JOB CREATION GRANT PROGRAM INFORMATION

CITY OF HUDSON COMMUNITY DEVELOPMENT DEPARTMENT

PROGRAM DESCRIPTION

The City of Hudson Job Creation Grant Program offers incentives to eligible businesses to establish or expand operations within in the City and to create and retain jobs. The City may offer an eligible company an annual grant payment based on a percentage of annual new employee payroll taxes collected by the City of Hudson.

ELIGIBILITY

I. All Job Creation Grant Agreements must be completed prior to a company's undertaking of the project. A company will not be eligible for the grant program if agreements for land acquisition, construction, leasing, or installation of machinery/equipment are finalized prior to execution of a Job Creation Grant Agreement with the City of Hudson. Letters of intent must specify that agreements for land acquisition, construction, leasing, or installation of machinery/equipment are contingent upon execution of a Job Creation Grant Agreement. Commencement of a project prior to approval is done at the company's risk, unless specifically waived by Council.

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

III. Retail businesses are not eligible.

IV. A company receiving Enterprise Zone or Community Reinvestment Area (CRA) tax abatement is not eligible for a Job Creation Grant for the same project. Moreover, employees working in an Enterprise Zone or CRA (and their earnings) would not be included in calculations for determination of job creation grant program eligibility or payments, provided that the company is taking advantage of the aforementioned Enterprise Zone or CRA abatement.

V. A company not yet located in Hudson must create within a 3-year period a minimum annual payroll of $2,000,000 new to the City of Hudson.

VI. A company already located in Hudson and expanding at its current facility or expanding at a new facility must create within a 3-year period $2,000,000 in new annual payroll, while maintaining its current payroll. New annual payroll shall not include increased payroll due to annual salary increases, cost of living adjustments, salary schedule adjustments, stock options, etc.

APPLICATION PROCEDURES

I. Company submits Jobs Creation Grant application to the Economic Development Manager.

II. The Economic Development Manager will present the application to City Council in Executive Session at a regularly scheduled City Council Meeting (Workshops are not eligible for Executive Session). The applicant's information remains confidential as part of this closed meeting.

III. Based upon City Council's review, the Economic Development Manager will provide the proposed grant parameters in writing to the applicant.

IV. Upon the company's written acceptance of the recommended offer, a draft agreement and legislation will be prepared for City Council's approval. **Upon placement of an agreement on Council's agenda, information contained in the agreement and in the company's application is considered public record.**

V. A non-refundable application fee of $100, in the form of a check payable to the City of Hudson, is required prior to City Council approval of the agreement. The applicant may begin the project following City Council approval and execution of the agreement.

PLEASE ALLOW AT LEAST 6 WEEKS FOR PROCESSING AND APPROVAL OF APPLICATIONS.

GRANT OFFER GUIDELINES

The annual rate of the grant will be a minimum of 10% and a maximum of 50% of the new municipal income tax collected by the City of Hudson on the new annual payroll. The maximum grant term will be for 10 years and will be based on payroll projections according to the following schedule:

Payroll Projected by End of Year 3	Length of Grant
$ 2 million to 3 million	4 years
$ 3 million+ to 4 million	5 years
$ 4 million+ to 5 million	6 years
$ 5 million+ to 6 million	7 years
$ 6 million+ to 7 million	8 years
$ 7 million+ to 10 million	9 years
$ 10 million+	10 years

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

- The annual percentage will be recommended on a case-by-case basis by the Economic Development Incentive Committee which will make a recommendation to Council. Final approval of the grant will be made by Council.

- The grant agreement will be for a specific facility. However, if a company has multiple locations in the City of Hudson and business considerations require that new employees hired for the grant project be transferred to other facilities in the City of Hudson, those relocated positions may be included in meeting employment and payroll commitments, as long as the net new payroll increase requirement is met. However, employees transferred to another location in an Enterprise Zone or Community Reinvestment Area (CRA) will not be included for the purpose of meeting employment and payroll commitments, provided that the company is actually taking advantage of the aforementioned Enterprise Zone or CRA abatement.

- At City Council's discretion, the length of grant may be extended by one year for projects that incorporate one or more of the below sustainable components or a

comparable level of sustainable components. The Company must include this information in their initial application for the extension to be incorporated in the Job Creation Grant Agreement. The Company will be responsible for submitting evidence of completion and ongoing maintenance as part of the Annual Reporting. Sustainable projects remain in service at the project site throughout the duration of the grant period unless the equipment completes its useful life prior to that time.

There is a maximum one-year extension for sustainable project components, companies incorporating multiple items in the list below will only be eligible for one additional year of grant payments. Additionally, grant payments shall not exceed the lessor of $50,000 or the actual cost of project implementation net of any other grant or reimbursements for which the Company is seeking. As such, the Company must provide substantiation of project costs prior to payment. Approved, sustainable project components include the following:

- Installation of level two or level three EV charging stations with a minimum of four charging points.
- Installation of solar panels with a total production capacity of at least 200kW.
- Upgrading gas or diesel backup generators with battery storage and backup.
- Obtaining LEED certification on building.
- Installation of geothermal, air, or water heat pump system.
- Upgrading facility lighting from traditional bulbs to LED lighting
- Landfill diversion projects for food refuse for onsite food operations

GRANT PAYMENTS

To receive the grant payments, the company must file Form 17 Reconciliation of Return of Income Tax Withheld and Transmittal of W-2 Forms, due each year by February 28th, and an annual Job Creation Grant report (see below under "Annual Reporting").

Payment to the company will be made by June 30th of each year, based on the previous year's performance, provided that the company submits these reports timely. If the company requests an extension to file the "Reconciliation of Return of Income Tax Withheld – Form 17", the City will make payment within three months after the extended filing date. It is the responsibility of the company to inform the Economic Development Manager of an extended filing date.

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 will be considered the first full year of occupancy, and the first grant payment will occur in the year following the first full year of the project.

The funds to be used for the grant will be generated on a pro-rated basis from all units which receive income tax revenue.

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

% of Payroll Projections Met	% of Grant Awarded

90-100%	full grant
85-89%	reduce grant by 5 percentage points (Ex.: 40% grant reduced to 35%)
80-84%	reduce grant by 10 percentage points (Ex.: 40% grant reduced to 30%)
75-79%	reduce grant by 15 percentage points
Less than 75%	no grant for that year

The amount of the grant will be based on payroll taxes collected, according to the above schedule. The company must achieve at least 75% of the payroll projection for the previous year.

If the company exceeds its payroll projections, the new payroll used to determine the annual grant payment in any given year will not exceed 25% above the maximum projection for the term of the grant. For example, if a company's annual payroll was projected at $10 million but was $15 million in a year, the maximum allowable payroll amount used to determine the annual grant payment is capped at $12.5 million.

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

ANNUAL REPORTING

Upon the City's request and on forms provided by the City, the Company must submit an annual Job Creation Grant report documenting payroll and investment performance. This report will be requested annually following the February 28th deadline for submittal of "Reconciliation of Return of Income Tax Withheld – Form 17".

The company's annual Job Creation Grant report will be reviewed by the Economic Development Manager and Finance Director to ensure compliance with the terms of the agreement. Their findings will be submitted to the Economic Development Incentive Committee and City Council.

TERMINATION OF AGREEMENT

The date by which Year 1 projections must be met will be specified in the agreement. If a project start, completion or occupancy is delayed, the company may send a written request to the City of Hudson for a one-year extension. The extension may be granted by the Economic Development Manager after approval by the Economic Development Incentive Committee. If the project does not proceed as specified in the agreement or within the approved one year extension period, Council may rescind the agreement. If the project will proceed in the future and a Job Creation Grant is desired, the company must reapply for incentives.

If a company fails to meet 75% of its payroll in three consecutive years at any time during the term of the agreement, City Council may rescind the agreement and, if the agreement is rescinded, any amounts paid by the City to the business must be repaid.

PAYBACK PROVISIONS

Each agreement will include a payback provision requiring the company to reimburse the City of Hudson for 100% of grant money awarded if the company leaves the City of Hudson during the term of the agreement.

For more information about the Job Creation Grant Program, please contact the City of Hudson Economic Development Manager at (330) 342-1893.