

Project: The Sherwin-Williams Company

Project Location: Public Square/W.3rd/W. 6th

Ward/Councilperson: Ward 3/ Councilman Kerry McCormack

City Assistance: ORC 5709.41 TIF (Non-School)
Economic Development Construction Grant (\$13,500,000)
Job Creation Incentive Grant (Up to \$11,500,000)

Project Background

The Sherwin-Williams Company was founded in Cleveland in 1866. It is a global leader in the manufacture, distribution, and sale of paints, coating and related products. Sherwin-Williams manufactures products under a number of well-known brands marketed through its network of over 4,900 company-owned stores and facilities, as well as through mass merchandisers, home centers, hardware stores, paint dealers, automotive retailers, and industrial distributors. The Sherwin-Williams Performance Coatings Group supplies a broad range of highly-engineered solutions for construction, industrial, packaging and transportation markets in more than 120 countries.

In September 2019, the Company announced that it was conducting a nationwide search for a new location for its global headquarter operations, currently located at the Landmark Office Tower, as well as a consolidated R&D facility, currently located at multiple sites throughout the country. The search was covered nationally, with prominent coverage in Dallas and Atlanta marking those cities as potential locations. The new global headquarters will be a modern facility designed to meet the Company's long-term future growth needs.

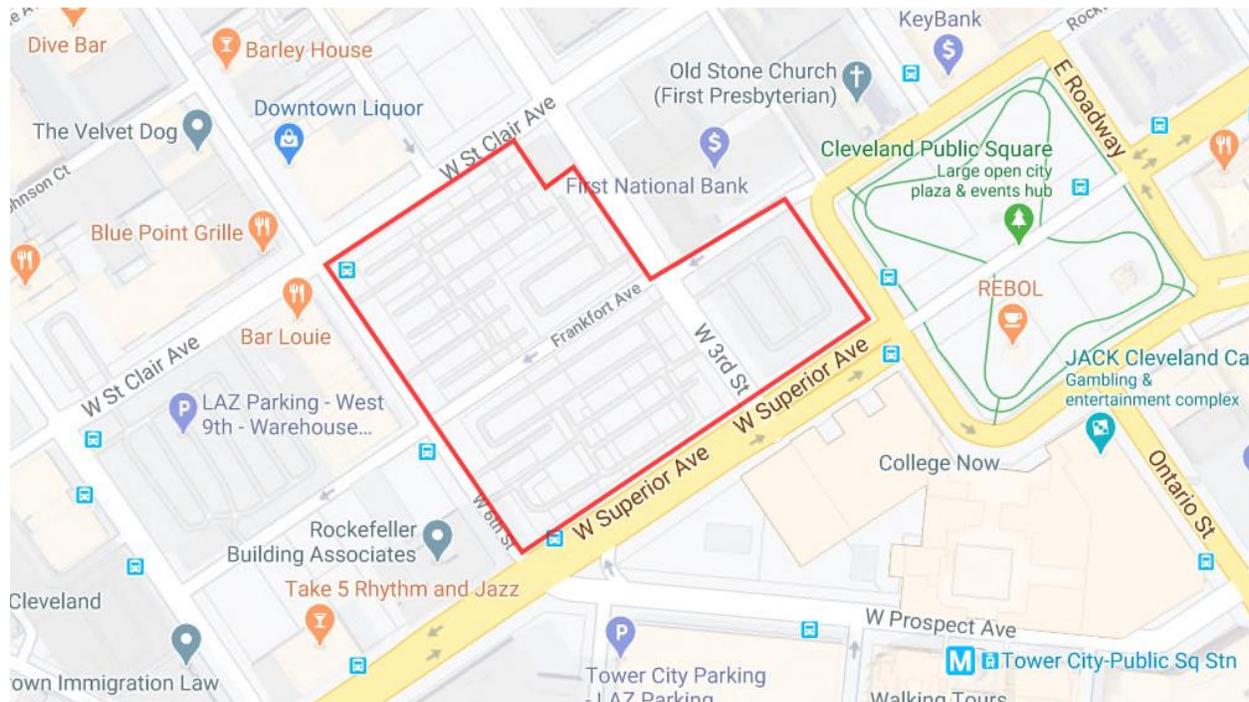
The Company employs full-time equivalent 3,138 employees in Cleveland, at multiple sites, with a payroll of \$347,219,356, generating an income tax of \$8,680,483 for the City.

Project Description

The Company has conditionally determined to construct its new Headquarters at the Project Site. The on-site investment is anticipated to be over \$300,000,000 and consist of a 1,000,000+ SF Class-A office facility.

The Company is currently undertaking due diligence and preliminary design work for the project. Construction on the site is anticipated to begin in 2021 with the project completed by 2025, although the timeline is preliminary at this time.

Project Site



Proposed City Assistance

In order to facilitate the company's growth in Cleveland, the City would provide the following incentives:

30-Year, Non-School TIF

The City would provide a 30-Year, Non-School TIF for the project site. The non-school portion of the TIF is approximately 40% of the total property tax value, at the current rates. The value of the building will depend on the final building design.

Economic Development Construction Grant

The City would provide a grant of up to \$13,500,000 in order to support the construction of the project. The grant funds would help to offset some of the costs of the \$300,000,000 total development on the site, including sitework, foundations, and construction.

The grant would require the Company to retain 3,138 jobs and associated payroll, generating \$8,680,483 in annual income tax, in Cleveland for ten years.

Job Creation Incentive Grant

The City would provide a grant equal to 50% of the new income taxes generated by employment in the City of Cleveland for fifteen years, up to a maximum of \$11,500,000. Funds would be appropriated annually and paid to the Company in the spring, based on submitted actual jobs and payroll at the end of each year.

The Company currently projects the net creation of 140 jobs at the new Headquarters site, with an additional payroll of \$12,530,000. This projection would lead to an annual grant of \$156,625 and a

total of \$2,349,375 over the term. However, the Company is still fairly early in determining their programming, so there is an opportunity for additional growth as they plan for their future.

Economic Impact

Retention of at-risk 3,138 jobs in Cleveland, with the creation of an additional 140+ jobs

Retention of at-risk \$8,680,483 in annual employment income tax and creation of an additional \$313,250 in annual employment income tax

Over \$300,000,000 in construction, with associated construction jobs.

Generation of significant property tax revenues for CMSD – Preliminary estimate is over \$4,000,000 annually.

Development & elimination of several long-term vacant parking lots

Community Benefits

Chapter 187 (MBE/FBE/CSB) Applies

Chapter 188 (Fannie Lewis – Cleveland Resident Employment Law) Applies

The Company will execute a Workforce Development Agreement

The Company will pay prevailing wages on construction