

**GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND**

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

**Held on September 16, 2014  
4:00 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 4:05 p.m. The following Board members were present: Tim Offtermatt, Matt Carroll, William Reidy and Emmanuel Glover. Board Member Tracey Nichols, was absent. Also present were Todd Greathouse, Brian Kelly, Daniella Nunnally of Gateway and Dennis Wilcox, General Counsel and attorney David Cuppage from his office.

In addition, representatives from the Cleveland Indians - Jim Folk, Joseph Znidarsic and Andrew Miller - were present. Representatives of the Cleveland Cavaliers - Antony Bonavita, Len Komorowski and Jason Hillman - were present. Also, present from the County was Michael King. Present from the press was Mark Naymak and from the general public William Tarter, Jr. and Mary Sweeney.

The first order of business was to consider approval of the Minutes of the August 20, 2014 meeting. Upon motion by Mr. Glover, seconded by Mr. Carroll, the Minutes of that meeting were unanimously approved.

Mr. Offtermatt then asked for any public comment. There was no public comment.

Mr. Offtermatt then summarized the Major Capital Resolution and the Alteration Resolution now before the Board. He asked Mr. Wilcox to summarize the materials that the Board was considering. Mr. Wilcox summarized Resolution 2014-4 concerning Major Capital Repairs at the Arena and an agreement with the Cavaliers regarding Major Capital Repairs, which outlines each party's responsibility, including working together to present these repairs to the County for reimbursement from the Excise Tax and pursuing objectives outlined in the Community Benefits MOU supported by the Board. The Agreement also provides that the Cavaliers would be advancing all costs and hold Gateway harmless from any claims with respect to the repair project. Three Major Capital contracts also were briefly summarized for the Board. In response to a question from Mr. Offtermatt, Antony Bonavita of the Cavaliers then summarized the bidding process and noted that ANC, the scoreboard contractor, is the current scoreboard

provider. He also outlined the total amount of the contracts before the Board, being approximately \$15 million with approximately \$9.3 million for scoreboard related matters, \$4.3 million for the control room and \$1.5 million for the seating bowl sound system.

Upon further explanation and discussion by the Board, Mr. Reidy then moved for approval of the following resolution which was seconded by Mr. Carroll and unanimously approved by the Board.

RESOLUTION NO. 2014-4

AUTHORIZING AND APPROVING AGREEMENT  
WITH RESPECT TO MAJOR CAPITAL REPAIRS  
BETWEEN GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND AND  
CAVALIERS OPERATING COMPANY, LLC AND  
MAJOR CAPITAL CONTRACTS PURSUANT THERETO

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland ("Gateway") has agreed to provide for Major Capital Repairs as defined in the Lease and Operating Agreement, as amended (the "Lease") between Gateway and Cavaliers Operating Company, LLC (the "Cavaliers"), respecting Quicken Loans Arena (the "Arena"); and

WHEREAS, the Board of Trustees of Gateway (the "Board") has previously notified the City of Cleveland, Ohio ("City") and Cuyahoga County ("County") that Gateway does not have sufficient funds to pay Major Capital Repairs as defined in the Lease and requested the respective appointing authorities of Gateway, the City and the County, to consider such funding of Major Capital Repairs; and

WHEREAS, on May 9, 2012 the Board adopted Resolution No. 2012-1 setting forth its policies and procedures with respect to Major Capital Repairs ("Policy"); and

WHEREAS, the Cavaliers have submitted a request for approval of Major Capital Repairs for the Arena ("Major Capital Repairs") under the Lease, which was recommended for approval on August 20, 2014 by the Board's adoption of Resolution No. 2014-3; and

WHEREAS, the Board forwarded Resolution No. 2014-3 to the County and City requesting funding for such Major Capital Repairs; and

WHEREAS, pending review and response from the County and City on the request to fund the Major Capital Repairs, Gateway and the Cavaliers have been working together to accomplish certain of the Major Capital Repairs prior to the upcoming NBA Basketball Season; and

WHEREAS, Gateway and the Cavaliers have negotiated an agreement with respect to the implementation of certain of Major Capital Repairs (the "Agreement") and three (3) contracts among Gateway, the

Cavaliers, and: (1) ANC Sports Enterprises LLC for the Scoreboard; (2) Parsons Technologies for the Sound System; and (3) Comprehensive Technical Group LLC for the control room replacement (collectively the "Major Capital Contracts"); and

WHEREAS, the Board desires to authorize and approve the Agreement and Major Capital Contracts and actions to be taken thereunder.

NOW, BE IT RESOLVED, that the Board of Trustees of Gateway, on behalf of Gateway, hereby authorizes and approves the Agreement and Major Capital Contracts, substantially in the form on file with the Board.

FURTHER RESOLVED, that the Chair or Secretary or any other officer of Gateway are authorized to enter into the Agreement and Major Capital Contracts, substantially in the form on file and with such changes as are not materially adverse to Gateway and which are consistent with this Resolution, as such officer or officers executing the same in their judgment deem necessary or appropriate in connection therewith, which execution shall constitute conclusive evidence as of the approval and authorization thereof by Gateway.

FURTHER BE IT FINALLY RESOLVED, that the Chair or Secretary or any officer of Gateway are each authorized to carry out the transactions set forth in the Agreement and Major Capital Contracts, provided such actions are consistent with this Resolution and not materially adverse to Gateway.

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Next, the Board considered alterations to the Ballpark and Resolution 2014-5. Mr. Wilcox again summarized several documents including the First Amendment to Lease with the Indians which clarifies that the alterations will be owned by Gateway. He further explained that the Ballpark Parcel did not need to be modified for mortgage purposes, but the description of the Ballpark itself would be redrawn once the project was further along. He also explained there was a separate agreement with the Indians which contained all of the requirements for Ballpark alterations from the Lease, including that the alterations would be at the Lessee's sole cost and expense, would not materially increase the cost of Major Capital Repairs, would comply with all applicable laws and would require the Indians to indemnify Gateway from any claims.

Mr. Greathouse also explained that the 6,200 pavers around Gate C would be moved and that the Feller statue would be outside the new Ballpark Entrance Gates. Mr. Miller explained that photos of all of the pavers would be taken and pavers moved at a cost of approximately \$37,000. Also, it was discussed that a survey would need to be done to set the new Ballpark site description once the project was completed.

After further discussion by the Board, upon motion made by Mr. Glover, seconded by Mr. Carroll, the following Resolution was unanimously approved by the Board.

RESOLUTION NO. 2014-5

AUTHORIZING AND APPROVING AGREEMENT  
WITH RESPECT TO ALTERATIONS, DESIGN-BUILD AGREEMENT GUARANTEED  
MAXIMUM PRICE AND AMENDMENT TO LEASE  
EACH BETWEEN GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND AND  
CLEVELAND INDIANS BASEBALL COMPANY LIMITED PARTNERSHIP

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland ("Gateway") has entered into a Lease Agreement dated as of September 15, 2008 (the "Lease") with the Cleveland Indians Baseball Company Limited Partnership (the "Indians"), respecting the Major League Baseball Park known as Progressive Field (the "Ballpark"); and

WHEREAS, pursuant to the Lease, the Indians have submitted a request for approval of alterations to the Ballpark (the "2014 Alterations") as presented to the Board at its August 13, 2014 Board Meeting; and as described in an Agreement between Gateway and the Indians, a form of which is on file with Gateway (the "Agreement").

WHEREAS, Gateway and the Indians, in connection with the 2014 Alterations have also negotiated a Lease Amendment respecting the same, a form of which is on file with Gateway (the "Lease Amendment"); and

WHEREAS, the Indians have presented a Design-Build Agreement Guaranteed Maximum Price (the "Design-Build Contract") among Gateway, the Indians and Gilbane Building Company ("Gilbane") with respect to the 2014 Alterations, a form of which is on file with Gateway.

WHEREAS, the Board desires to authorize and approve the Agreement and Lease Amendment and the Design-Build Contract and actions to be taken thereunder.

NOW, BE IT RESOLVED, that the Board of Trustees of Gateway, on behalf of Gateway, hereby authorizes and approves the Agreement, Lease Amendment and Design-Build Contract, substantially in the forms on file with the Board.

FURTHER RESOLVED, that the Chair or Secretary or any other officer of Gateway are authorized to enter into the Agreement, Lease Amendment and Design-Build Contract, substantially in the forms on file and with such changes as are not materially adverse to Gateway and which are consistent with this Resolution, as such officer or officers executing the same in their, his or her judgment deem necessary or appropriate in connection therewith, which execution

shall constitute conclusive evidence as of the approval and authorization thereof by Gateway.

FURTHER BE IT FINALLY RESOLVED, that the Chair or Secretary or any officer of Gateway are each authorized to carry out the transactions set forth in the Agreement and Lease Amendment and Design-Build Contract, provided such actions are consistent with this Resolution and not materially adverse to Gateway.

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Next, the Board discussed next's year's meeting dates. In particular, Mr. Offtermatt suggested adding two board meetings to the current schedule so that there would be two meetings in both May and August to deal with Major Capital items from the respective teams in anticipation of their upcoming off-seasons. He suggested the Board continue to have meetings in January and November, but two meetings in May and two meetings in August, for a total of six. Mr. Reidy indicated he felt that was a good concept and Board members will be contacted with potential dates. Mr. Offtermatt then indicated that he would like Gateway to put in writing to the County and the City a request to receive a part of the annual Excise Tax of the County to be used to cover some of the Gateway staff and consultant time for Major Capital Repairs so it was not being paid out of rental payments from the teams. He also felt this could be amortized as a bond cost. Thus, this would avoid the appearance of the teams having to pay for these items. This would be taken up when the annual budget is considered.

Mr. Offtermatt then reported that the last bond payment on Gateway Bonds was made and that he thanked the County to be a guarantor and congratulated the Indians on making the last Stadium Revenue Bond payment.

Mr. Greathouse reported on the Ballpark chiller plant and the proposed fixes to that plant and estimated that this would be a potential Major Capital item in the near future. Mr. Offtermatt suggested that he would need to follow up with Mr. Faller to monitor this item. The problem is a drive shaft that needs to be replaced. Also, there are four cells for the chiller with only three running now. A new chiller would be approximately \$2.2 million. They are protecting the chiller for now by doing repairs. In 2011 Gateway and the Indians consultant projected the chillers lasting until 2018. Since that time the Indians have put approximately \$220,000 into repairs, but Mr. Greathouse let the Board know that he did not believe that the chillers would last until 2018 and would become a Major Capital Repair before that time.

Mr. Greathouse then reported on his monthly review of the buildings. He noted that the concrete and elevator/escalator repairs were being made by the Indians.

Mr. Kelly next gave the financial report. The operating account had a cash balance August 1<sup>st</sup> of \$160,707 with total August receipts of \$193,478 and total disbursements of \$188,881 for cash on hand August 31<sup>st</sup> at \$165,305. The Ballpark Capital Account had a beginning balance of \$78,513, with \$203,011 in receipts and \$160,424 in disbursements for a cash balance of \$121,100 at the end of August.

Three months projections showed \$165,305 as an opening balance, \$580,530 as anticipated revenues, and total funds of \$673,935 being available. Forecasted disbursements are \$559,050 for a projected operating account balance of \$114,885 at the end of November.

Mr. Tarter as a member of the public then asked a question about whether the Resolutions were posted on Gateway's website. It was agreed that could be accomplished.

There being no further business before the Board, upon motion made by Mr. Carroll and seconded by Mr. Reidy, and unanimously approved by the Board, the meeting was adjourned at 4:55 p.m.

APPROVED BY:

SECRETARY-TREASURER

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