

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

ORDINANCE NO: 1353-18

Project Name: Medical Mutual HQ – Rose Building
Recipient: Medical Mutual of Ohio
Project Site: Rose Building & Annex– E. 9th & Prospect
Ward/Councilperson: 3, Councilman McCormack
City Assistance: \$1,000,000

Project Description:

Medical Mutual of Ohio has been headquartered at the historic Rose Building, 2060 E. 9th Street, and its Annex, 823 Prospect Avenue, since 1947. The Rose Building was originally built in 1902 and is the oldest standing office building in Downtown Cleveland.

The former owner of the Rose Building, then MMO's landlord, defaulted on its mortgage and a foreclosure was initiated in 2016. MMO purchased the building from a receiver in Fall 2017. Similarly, they leased a large office space in suburban Cleveland for the consolidation of a number of its suburban and regional operations. As part of the consolidation, they are re-orienting their employee deployment; consolidating headquarters employees in downtown while locating operations in their new suburban complex.

Due to the former landlord's ownership, the building has not been substantially renovated for several decades. As a result, the building requires an extensive amount of investment to upgrade building systems and update the office spaces to a modern layout.

Company Background

Medical Mutual of Ohio is one of the largest employers in downtown and largest insurers in the State of Ohio. They are a leading corporate citizen that provides significant support for the Cleveland civic sector.

Project Summary

Over the next ten years, Medical Mutual anticipates investing approximately \$12 Million in a phased redevelopment of the Rose Building and Annex. The City's funding will help to support their programming to significantly upgrade the buildings, including but not limited to:

- upgrade elevator equipment and cabs,
- add boiler plant, convert HVAC to VAV box system,
- general renovations, including FF&E, carpet and paint throughout.

Proposed City Assistance

\$1,000,000 Loan

Term: 20 Years

Rate: 0% for years 1-10; 3% for years 11-20

Deferral: Principal & Interest deferred until after year 10, then amortize over years 11-20

The Loan will be forgivable after 10 years if MMO maintains an annual average job count and payroll in accordance with the following schedule:

JOBS	PAYROLL	FORGIVENESS
900	\$100,000,000	100%
720-899	\$80,000,000-99,999,999	Pro-rata
<720	<\$80,000,000	None

If all or a portion of the loan is not forgiven at the end of the Year 10, MMO can prepay the loan in full without a pre-payment penalty.

Economic Impact

The investment will maintain MMO's Headquarters operations in Cleveland for the long-term and revitalize an historic building and important corner of the city. As a result of the capital investment made in the buildings, MMO will maintain its executive headquarters and related payroll in Cleveland.

City Requirements

- Chapter 187 (MBE/FBE/CSB) Applies
- Chapter 188 (Fannie Lewis) Applies
- Workforce Development Agreement Required