \$750,000 in new payroll, while maintaining its current employment workforce and payroll.

Upon approval of Council, the minimum job creation and new payroll requirements may be adjusted in keeping with economic conditions by an amendment to this Job Creation Grant Program.

APPLICATION PROCEDURES

Application forms are available from the Economic Development Director.

Upon submittal of a completed application to the Economic Development Director, the applicant will be contacted to meet with the Business Development Committee.

A quorum is required for an application meeting.

Approval of an application is made by a simple majority.

The approval of the application means that the applicant has met the preliminary terms of the grant and that an offer will be made to the applicant.

Offers will be made in writing to the applicant. The offer will be in the form of a percentage of the annual payroll withholding taxes generated from new employees to the City of Medina and the length of the grant in years (see “Grant Offer Guidelines” paragraph). Upon the company’s written acceptance of the offer, a legal agreement and accompanying legislation will be prepared for City Council’s approval.

An application fee of \$500, in the form of a check payable to the City of Medina, shall be submitted prior to City Council’s approval of the agreement. The fee is refundable if voted down or rescinded by either party.

The applicant may begin the project following City Council approval and execution of the agreement. Note that the project may still need building and zoning approval.

BUSINESS DEVELOPMENT COMMITTEE

The Business Development Committee is responsible for reviewing each application, for assuring that the application meets the guidelines as set forth in the Job Creation Grant Program, setting the annual percentage of the grant (see section titled “Grant Payments”) and for annually reviewing each approved grant for adherence to their agreement.

The Committee shall consist of the Mayor, the Economic Development Director, one (1) member representative from industry, one member (1) representative from finance, and one (1) member of Council appointed by the President of Council. The term of the members shall be four years.

GRANT OFFER GUIDELINES

The maximum grant will be for 10 years and will be based on payroll projections according to the following schedule:

<u>Payroll projected by end of Year 3</u>	<u>Length of grant</u>
\$750,000 to 2 million	5 years
\$2 million+ to 3 million	6 years
\$3 million+ to 5 million	7 years
\$5 million+ to 7 million	8 years
\$7 million+ to 10 million	9 years
\$10 million+	10 years

For companies currently operating in Medina, total payroll (existing + new) shall be used to determine the number of years of the grant.

If the company is leasing space, the number of years of the grant may be limited so as not to exceed the current lease term.

The annual percentage of the grant will be determined on a case-by-case basis by the Business Development Committee.

The grant agreement will be for a specific location. However, if a company has multiple locations in the City of Medina and total employment and payroll projections are met at any combination of locations in the City of Medina, the company will qualify for the grant payment.

GRANT PAYMENTS

Payment to the company will be made by June 30th of each year, based on the previous year's performance, provided that the company files its "Annual Reconciliation of City Income Tax Withheld - Form S-W3" by February 28th. If the company requests an extension to file the "Annual Reconciliation of City Income Tax Withheld - Form S-W3", the City will make payment within 3 months after the extended filing date. The tax form may be downloaded from the Central Collection Agency site, www.ccatax.ci.cleveland.oh.us.

If a company is not able to meet Year 1 projections due to a project start in the third or fourth quarter of the year, the first grant payment may occur in the year following the first full year of the project.

The amount of the grant will be calculated annually based on the company's performance in meeting its payroll and employment projections for the previous year. The grant will be awarded according to the schedule below:

<u>% of Payroll Projections Met</u>	<u>% of Grant Awarded</u>
90-100%	full grant
85-89%	reduce grant by 5% (Ex.: 40% grant reduced to 35%)
80-84%	reduce grant by 10% (Ex.: 40% grant reduced to 30%)
75-79%	reduce grant by 15%
Less than 75%	no grant for that year

The amount of the grant will be based on payroll taxes, according to the above schedule, and employment. The company must achieve at least 75% of the job creation projection for the previous year. If payroll is within the acceptable range, but employment is less than 75% of projection, no grant shall be awarded for that year.

If the company exceeds its payroll projections, the amount of new payroll used as the basis for determining the annual grant payment in any given year shall not exceed 25% above the maximum projection for the entire project.

For purposes of calculating the amount of the grant each year, exercised stock options will not be included in annual payroll.

TERMINATION OF AGREEMENT

The date by which Year 1 projections must be met will be specified in the agreement. If a project start or occupancy of a project facility is delayed, the company may send a written request to the Economic Development Director for a one year extension. The extension may be approved by the Economic Development Director with notice to the Business Development Committee. If the project does not proceed as specified in the agreement or within the one year

extension period, Council may rescind the agreement upon recommendation of the Business Development Committee.

If a company fails to meet 75% of its payroll **or** employment projections in three consecutive years at any time during the term of the agreement, City Council shall rescind the agreement, following an annual report by the Economic Development Director on the status of all agreements.

If a project or occupancy of a project facility begins in the 3rd or 4th quarter of the year and the company is not able to meet its Year 1 projections by December 31st of that year, Year 1 shall be considered the first full year of occupancy.

PAYBACK PROVISIONS

Each agreement will include a payback provision if the company leaves the City of Medina during the term of the agreement.

ANNUAL REPORTING

Upon the City's request and on forms provided by the City, companies must submit an annual Job Creation Grant report documenting employment, payroll and investment performance. This report will be requested annually following the February 28th deadline for submittal of "Reconciliation of City Income Tax Withheld - Form S-W3".

Annual performance reports will be reviewed by the Economic Development Director and Finance Director, with a report to the Business Development Committee and Council.

For every year that a company receives a grant, an annual monitoring fee of \$500 will be charged to the company.

PROGRAM FUNDING

Funding for the program will come from non-tax generated revenues, including but not limited to interest income, permit fees, services charges, activity fees, and tax incentive application and monitoring fees.