

**GATEWAY ECONOMIC DEVELOPMENT
CORPORATION OF GREATER CLEVELAND**

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

**Held on June 18, 2014
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 3:05 p.m. All Board members were present: Tim Offtermatt, Matt Carroll, Emmanuel Glover, Tracey Nichols and William Reidy. Also present were Todd Greathouse, Brian Kelly and Dennis Wilcox, General Counsel.

In addition, Kevin Cronin and Mary Sweeney attended, as well as Michael King and Trevor McAleer from the County and Jason Hillman, counsel to the Cleveland Cavaliers.

The first order of business was to offer public comment to those present. Mr. Cronin said that he believes the Board overseas an important function and his goal is to learn about the leases, how they work and how Gateway works. Mary Sweeney stated that she was very interested in seeing how Gateway works and how it will manage capital repairs.

Next, Mr. Offtermatt talked about the fact that the countywide excise tax passed at the May primary election which provides for continual collection of taxes on alcohol and tobacco products for use in financing, constructing, maintaining or operating sports facilities. He reminded everyone that it is now up to the County to determine how and when monies generated from the tax are used. He reviewed the history of Gateway in approving policies and procedures in June of 2012 (the "Policy") to consider major capital repairs. He noted this Policy applied to Gateway's review of major capital repairs requested under the Indians and the Cavs leases, and not the Browns, since Gateway did not currently have any jurisdiction over the Browns Stadium. He observed that major capital is a subset of capital repairs and the leases set forth the definition of these repairs.

The Gateway Policy provides that the teams have until July 1 to make capital repair requests for over \$500,000, or major capital, or in the Indians case due to an inflation accelerator, approximately \$525,000. These must be a single repair that exceeds that amount. He noted that these agreements are set forth in MOU's the teams

entered into in 2004 and team leases or amendments thereafter reflecting these changes. He stated that Gateway's role is to review the major capital repair requests and turn them over to the City and the County with a recommendation as to whether the requests complied with leases.

Mr. Offtermatt then stated for the record that he did receive an email from the Indians which indicated their intent to send major capital by the July 1 deadline. He also noted that the Cavs had already submitted a major capital request on May 27th. According to the Policy adopted by Gateway, the Gateway Board has until August 31st to receive its own consultant report and must decide by October 1st on a recommendation to the County and the City on these requests. Those dates are chosen because they also track the budget process set forth in both leases, which are on a calendar year basis. He reported that the Cavs and Indians may want to modify these procedures to take into account their respective seasons for each team, and to perhaps modify the submission dates to accommodate that. He proposed at that point to allow other dates for submission as part of the Gateway Policy. Tracey Nichols suggested they could actually put in their requests earlier. Bill Reidy indicated that the teams are already putting in much money for capital and that should be noted since this only relates to major capital. Matt Carroll commented that this is the first actual request for a major capital repair that has been received to date.

Mr. Offtermatt then reviewed the Cavaliers capital repair request submitted on May 27th. He reported that Gateway is working with Middough to review these requests. A response was delivered to the Cavs and, as a result, Gateway has received some answers to its questions, but Gateway and its consultant need to receive additional information. The Cavs submitted a 10 year capital plan whereas only 5 years were required. The following are the items listed for 2014:

Roof repair	\$4,200,000
Command Center	4,000,000
Scoreboard	9,300,000
Video upgrades	4,600,000
Seating Bowl sound system	<u>1,800,000</u>
Approximately	\$23,000,000

He suggested Gateway should move as expeditiously as possible in reviewing these submittals.

Next, was the Executive Director's report. First, Mr. Greathouse reported on the common areas and congratulated his staff on how well the common areas look around Gateway. Concrete repairs of \$100,000 had been made primarily to address trip and fall hazard areas first. He also noted the tree line on Huron Road was being replaced because of losses of trees due to harsh winter and rock salt. He noted that the site itself was in full bloom. He reported that Gate C around the

Ballpark included new benches and was set up as a picnic area. MB Solution is a company being used to help Gateway with MBE/FBE contracting and he was working with Andrea Anderson of that company with respect to these matters. There have been 2 jobs submitted at the Ballpark, including light towers and hot water replacement. He also reported that security cameras are in the third phase of updating to modern digital cameras at Carnegie and 9th. With respect to Securitas, he pointed out that they have a new contract for 2015 at an increase of \$.80 per man hour due to the Affordable Care Act. He also noted there are new bike signs and sharrows around the Ballpark, including requiring bikers to walk their bikes when within the Gateway area.

He then discussed Indians' maintenance through the Ballpark. At Gate A there was a contractor issue with respect to a contract for concrete repairs. Gateway saved \$25,000 on the contract and will use those monies to purchase sealants for the concrete. Many things are being done at the Ballpark now involving addressing leaks, painting and caulking needs. He also discussed the high steel in the upper deck of the seating area where the paint is delaminating. Middough did an RFP and the threshold for repairs will exceed \$500,000. The lowest bid was \$772,000. Tracey Nichols asked if they used Project Solutions as a potential company as a local business and Todd Greathouse said he would look at them. He noted the bids came in a wide range because of different methods of doing the painting, such as between scaffolding or swing staging.

Mr. Greathouse also noted there was an alterations letter regarding center field installing a temporary Fox Sports booth. He also reported there were bids out for new light fixtures to comply with Major League standards.

In the Arena he reported that there was a recent walk through and that the roof system was reviewed. Maintenance records are being sent to Middough and Middough is reviewing this now. Tracey Nichols mentioned that Chief McGowan complimented the Gateway staff for their professionalism.

Next, Brian Kelly reported on financial issues. First he reported on the operating account which had an opening balance of approximately \$250,000, receipts of \$186,843, disbursements of \$332,131 for a balance on May 31st of \$104,788. He then reported on the Ballpark capital account which started the month with \$107,818 and total receipts were \$988,534 and disbursements of \$803,803 for a balance of \$292,548 on May 31st.

He reported that total Ballpark capital repairs so far were approximately \$1,400,000 out of the \$2,800,000 expected.

Then, Mr. Kelly gave his next quarter forecast from June 1 through August 30. The opening balance was \$104,788 and anticipated revenues

were \$1,372,819 for a total of \$1,477,607. Anticipated expenditures were \$1,374,000, leaving an operating balance of about \$134,034 projected at the end of August. He summarized the taxes being paid including by the Cleveland Indians of \$560,793 and by the Cavs of \$255,128. This included both taxes and Business Improvement District payments.

Finally, he gave an update on the audit and he noticed the audit was under the new GASB 65 Rules and that he expected an audit meeting on June 26. He then turned it over to Mr. Offtermatt who asked that the audit be put on the website when it was completed.

The next meetings are scheduled for August 13, 2014 at 3:00 p.m. and November 19, 2014 at 3:00 p.m.

Upon motion by Mr. Carroll, seconded by Ms. Nichols, the Board unanimously adjourned the meeting at 3:45 p.m.

APPROVED BY:

SECRETARY-TREASURER
