



the city of choiceSM!

MENTOR INCENTIVE GRANT (MIG) GUIDELINES

A performance based incentive program to encourage business attraction & the retention of existing businesses which will result in increased income tax receipts for the City of Mentor and additional economic development within the community. This grant program was created to serve as an alternate to the Enterprise Zone program that provides for real & personal property tax abatement. The grant can be used in combination with the Community Reinvestment Area program, revolving loan program, MEACO SBA loans, or State loans and incentives.

A company must make an investment in building and/or machinery & equipment and create and maintain a payroll at an agreed upon level to receive the grant. The grant agreement will specify the starting payroll, estimated annual payroll increases, percentages used to calculate the grant, and the terms of the grant. The greater a company exceeds the initial payroll threshold, the more it benefits from the incentive grant. The grant can be for multiple years; the term will be determined by the level of investment being made. The grant itself is not a refund or rebate of any taxes collected by the city; grants are from non-tax city revenues.

TERM OF GRANT

In order to qualify, an *existing Mentor company* must propose a level of investment (see Table 1) consisting of an extended or new property lease, real property investment, and personal property investment linked to new job creation. A *company relocating* to Mentor must demonstrate a similar level of investment and job creation. The term of the grant is based upon the level of initial investment and job creation. Terms can range from three to ten years.

Table 1

<u>Investment</u>	<u>Factors</u>
Real Property	Value of building (land value excluded)
Property Lease	Term and value of lease, value of leasehold improvements (note: term of grant not to exceed leased term)
Personal Property	Value of new or relocated M&E, additional immediate investment, and inventory

<u>Value of Investment</u>	<u>Term of Grant</u>
\$ 500,000	3 years
\$ 750,000	4 years
\$1,000,000	5 years
\$1,500,000	6 years
\$2,000,000	7 years
\$2,500,000	8 years
\$3,000,000	9 years
\$4,000,000	10 years

AMOUNT OF GRANT

The amount of the grant is determined by the company's initial payroll resulting from the project.

<u>Payroll</u>	<u>Grant Amount</u>
\$525,000 - \$876,000	0.2% of payroll / 10%
\$876,001 - \$1,750,000	0.4% of payroll / 20%
\$1,750,001 - \$2,625,000	0.6% of payroll / 30%
\$2,625,001 - \$3,500,000	0.8% of payroll / 40%
\$3,500,001 - +	1.0% of payroll / 50%

TERMINATION PROVISION (claw-back)

An initial payroll number is agreed upon as the starting threshold of the grant. Should the company fail to achieve the threshold as determined by the Director of Finance, the grant is subject to renegotiations or cancellation.

FOR ADDITIONAL INFORMATION CONTACT:

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