

**ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083**

FOR A SALES TAX PARTICIPATION AGREEMENT

BY AND BETWEEN

CITY OF BEAUMONT

AND

**WOLVERINE WORLD WIDE, INC., a Delaware Corporation
by and through its wholly owned indirect subsidiary,
WOLVERINE DISTRIBUTION, INC., a Delaware Corporation**

Pursuant to Government Code Section 53083, the City Council of the City of Beaumont must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public, both at City Hall and through the City's website, regarding a proposed economic development subsidy to be provided by the City pursuant to a Sales Tax Participation Agreement by and between the City of Beaumont and Wolverine Distribution, Inc. ("Agreement"). Notice was published in the local newspaper for a public hearing to be held on May 17, 2016. The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Agreement. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in number 2 below.

1. Name and address of all corporations that are a beneficiary of the economic development subsidy.

Wolverine World Wide, Inc.
9341 Courtland Drive NE
Rockford MI 49351

By and through Wolverine Distribution, Inc.
9341 Courtland Drive NE
Rockford MI 49351

2. The Start and end dates and schedule, if applicable, for the economic development subsidy.

Term. The Agreement shall commence upon execution by the City of Beaumont “City” and Wolverine Distribution, Inc. “Business” and, unless sooner terminated pursuant to Section 7 of the Agreement, shall expire on the earlier of (i) the date that is twenty-five (25) years after Business opens for business on the Property, (ii) the date Business ceases operations in Beaumont or (iii) the date on which City has fully paid the maximum payment amount as provided for in the agreement (without interest) to Business.

The maximum payment amount to Business shall be an amount equal to 1.79 % of the total (i) direct and indirect cost of the Property, plus (ii) the total direct and indirect cost of construction of the Building, plus (iii) the total direct and indirect cost of installing fixtures in the Building.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or the revenue lost to, the local agency as a result of the economic development subsidy.

The Sales Tax Participation Agreement provides for the following breakdown of sales tax sharing between the City and the Business:

Sales Tax Received	First \$100,000	\$100,001 to \$200,000	\$200,001 to \$300,000	Above \$300,000
Percent Payable to City/Business	100% / 0%	50% / 50%	40% / 60%	30% / 70%

Due to the fact the Business is not currently open and operating in the City, it is difficult to determine the projected sales tax revenue the City will receive from the Business, and therefore it is difficult to determine the amount of sales tax that will be provided to the Business pursuant to the Agreement. If the Business does not generate taxable sales that result in sales tax received by the City there will be no sales tax sharing pursuant to this agreement.

A hypothetical example has been provided to depict how the Agreement functions.

Example: The total Sales Tax received by City, during a Fiscal Year is four hundred and fifty eight thousand and No/100 Dollars (\$458,000). City shall retain the first \$100,000 of sales tax proceeds. The \$100,000 in sales tax proceeds representing the proceeds between \$100,000 and \$200,000 are to be split 50/50 between City and Business. The \$100,000 in sales tax proceeds representing the proceeds between \$200,000 and

\$300,000 are to be split 40/60 between City and Business. The \$158,000, which represents the sales tax proceeds above \$300,000 are to be split 30/70 between City and Business respectively – i.e., City would retain \$47,400 and Business would be paid \$110,600. The total sales tax proceeds from this example year would result in City retaining \$237,400 and a payment made to Business in the amount of \$220,600.

Sales Tax Received	\$458,000	First \$100,000	\$100,001 to \$200,000	\$200,001 to \$300,000	Above \$300,000
Amount in range	Total for year	\$100,000	\$100,000	\$100,000	\$158,000
City Share	\$237,400	\$100,000	\$50,000	\$40,000	\$47,400
Business Share	\$220,600	0	\$50,000	\$60,000	\$110,600
Percent Payable to City/Business	N/A	100% / 0%	50% / 50%	40% / 60%	30% / 70%

To date, the amount of the expenditure of public funds, or the revenue lost to the City of Beaumont is zero (\$0) dollars. Per the Agreement, revenue sharing occurs when the business has exceeded the \$100,000 local agency sales tax revenue in a year. This threshold has not been exceeded, thus revenue sharing has not occurred to date.

4. A statement of public purposes for the economic development subsidy.

The logistics industry serves as an invaluable anchor for the Inland Empire economy. The increase in volume of trade in Southern California customs districts has created stronger demands for logistics services and also point-of-sale distribution facilities for online sales. The logistics industry in the Inland Empire has expanded over the past few decades and significantly enhanced the regional economy through improved productivity and higher wages. Industrial developments, especially online sale facilities, provide long term economic benefits for the Cities where they are located, as well as their surrounding area.

Wolverine Worldwide is a global footwear manufacturer with 12 different brands. The subsidy is offered as an incentive to attract the business to the community and to maintain a level of diversity in the City sales tax base.

5. The projected tax revenue to the local agency as a result of the economic development subsidy.

Due to the fact the Business is not currently open and operating in the City, it is difficult to determine the projected sales tax revenue the City will receive from the Business.

The projected Property Tax revenue received by the City by the project is anticipated to be in the range of \$55,000 per year.

6. The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

Full Time: Ninety nine (99)

Part Time: Zero (0)

Temporary: Eighteen (18)

7. The net tax revenue accruing to the local agency as a result of the economic development subsidy.

The actual sales tax revenue the City has received from the business is as follows:

2016-17: \$617

2017-18: \$21,673

2018-19: \$40,455

2019-20: \$67,422

2020-21: \$16,961 (this only represents 3rd Quarter Sales)

Sales Tax Total: \$147,128

The actual property tax revenue received by the City from this business is as follows:

2016-17: \$11,563.56

2017-18: \$31,625.51

2018-19: \$45,057.20 + \$20,819.38 unsecured property taxes

2019-20: \$45,535.15 + \$20,271.01 unsecured property taxes

2020-21: \$46,445.86 + \$19,874.20 unsecured property taxes

Property Tax Total: \$241,191.87

Total Revenue Received by City: \$388,319.87

8. The net number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

The following are the actual job numbers as of January 2021:

Full-time Jobs: One Hundred Fifty (150)

Part-time Jobs: Zero (0)

Temporary Positions: Two (2)