

**GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND**

**Minutes of a Meeting of the  
Board of Trustees**

**Held on February 18, 2015  
3:00 o'clock p.m.**

**Offices of  
Climaco, Wilcox, Peca, Tarantino & Garofoli Co., L.P.A.  
Cleveland, Ohio**

There being a quorum present, Mr. Offtermatt called the meeting to order at approximately 3:05 p.m. The following Board members were present: Timothy Offtermatt, Matt Carroll, Tracey Nichols and Emmanuel Glover. Board member William Reidy was absent. Also present were Todd Greathouse, Brian Kelly, Daniella Nunnally of Gateway and Dennis Wilcox, General Counsel, as well as Michael King from Cuyahoga County, William Tarter, Jr. from the general public and Andrew Tobias from Northeast Ohio Media Group.

The first order of business was to consider approval of the Minutes of the November 19, 2014 meeting. Upon motion made by Mr. Carroll, seconded by Ms. Nichols, the Minutes of that meeting were unanimously approved.

The next item on the agenda was public comment. Mr. Tarter asked if the agendas for the meetings were now on line and Mr. Offtermatt indicated that they were. There were no further public comments.

Next was the Chairman's report. Mr. Offtermatt first reported on proposed Arena alterations which were reported in the press. He stated that Gateway has not seen any of the proposed alterations that the Cleveland Cavaliers have presented to the County, nor have the Cavs presented anything to Gateway in terms of proposed alterations to the Arena. Mr. Offtermatt indicated he understands that this is part of the Cavs future plans for the Arena and he will expect to receive something from them at some point. Mr. Glover then asked if there was a deadline for approval or completion of these improvements and Mr. Offtermatt said he was not aware of any.

Mr. Offtermatt then discussed the 2014 extension of the Excise Tax or Sin Tax. The tax levy should commence collection in 2015 beginning in September with a full month of revenue projected to be in October. He reported that certain Major Capital items previously approved by Gateway and delivered to the County for the Arena were on-going and the Ballpark Major Capital items have not started yet. He reiterated that the Excise Tax money belongs to the County and this is not a Gateway decision. Ms. Nichols also reemphasized that these are

proposed Major Capital items for use of the Sin Tax and they have not been approved by the County. Mr. Carroll indicated on behalf of the County that this is an on-going discussion at the County.

Next, the Executive Director's report was considered. The first item on the agenda was the discussion of the Downtown Cleveland Improvement District which is up for renewal in 2016 for a new 5 year term from 2016 to 2020. Mr. Greathouse indicated that the proposed amount of the new payment would be \$118,816.25 on the parcels which Gateway operates. Mr. Greathouse indicated that the teams approved the new plan in response to a question from Mr. Offtermatt. Brian Kelly noted that the previous amount budgeted for 2015 was approximately \$130,000 and the initial payment in 2016 would be reduced to approximately \$118,000. Each year thereafter that amount would go up by 1%. Mr. Greathouse also emphasized that the teams pay this amount under the Budget.

Also, in addition to the renewal of the plan, the Plan District will be expanded to include the Flats area. In addition, the Board is being requested to approve the expansion to the Flats area for the remainder of the term of the current Plan.

Ms. Nichols then stated that the Downtown Cleveland Improvement District is used by the City as a business expansion and attraction tool. She summarized some of the services provided by the Downtown Cleveland Improvement District, including walking employees to their cars after work, jump starting cars that are stranded and other activities that provide safety to the downtown user. She also noted that this is used as a technique to attract new businesses and tenants because of the security and additional cleaning of the area. She also reported on how tourists comment on how clean the streets are and it leads to repeat visitors to the City. Finally, she noted that the inclusion of the Flats will also enhance that area, including the new boardwalk that will be opening and the beginning of water taxis on the east bank of the Flats and that will benefit the downtown and the entire city.

After further discussion by the Board, Ms. Nichols then moved for approval of the following Resolution which was seconded by Mr. Glover and unanimously approved by the Board.

RESOLUTION NO. 2015-1

AUTHORIZING AND APPROVING CONTINUED  
PARTICIPATION IN DOWNTOWN CLEVELAND  
IMPROVEMENT DISTRICT  
AND APPROVAL OF EXPANDED IMPROVEMENT DISTRICT

WHEREAS, a sufficient number of the owners of certain downtown properties in the City of Cleveland, Ohio (the "City"), previously executed a petition in 2005 (the "2005 Petition") to approve the creation of The Downtown Cleveland Improvement District ("Improvement

District") and to approve the Initial Comprehensive Services Plan of the Improvement District (the "Initial Plan"); and

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland ("Gateway") property is located within the Improvement District and Gateway's Board of Trustees did by Resolution 2005-3 authorize and approve participation in such Initial Plan; and

WHEREAS, the Initial Plan was replaced by a 2010 Plan, which plan and corresponding petition Gateway approved; and

WHEREAS, a new Petition (the "2015 Petition") and Comprehensive Services Plan (the "2015 Plan"), to be effective from 2016-2020, has been presented to Gateway; and

WHEREAS, such 2015 Plan includes an expanded Improvement District to include the Flats East Development ("FED Area"); and

WHEREAS, continuation of the Improvement District as expanded in the 2015 Plan (the "Expanded Improvement District") and implementation of the 2015 Plan will result in an assessment against Gateway's property which it operates of \$118,816.25 annually (the "Assessment"), beginning in collection year 2016 and to be increased by 1% annually, which is approximately 8% less initially than the amount approved in the 2015 Operating Budget by Gateway, the Cleveland Indians and Cleveland Cavaliers;

WHEREAS, the Cleveland Indians and the Cleveland Cavaliers, as the tenants of Gateway's property, have agreed to pay the full cost of the prior assessments as part of the budgets approved pursuant to their leases on the prior plans; and

WHEREAS, the Executive Director of Gateway desires to execute the Petition upon receiving assurance from the Cleveland Indians and Cleveland Cavaliers that the Assessment would be paid by them pursuant to the annual Gateway Budget; and

WHEREAS, the Executive Director also wishes to approve the inclusion of the FED Area in the existing plan area effective in 2015 by approving an amendment to the Articles of Incorporation of the Improvement District (the "Articles Amendment"); and

WHEREAS, the Board believes it is in the best interest of Gateway to execute the Articles Amendment, and continue in its participation in the Expanded Improvement District and desires to authorize and approve the 2015 Petition and the 2015 Plan and Assessment and to authorize and approve the Executive Director's execution and return of the 2015 Petition on behalf of Gateway and execution of approval of the Articles Amendment.

NOW, BE IT RESOLVED, that the Board hereby authorizes and approves Gateway becoming a member of the Expanded Improvement

District and authorizes and approves the 2015 Petition and 2015 Plan and Assessment and the Articles Amendment.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and approve the execution of the Articles Amendment and 2015 Petition on behalf of Gateway by the Executive Director and further authorizes the Executive Director to take all actions necessary for Gateway to become a member of the Expanded Improvement District and to approve the 2015 Plan.

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Next, the Executive Director continued his report and specifically Common Area site security noting that Securitas continues to handle security which has been increased recently. In addition, the Arena security area utilizes dogs near the underground service area to protect that area. He also reported on the bollards leading to the underground service area which are now 10 years old. Due to the subfreezing temperatures the bollards do not function as well because of the technology using pneumatic technology. As a result there will be new technology added to the bollards so that they will operate better in cold weather. Mr. Greathouse next discussed site maintenance. He complimented his staff on the work they have done in the common areas during the cold winter months. He then reported on site work that would be on-going including moving and installing of the 6,000 pavers that were at Gate C over to Gate A of the Ballpark, including 200 broken pavers that will be replaced by the Cleveland Indians. He also noted that the Indians would be preparing an index of the pavers on line for those who want to locate a particular paver.

He then discussed Quickens Loan Arena. He gave an update on the progress of Major Capital items. First, he reported on the scoreboard, which had a total contract of approximately \$9,332,000, of which \$8,656,000 had been paid, leaving a balance of approximately \$676,000 in retainage. In addition, there was a \$300,000 overrun which is to be paid by the Cavaliers. On further questioning by Mr. Offtermatt, Mr. Greathouse noted that the Cavs would be supplying a letter confirming that they were making the payment of the overrun and any other overruns on the scoreboard project directly. The retainage will be in place until Dave Faller, Gateway's engineering consultant, reviews the hoist system to the scoreboard.

Mr. Greathouse then gave a report on the video production control room which was under budget by approximately \$321,000. Again, the Cavs asked for a change order for more cooling components including a floating floor and this overage is being paid by the Cavs and being confirmed as such in correspondence to Gateway.

He then gave an update on the Arena sound system which is a \$1.8 million contract with \$5,000 of retainage being held, which is also under budget. He then discussed the upcoming Arena roof repair which

is being reviewed by WJ Systems, the architectural firm reviewing the specifications and bid documents. Contract documents are being prepared for this repair. Mr. Offtermatt asked when that would commence, and Mr. Greathouse indicated after the last Cavs' playoff game. The budget for the roof repair is \$4,474,000.

Next, he reported on the command center upgrades noting that this is a \$3,090,000 proposed upgrade, with specifications being reviewed by staff, and will be considered later.

At that point there was a discussion of the Republican National Committee use of Common Areas during the RNC Convention. Mr. Wilcox summarized the status of this matter. It was noted that there had been discussions, but Gateway is awaiting a proposal from the RNC. It was agreed by the Board that we should send the Gateway Common Area Maintenance Special Event Application so they would at least have something to review. Ms. Nichols also advised that we should be concerned about the potential weight loads on the common areas from large trucks that might be there during the event. Gateway staff responded that they had gone through this with the Marine Week Event, including military equipment on that same area.

Mr. Greathouse then continued his report on the Progressive Field on-going repairs, including the cooling towers which are being reviewed and are being repaired and fixed to extend their useful life. He also reported on glycol leak which occurred which has now been fixed and the system updated. Finally, he noted that there are lighting upgrades being considered throughout the Ballpark, including removing and replacing lights with LED for approximately \$225,000.

He then reported on the status of the Ballpark Alterations. He indicated he is attending weekly meetings with the contractors and Indians. They are on track for completing the work by Opening Day for baseball. The Indians may continue upper deck work potentially after Opening Day because of slow work schedules because of weather. They are working in areas along the lower concourse by using weather proofing construction methods. The Gate C concrete pour will be delayed under better weather. To date disbursements of approximately \$7,743,943.69 have been made for this project.

Mr. Offtermatt then noted that the Indians had just recently sent over letters requesting Major Capital items for the Ballpark. The staff has not had a chance to review these in any detail, and they will be given to Dave Faller for his review and analysis. Then the items would be brought back to the Board in the May meetings.

Next, Daniella Nunnally discussed the inclusion performance with respect to the Progressive Field and Quickens Loan Arena projects. She first reviewed the scoreboard and digital display project which demonstrated a contract attainment for MBE of 11% as opposed to the 15% contract goal, 11% for FBE compared to the 7% contract goal and 48% to CSB/SBE as opposed to the 8% goal. She also broke out the

total contract numbers adding back in the specialty items that had been removed for the prior calculations. Ms. Nichols then raised a question about the numbers in the construction budget and trying to reconcile that with respect to the numbers that were presented in the chart. She also questioned the format in terms of setting forth the entire contract with the specialty items and suggested, rather, that these be broken out at the beginning to show the total amount of the contract subject to the goals.

Ms. Nunnally then reviewed the Arena video production contract which showed performance towards the same goals of 37% for MBE, 39% for FBE and 24% for CSB/SBE. Again, a large amount of the contract amount was a specialty item and therefore not counted in the total goal. Again, Ms. Nichols asked that the specialty items be shown at the front and removed prior to the remaining calculations. Ms. Nunnally indicated she would re-do these charts and show the specialty items deleted first in her next report. She then reported on the Arena seating bowl sound system and amplifiers which showed performance, against the goals of 15%, 7% and 8%, of 34% for MBE contractors, 25% for FBE contractors and 41% CSB/SBE for contractors of the total non-exempt items.

She next moved to the Ballpark Alteration report and indicated she needed to talk to Gilbane to get more up to date numbers and reconcile them against the budget and actual payments. The preliminary numbers showed 28.6% MBE, 10.7% FBE and 2.6% CSB/SBE. Again, she indicated that these needed to be reconciled and she will amend those as well. Ms. Nichols asked if all of the minority contractors shown on the list are City of Cleveland certified and Todd Greathouse indicated some may be certified by the State. They promised to get that information to Ms. Nichols.

Next, the Board considered the Indians signage. Mr. Greathouse then discussed the Progressive Field Ballpark Alterations, specifically the KeyBank light tower signage requested by the Indians. Mr. Wilcox reminded the Board of the requirements under the Lease for alterations, including that it would require Gateway approval if there were any structural issues. Also, Ms. Nichols noted that this would have to be approved by the Planning Commission and Design Review. Mr. Greathouse indicated that he was getting an engineering analysis before we would move forward.

**Based on the information before the Board, Ms. Nichols made a motion to approve the KeyBank signage as shown to the Board subject to City Planning and Design Review approval and receiving information from our engineer that this alteration does not impact the structure of the light towers or the Ballpark. Matt Carroll seconded the motion, and the motion was unanimously approved.**

Next, Brian Kelly gave the financial report. He first reviewed the operating account which shows beginning cash on January 1, 2015 of

\$116,539, with total receipts during the period through January 31<sup>st</sup> of \$993,545 and total disbursements of \$1,038,224 for a cash balance on January 31<sup>st</sup> of \$71,860. He noted that the expenditures included payment of property tax and assessments to the Business Improvement District.

Next, he reviewed the Ballpark capital account which had a beginning balance of \$150,524, total receipts of \$100,372, total disbursements of \$129,663 and a cash balance of \$121,233 at the end of January.

Mr. Kelly then presented the projections for the 3 months from February 1 through April 30. The initial cash balance on February 1<sup>st</sup> is \$71,860, anticipated revenues are \$623,073 and total amounts available for disbursement are \$694,933, and with projected disbursements of \$593,105, leaving an account balance of \$101,828 at the end of April.

Next, he reviewed the Major Capital contracts and noted he is keeping separate accounts for every contract to delineate Major Capital and Alterations from the normal Gateway activity. The first account he reviewed was the Quicken Loans Major Capital Account for the 4 outstanding Major Capital contracts showing total receipts of \$13,644,727.40 and disbursements of the same amount leaving a cash balance at the end of December of \$250 in the Major Capital Arena Account. He then discussed activity in that account from January 1 through January 31 showing approximately \$487,000 being received and disbursed from that account. Also, based on the change order that was funded by the Cavs, that amount is shown as well as \$274,890.95 received and disbursed in January.

Then Mr. Kelly broke down the separate accounts for the Arena Major Capital, including the video production which is 90% disbursed with a favorable contract variance of \$321,860. The Parsons sound system contract is 99.7% disbursed. The ANC scoreboard contract is 92.8% disbursed. The Key Contractors QTV video account is 51% disbursed and includes a contract change order being paid by the Cavs for the flooring in the control room as previously noted. Finally, there is a contract with Robert Dye LLC for the analysis for the Quicken Loan Arena roofing project which has been 100% disbursed at \$27,440.

He then reviewed the Ballpark Alterations accounts showing \$3,923,289.75 being paid into the account by the Indians and all but \$293.20 disbursed through December of 2014. For the period of January 2015, DNC Sports has contributed \$7,000,000 of vendor payment and total disbursements from that account are \$3,820,697.14 and there is currently a balance of \$3,230,325.96 in the Ballpark Alteration account.

Mr. Offtermatt then asked how these are going to be recorded in the audit. It was believed that the Ballpark would treat these as rent. Also, the audit is expected to commence in April. Mr. Offtermatt asked Mr. Kelly when the books would be closed. Mr. Kelly indicated

February 2015, subject to insuring all of the information has been updated.

It was then noted that the next meetings of the Board would be on May 13 and May 27 to consider in particular Major Capital items for the Ballpark.

Mr. Offtermatt asked for any other questions, but there being none, Ms. Nichols moved to adjourn the meeting, Mr. Carroll seconded, and the Board unanimously approved and adjourned the meeting at 4:10 p.m.

APPROVED BY:

SECRETARY-TREASURER

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