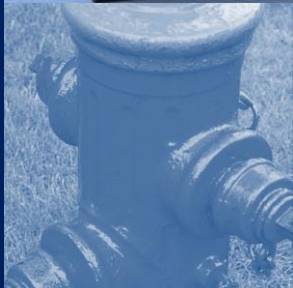


Ada Quality Jobs Program

2009 Guidelines



Ada Jobs Foundation
209 West Main
Ada, OK 74820



(580) 235-0070 phone
(580) 332-3265 fax
www.AdaWorks.org

The Ada Quality Jobs Program cash back incentive gives qualifying enrolled companies regular (quarterly or annual) rebates for newly created taxable payroll for five years. The program is modeled after the state program which has enrolled over 500 companies who have received over \$500 million in Oklahoma wage tax rebates. Ada residents passed a quarter cent sales tax dedicated toward economic development in 1998 and have reauthorized it through 2013.

A fully executed contract, with the Ada Public Works Authority, must be in place before any new jobs can be counted toward the new taxable payroll and a new contract is signed for relocating.

Threshold Requirements

The following requirements must be met before an applicant will be reviewed:

- **Basic Industry:** All applicants must be within a qualifying basic industry in order to receive benefits (see Attachment A for ineligible industries). Regardless of a company's overall North American Industry Classification System number (NAICS No.), the activities and functions of new direct jobs must be within a qualifying basic industry.
- **Employment Threshold:** To be eligible, a company must locate operations into the Ada area or increase employment at their existing Ada facility. The Ada area is regarded as a 10 mile radius around the intersection of Main and Broadway. The company must create 10 or more *new* jobs in order to qualify. The activities and functions for which these jobs are being created must not have existed during the previous 6 months. Qualified companies will have 24 months to reach these job creation requirements.
- **Payroll Threshold:** A qualified company must pay (direct, taxable wages) to the employees included in the application an average of 100% of the average county wage where the project is located. The Ada Jobs Foundation website provides the updated average county wage. While a company has two years to ramp up to the total payroll threshold, they must meet the average wage requirement quarter by quarter. New jobs and wages are tracked beginning with the first quarter after the company enters the program. These new positions must be located within the local facility.
- **Health Insurance Coverage:** All businesses must offer basic health insurance coverage to employees that are part of the job creation requirement. Employees must pay no more than 50% of the premium cost. All employees working 30 hours or more per week must be offered this insurance. The company has 3 months to institute a qualified basic health insurance coverage policy, and employees must be allowed access to the coverage within 3 months of employment.
- **Membership in Ada Jobs Foundation:** Every industry receiving Proposition Two funds must maintain membership in the Ada Jobs Foundation for the duration of their agreement. The membership level will be determined by the number of full time employees at the local operation. The sliding membership scale is provided as Attachment B.

Additional Opportunities

The Ada Jobs Foundation encourages businesses to offer opportunities to their employees ensuring their long-term success and prosperity. Encouraged business behaviors will receive additional incentives above the base requirements. Below are the additional considerations:

- The Ada community has identified target markets that are closely aligned with the assets of the community. Businesses that fall within the categories will receive a **5% bonus** on the overall incentive. Target markets include Public Safety/Homeland Security, Water, and Education.
- The health and financial security of the Ada community is important to the Ada Jobs Foundation. If a resident is healthy and financially secure during retirement, then the social burden on the community for services is reduced. The foundation encourages all employers to offer the following employee benefits: dental care, paid leave (sick and vacation), and a joint employee/employer paid retirement plan. A **1% bonus** will be provided to businesses offering each of the three employee benefits listed above for a maximum of 3% total, if all three are provided.

Example of Proposition Two Incentives for “Company A” relocating to Ada:

Incentive Rebate for 100 FTE @ \$1,000 per FTE	\$100,000
Target Market Industry (5% bonus)	\$5,000
Dental Care (1% bonus)	\$1,000
Sick and Vacation Leave (1% bonus)	\$1,000
401K Retirement Plan (1% bonus)	<u>\$1,000</u>
Grand Total Incentive Offer	\$108,000

Evaluation Criteria

The Ada Jobs Foundation understands that a well rounded economic development plan includes a diverse group of industry and businesses in a community. In addition to manufacturing, Proposition Two incentives are available for other industry sectors. The following is a list of additional criteria that each sector must meet in order to qualify for incentive funds.

- **Service Sector:** 80% of revenues must be derived from transactions originating outside Pontotoc County.
- **Research and Development:** The conducting of research, development or testing for scientific, medical, food product or industrial purposes.
- **Warehousing and Distribution:** Majority of goods stored/shipped must be destined for end-users located outside Pontotoc County.
- **Tourism:** Attractions and events considered likely to attract at least 80% of attendees from outside Pontotoc County.
- **Corporate Headquarters:** May include “back office” operations and customer service activities, but shall not include out-bound call centers. Majority of revenues must be derived from transactions originating outside Pontotoc County.

- **Transportation:** Freight or passenger transportation services. Majority of revenue must be derived from interstate commerce/travel and only office staff count toward the number of full time employees.
- **Medical Services:** Regional specialty hospitals considered likely to attract at least 80% of patients from outside Pontotoc County.

Program Qualifications

Prospective employers must provide responses to all application form questions and satisfy all documentation requirements. An original must be signed by a representative of the company and submitted to the Ada Public Works Authority prior to hiring any new employees whose payroll will be claimed for benefits. Ada Jobs Foundation staff will assist with this process.

- **OES-3 Reports:** OES-3 reports are filed with the Oklahoma Employment Security Commission each quarter. The reports list the number of employees on the payroll of a business as of the 12th of each month during a calendar quarter and the dollar amount of payroll for those employees during that time period. Along with the Application, the most recent four quarterly reports must be provided. The average number of employees, for the three months reported on each of the four quarterly summary reports, should be the figures used on the Application.
- **New Hire Summary:** Applications must include a break-down of the proposed new hires by job title and average wage for both first and third year. The owner(s) or primary share holder(s) should not be included in the employment figures. Only eligible new direct jobs and average taxable wages should be used in the calculation. Even though jobs may be projected for a total of five years, just the 3rd year projected average wage is shown on the application and used to base benefits on.
- **Major Medical Employee Health Plan:** Along with the Application, a current copy of the company's health benefits plan must be included. A statement, indicating the percentage paid for the employee's portion of the plan, the waiting period before the plan is offered, and the number of hours worked per week to be eligible for the coverage should be attached. Additionally, applicants are required to indicate that some coverage for basic hospital care, physician care, mental health care, substance abuse treatment, maternity coverage, prenatal care and prescription drugs is provided.
- **Company Background:** At a minimum, company background information must consist of product/service descriptions, a projected growth explanation, a listing of other locations, a corporate family organizational chart, annual sales figures and investment projections (see Attachment C). This information, used as an indication of a company's preparedness to create the new jobs projected, will be kept confidential.

Approval Process

Once an Application is submitted to the Ada Jobs Foundation with the required documentation, program administrators will verify eligibility and prepare a final cost/benefit analysis to determine the per employee payroll that will be rebated and a maximum amount for the applicant's project. The

information is then presented to Ada Jobs Foundation Board of Directors who makes a recommendation, for approval or denial, to the Ada Public Works Authority.

Once approved, an incentive offer, in contractual form, is issued to the company for acceptance. A corporate official, who is authorized to bind the company contractually, must sign the contract. At this point, only the company's name, location, number of projected new jobs, NAICS number, benefit rate and maximum benefit amount become public information.

All approved companies must be registered to do business in Oklahoma and in good standing with the Secretary of State's Office, Oklahoma Tax Commission, and Oklahoma Employment Security Commission.

Claims for Payment

Unless otherwise stated in the Performance Agreement, claims are made quarterly for the duration of the contracts life. If qualification thresholds are met, the company may continue filing and receive payments so long as all criteria are met each quarter. If threshold requirements are not met, the company will not receive payments for that period of time. Ada Jobs Foundation staff will recommend payment to the Ada Public Works Authority upon reviewing the employment numbers.

Outside Considerations

The Ada Jobs Foundation reserves the ability to consider proposals based on non-employment factors (i.e. capital investment).

Attachment A: Ineligible NAICS Codes

The Ada Jobs Foundation and the Ada Public Works Authority reserve the right to modify or refine the list of ineligible industries.

11 Agriculture, forestry, fishing and hunting

3116 Animal Slaughtering and Processing

44 – 45 Retail Trade

532 Rental and Leasing Services

5312 Offices of Real Estate Agents and Brokers

533 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)

6111 Elementary and Secondary Schools

6112 Junior Colleges

7115 Independent Artists, Writers, and Performers

7132 Gambling Industries

721 Accommodation

722 Food Services and Drinking Places

811 Repair and Maintenance

812 Personal and Laundry Services

813 Religious, Grantmaking, Civic, Professional, and Similar Organizations

814 Private Households

923 Administration of Human Resource Programs

925 Administration of Housing Programs, Urban Planning, and Community Development

926 Administration of Economic Programs

Attachment B: Membership Scale

Membership in the Ada Jobs Foundation is \$225 annually per voting privilege.

Full time employee equivalency	Membership Level	Annual Cost
Less than 20 employees	One Share	\$225
20 – 89 employees	One Share per 10 employees	\$225 per 10 employees
90 – 249 employees	Ten Shares	\$2,250
Greater than 250 employees	Ten Shares and Charitable contribution	\$6,000

Attachment C: Company Background

Please provide the following information related to the Small Employer Quality Jobs Program applicant. Additional pages may be submitted.

1. Describe the company's line(s) of business.
2. Outline the reason for expansion or new lines of business and projected growth.
3. List other locations within and outside Oklahoma.
4. Provide most current fiscal year sales and anticipated growth.
5. Furnish new investment projections applicable to current project.
6. Attach a corporate (not employees) organizational chart, including ownership percentages, of the applicant's corporate family (if applicable).