

**EXHIBIT A**

**AMENDED 8-15-11**

**CITY OF TOLEDO**

**DEPARTMENT OF DEVELOPMENT**

**TOLEDO EXPANSION INCENTIVE (TEI) GUIDELINES**

**PURPOSE:** The purpose of this program is to provide significant incentives to attract and grow businesses in key SIC Codes and site locations within the city of Toledo. This program may be used in conjunction with other financing and incentive programs available through the federal government, state of Ohio, Toledo-Lucas County Port Authority, and/or any other city of Toledo economic development incentive program as provided for herein.

**ELIGIBLE APPLICANTS:** Any business entity currently located in or considering locating in whole or in part within prescribed areas of the city of Toledo whose payroll is expected to create significantly increased income tax receipts for the city of Toledo is eligible to apply for TEI grants. Grants will be awarded as a part of an overall plan to create jobs and enhance economic growth within the city of Toledo.

**APPLICATION PROCESS:** An applicant must complete and submit a TEI application to the Department of Development. Applications are available at the city of Toledo, Department of Development, One Government Center, Suite 2250, Toledo, Ohio 43604 or on the city's Web Site at [www.toledo.oh.gov](http://www.toledo.oh.gov).

**TEI AGREEMENT:** By agreement with the city, a grant will be awarded based upon actual growth in payroll income tax revenue retained by the city of Toledo over Expected Revenue Benchmarks as defined herein. A business which is primarily a manufacturing company and/or spends at least 15% of its yearly expenditures on product research and development activities may be eligible for larger grants.

**REVIEW COMMITTEE:** A five member TEI Advisory Review Committee, whose members are recommended by the Mayor and confirmed by City Council, will review all applications and forward its recommendation through the Department of Development to the Mayor for consideration. Commission membership must include the following: The city's Director of Development (ex-officio) or a designee; the city's Finance Director (ex-officio) or a designee; the applicant's representative within the city's Department of Development; and two (2) other individuals. All appointments, with the exception of the two (2) ex-officio positions, shall be for four (4) year terms or to fill any unexpired vacancies which may occur. Any member may be re-appointed by the Mayor to serve additional terms subject to the approval of Council.

**DETERMINATION OF GRANT AMOUNT PER AN AGREEMENT WITH THE CITY OF TOLEDO:** A grant awarded in any one calendar year shall be based upon the amount of growth of an applicant's municipal income taxes actually received and retained by the city during the previous calendar year above the Expected Revenue Benchmarks set forth in the TEI Agreement.

**PER THE TEI AGREEMENT:**

1. In TEI Zones designated as "Industrial" (Exhibits 6, 7, and 8), "Technology" (Exhibit 2), and "Downtown" (Exhibit 1) as defined in this Exhibit A, the grant awarded will be 30% of the growth of yearly municipal income taxes actually paid to and retained by the city based upon Expected Revenue Benchmarks as defined below and as set forth in the Agreement. Note that non-manufacturing companies which are located in "Industrial Zones" are only eligible for a 10% grant.
2. In TEI Zones designated as "Commercial," as defined in Exhibits 3, 4, 5, 9, and 10, the grant awarded will be 20% of the growth of yearly municipal income taxes actually paid to and retained by the city based upon Expected Revenue Benchmarks as set forth in the Agreement.
3. In all other areas of the city of Toledo, the grant awarded will be 10% of the growth of yearly municipal income taxes actually paid to and retained by the city based upon Expected Revenue Benchmarks as set forth in the Agreement.
4. An additional 10% grant will be awarded to an entity each year in which it spends at least 15% of its expenditures on product research and development activities.

An approved applicant currently located within the city will receive credit for only the net income taxes generated by those jobs which result from its expansion. The grant will be awarded during the calendar year following the first full calendar year after the expansion occurs. Approval is required in advance of the business commencing its expansion and will be memorialized by a TEI Agreement.

**EXPECTED REVENUE BENCHMARKS:** Benchmarks will be based upon an average of the company's most recent three years of municipal income taxes paid to and retained by the city of Toledo prior to the approved application date. These benchmarks will be set forth in the TEI Agreement and will not change based upon higher income taxes being received by the city during the term of the Agreement.

The three year average benchmark must exceed the total income tax paid for the year prior to the agreement year. If the three year average benchmark does not exceed the income tax paid in the year prior to the agreement then the prior year income tax paid (plus the amount necessary to receive a \$100 grant award) will be the benchmark.

Benchmarks for companies newly locating within the city of Toledo will be zero dollars (\$0) for each year during the term of the Agreement.

In the event a company relocates to an area of the city in which the typical grant percentage is lower than that in effect for the company's former location, the TEI Advisory Review Committee will make a recommendation regarding the applicant's grant percentage for its new location and

forward its recommendation to City Council who shall approve or reject it.

**TERM:** A TEI Agreement will be entered into for a fixed number of years, not to exceed 10 (ten), as memorialized in the TEI Agreement. A grant will only be awarded for those years in which payroll income tax revenue collected and retained by the city from the business' employees meet or exceed the benchmarks set forth in the TEI Agreement. Notwithstanding the immediately foregoing, grant cash awards for any one year shall only be awarded to companies in amounts of \$100.00 and greater.

**REPAYMENT OF GRANTS:** The entity will be required to repay a grant(s) if it moves into an ineligible area within three years of any such grant being awarded.

**ADDITIONAL REQUIREMENTS:**

1. An applicant must complete and submit an application form with proper documentation as required by the city of Toledo's Department of Development and the City of Toledo TEI Advisory Review Committee.

This application will include an affidavit by which the applicant permits the city of Toledo to access the applicant's income tax records under the control of the city's Taxation Division for purposes of verifying the applicant's yearly gross payroll and income tax payments made to and retained by the city.

To maintain its TEI Agreement current, a business must promptly provide all documentation requested by the city of Toledo each year which may include, but not be limited to, payroll numbers, amount of Toledo income withholding tax paid and any credits requested thereto, the number of existing employees and number of jobs created by its expansion. If a company fails to submit the documents requested by the city to analyze the magnitude of and to process the yearly reimbursement, the city of Toledo may deem the TEI Agreement to be null and void.

2. An applicant must be current on all federal, state and local taxes and assessments and comply with all rules and regulations related to other city of Toledo incentive programs, if applicable. Further, it must certify that it intends to fully comply therewith for the term of the TEI Agreement.
3. An applicant must certify that his/her business is in compliance with minimum compensation levels for all his/her employees involved in the project in accordance with Ordinance #577-00 and Toledo Municipal Code Sections 187.37 through 187.40, commonly known as the "Living Wage Ordinance."
4. Upon determination of eligibility, an applicant must sign a TEI Agreement with the city which will set forth the percentage for any grants, the term of the Agreement, the Expected Revenue Benchmarks, and any other terms and conditions which the applicant must abide by to receive and continue to receive grant payments under this program.
5. The TEI Program supersedes the Downtown Employment Incentive Program (DEIP.) That notwithstanding, entities currently in the DEIP will have the option of continuing in the DEIP for the then remaining term or canceling that agreement and entering into a TEI Agreement.

