City of

CLEVELAND

ECONOMIC DEVELOPMENT

COMMITTEE OF THE WHOLE:
OSWALD
JUNE 3, 2024

OSWALD

Attendees: Arun Kottha-General Counsel

                                       Jessica Jung-President

Project Location: 950 Main Avenue

Ward/Councilperson: 3/Kerry McCormack

Legislation Request:

Enter into the following agreements with Oswald:
- $556,675 Job Creation Income Tax Incentive
- $1,000,000 ED Grant

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OSWALD

- Founded in 1893, Cleveland-based and employee-owned, The James B. Oswald Company (Oswald) is the 39th largest independent insurance brokerage and risk management firm.

- Oswald meets the needs of their clients through eight regional office locations located in Cleveland, Akron, Canton, Cincinnati, Columbus, Detroit, Toledo and Pittsburgh.

- Oswald, in 2013, leased about 80,000 square feet on the 12th, 13th, 14th and 15th floors and first-floor conference space at the 51-year old, 21-story building that bears its name, Oswald Centre located at 1100 Superior Ave. Oswald's lease wasn't due to expire until 2026, but their existing building was in financial trouble and the growing insurance company needed more space.

- Oswald has entered into a 12-year lease agreement to move its headquarters to a larger space at the former Ernst & Young Tower (E&Y) on the East Bank of the Flats located at 950 Main Avenue, Cleveland, OH 44114 (Project Site).

- Oswald will occupy approximately 88,000 square feet of space in the former E&Y Tower, including the first floor conference room, 14th, 15th and 18th floor of the 23-story, 480,000 square foot office tower. The former E&Y tower remains as one of Downtown's newest office properties and as one of only two considered to be trophy class-Key Tower being the other.

- The project will create approximately 88 full-time equivalent, W-2 jobs at the Project Site with an estimated payroll of $10,900,000 and retain 320 full-time equivalent, W-2 jobs with a base payroll of $39,000,000.

- Approximately $975,000 new annual income taxes will be generated.

- The space requires upgrading security systems, audio visual/paging systems, network system cabling, emergency power system, graphics/interior signage, soundmasking, and purchasing and installing furniture & equipment.

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JOB CREATION INCOME TAX credit program (JCIT)

- Provides a **50% TAX CREDIT** on all payroll taxes for a period of 5 years for companies that create at least 50 new jobs in the City of Cleveland.

YEAR	ANTICIPATED NEW JOBS	ANTICIPATED NEW PAYROLL	CREDIT % OF PAYROLL	ESTIMATED CREDIT
2024	50	$6,193,181	1.25%	$77,414
2025	65	$8,051,136	1.25%	$100,639
2026	75	$9,289,772	1.25%	$116,122
2027	88	$10,900,000	1.25%	$136,250
2028	88	$10,900,000	1.25%	$136,250
TOTAL	**88**	**$10,900,000**	**1.25%**	**$566,675**

ED GRANT

- Provide $1,000,000 ED Grant to assist with renovation of the office space

Estimated Sources		Estimated Uses	
State of Ohio Grant	$500,000	Hard Costs	$7,000,000
ED Grant	$1,000,000	M&E	$2,208,000
Equity	$9,367,266	Soft Costs	$1,659,266
Total Sources	$10,867,266	Total Uses	$10,867,266

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OSWALD—COMMUNITY BENEFITS

- OSWALD WILL PARTICIPATE IN AN APPRENTICESHIP PROGRAM AND COMMIT TO AT LEAST TWO (2) APPRENTICES.

- OSWALD WILL PROVIDE INTERNSHIP OPPORTUNITIES FOR NORTHEAST OHIO COLLEGE STUDENTS THAT ARE CITY OF CLEVELAND RESIDENTS TO WORK AND LEARN THE BUSINESS OF INSURANCE. TWO (2) CLEVELAND RESIDENT STUDENTS WILL PARTICIPATE IN THE COHORT STARTING SUMMER 2025.

- OSWALD WILL MEET WITH COMMUNITY STAKEHOLDERS AT LEAST THREE (3) TIMES OVER THE COURSE OF THE DEVELOPMENT PROJECT INCLUDING: DURING THE PROJECT DESIGN PHASE, DURING CONSTRUCTION AND AFTER CONSTRUCTION.

- OSWALD WILL PROVIDE A TOTAL OF THREE (3) PUBLIC OR PRIVATE SESSIONS TO SMALL, CLEVELAND BUSINESSES IN THE NUANCES OF INSURANCE AND RISK MANAGEMENT FOR CONSTRUCTION COMPANIES TO HELP BUILD THE KNOWLEDGE BASE ON INSURANCE, BONDING, RISK MANAGEMENT AND CONSTRUCTION MANAGEMENT FROM SUBJECT MATTER EXPERTS.

- OSWALD WILL EXCEED COMBINED MBE/FBE/CSB GOALS BY $500K OF ADDITIONAL PARTICIPATION (CONTINGENT UPON OEO CONFIRMATION OF PROJECT COMPONENTS SUBJECT TO OEO REQUIREMENTS).

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