

September 1, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager *UW, Act for PBM* **202102649**

Subject: **EMERGENCY ORDINANCE – APPROVING A JOB CREATION TAX CREDIT AGREEMENT WITH STARSTONE US INTERMEDIARIES**

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the execution of a Job Creation Tax Credit Agreement with Starstone US Intermediaries, Inc., pursuant to which the company agrees to create 55 new jobs at 201 E. Fifth Street in downtown Cincinnati and, for a period of 4 years, the City agrees to provide an income tax credit equal to 35% of City income tax revenue from such new jobs.

BACKGROUND/CURRENT CONDITIONS

Starstone US Intermediaries, Inc. is a New Jersey-based specialty insurance company that is considering a relocation of its headquarters to the City of Cincinnati. The Company submitted a financial assistance application to the Department of Community & Economic Development, specifically requesting a Job Creation Tax Credit incentive for their relocation and job creation project.

COMPANY INFORMATION

Starstone US Intermediaries, Inc., a subsidiary of Core Specialty Insurance Holdings, is a specialty insurance company focusing on niche markets & product offerings like agriculture, directors & officers, marine, real property, excess casualty, and healthcare professional insurance.

PROJECT DESCRIPTION

The Company will be relocating its headquarters from New Jersey to the City of Cincinnati, and more specifically to 201 E. Fifth Street in the Central Business District. Through the project, the Company has agreed to relocate 15 existing employees and \$3,460,000 in annual payroll to Cincinnati and create a minimum of 40 new full-time employees and \$4,500,000 in annual payroll within the next three years. The new hires will serve a variety of functions for the business, including accounting, underwriting, human resources, information technology, and other administrative roles. The Company will be leasing office space at The Company has also committed to investing a minimum of \$425,000 into their office space by or before the end of 2023.

PROPOSED INCENTIVE

The Administration is recommending a 4-year, annual refundable job creation tax credit (JCTC-R) in the amount of \$30,000 or 35% of any new City income tax, whichever is less. The Company will be required to retain the newly created jobs for a total of eight years. The credit term will commence in either 2022 or 2023, at the option of the Company.

The reason for providing the payroll tax incentive is that the project provides an advantageous return on investment for the City. In addition, the incentive will require the Company to maintain an operation within the City beyond the expiration of their initial lease in 2023.

Estimated Total Term JCTC-R Value to Company:	\$113,400
Estimated Total Term New Payroll Tax Revenue:	\$945,648
Incentive Leverage per Dollar of City Investment:	\$8.34

PROJECT TEAM & TIMELINE

The project's legislative team (listed below) is available to answer questions regarding this project.

- Assistant City Manager: Billy Weber (Ext. 3318)
- DCED Director: Markiea Carter (Ext. 1953)
- Project Attorney: Kaitlyn Geiger (Ext. 4544)

The anticipated council timeline is as follows:

- September 1, 2021: Introduction to City Council
- September 7, 2021: Budget and Finance (#1)
- September 13, 2021: Budget and Finance (#2)
- September 15, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location

Copy: Markiea L. Carter, Director, Department of Community & Economic Development

201 E. Fifth Street



Attachment A: Location