

**GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND**

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

**Held on February 13, 2019  
3:00 o'clock p.m.**

**Offices of  
Climaco, Wilcox, Peca & Garofoli Co., L.P.A.  
55 Public Square, Suite 1950  
Cleveland, Ohio**

There being a quorum present, Mr. Silliman called the meeting to order at approximately 3:00 p.m. Board members Ken Silliman, Matt Carroll and David Ebersole were present. Also present were Todd Greathouse, Brian Kelly, Daniella Nunnally and Brittany Levkulich of Gateway, as well as Dennis Wilcox and Scott Simpkins as Gateway's General Counsel. Also present was Gateway's Engineering Consultant David Faller. Present from Stifel Nicolaus on behalf of Cuyahoga County was Robert Franz. Present from the Indians was Jim Folk and Neil Weiss. Present from the Cavs were Beverly Skarr, Michael Lathrop and Antony Bonavita (via telephone). Present from the media was Courtney Astolfi of cleveland.com. Present from the public was William Tarter.

Mr. Silliman, as Chairman, opened the meeting and asked for approval of the Minutes of the November 14, 2018 meeting. Upon motion made by Mr. Ebersole, and seconded by Mr. Carroll, the Minutes were unanimously approved 3-0.

Next, Mr. Silliman asked if there was any public comment. Mr. Tartar noted his appreciation that that the Board meeting agendas and minutes are posted on Gateway's website, but asked whether the website could be supplemented to include the meeting minutes from 2017. Mr. Greathouse stated that was not a problem and Gateway would post the 2017 meeting minutes on its website. Hearing no further public comments, Mr. Silliman then stated he would waive any Board Chairman comments in the interest of time and in consideration of the full agenda for the Board meeting.

The Board then heard the Executive Director's report. Mr. Greathouse reported on Arena Major Capital Repair requests. With regard to the Arena Roof project, the majority of the roof has been addressed with the lower sections finished and the upper section set to begin next month. The last section of the roof should be completed by the Fall of 2019. Mr. Greathouse then gave an update of the HVAC project for the Arena stating that they are finalizing Phase 1 and of the \$28 million budget, \$12 million has been spent to date. Ms. Nunnally then addressed the inclusion report for Arena Major Capital included in the Board materials stating that with the project 60 percent complete, MBE is currently at 15 percent, FBE is at 55 percent and CSB/SBE is currently at 17 percent.

Mr. Greathouse then reported on Arena Major Capital Repair requests and introduced Gateway's engineering consultant, David Faller. Mr. Faller then referred the Board to the PowerPoint presentation in the Board materials and noted that the Cavaliers have identified three items for Major Capital Repairs. Mr. Faller noted that the Sports Lighting project budget has been reduced to \$515,000 placing it just above the Major Capital Repair threshold. Next, Mr. Faller addressed the Ice Plant and Ice Floor project. He noted that the consultant who was hired has recommended the replacement of the chiller since the refrigerant used in the current chiller will be phased out of production for sale in January 2020. The consultant further determined there is no need to replace the existing ice floor at this time as the existing ice floor has 10 to 15 years of remaining life expectancy, but there should be a modification of the joints between the ice floor and the concourse floor. In addition, the hot water system the supports the removal of the floor ice, re-surfacing and snow melting pits should be replaced. The budget for the total project based on the revised project scope is \$3,873,500. Mr. Greathouse noted that the floor replacement, which Gateway is now able to avoid based on the consultant's recommendation, would have alone cost around \$2 million.

Mr. Faller then addressed the Arena ADA Restrooms project. Mr. Faller noted that two recent ADA audits of the fan facing restrooms have indicated numerous ADA compliance issues dating back to the original design and construction. The cost of correcting the 1991 ADA compliance issues dating back to the original design would place the project into the Major Capital Repair category. Mr. Bonavita from the Cavaliers noted that since the Cavaliers are proceeding with the various renovations as part of the Arena Transformation Project, it makes sense from a timing and budget standpoint to complete the project now. The projected cost of the ADA Restroom project for Gateway is \$3,335,000 but Mr. Bonavita hopes to mitigate some of these costs while working through the ADA compliance construction issues.

Mr. Silliman then noted that traditionally any Major Capital Repair projects are considered by a first reading and then a second reading at the following Board meeting. This is done to give time to analyze the project and for the Board members to consider the issue before voting at the following meeting. Due to the hard work of Mr. Faller and Mr. Bonavita and the ADA consultants, the Board is being asked to consider the ADA Restroom project on the first reading. Mr. Carroll then asked how many restroom sites are there that are impacted. Mr. Faller responded that there are 56 restrooms on six floors that are fan facing restrooms. Mr. Ebersole asked when the project would start and Mr. Bonavita noted that the Arena is slated to shut down on May 15, 2019 but, depending on the Cavalier's schedule, they may be able to begin earlier. Mr. Wilcox also noted that there is a fair amount of contingency included in the overall budget on this particular project. Mr. Silliman having heard no further questions asked if there was a motion to approve. Based on the presentation and motion by Mr. Carroll and seconded by Mr. Ebersole, the following Resolution 2019-1 was unanimously approved by the Board:

RESOLUTION NO. 2019-1

REGARDING RECOMMENDATION WITH RESPECT TO  
REQUEST FOR MAJOR CAPITAL REPAIRS FROM  
THE CAVALIERS OPERATING COMPANY, LLC

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland (“Gateway”) has agreed to provide for Major Capital Repairs as defined in the Lease dated as of October 12, 2017 (the “Lease”) between Gateway and Cavaliers Operating Company, LLC (the “Cleveland Cavaliers”); and

WHEREAS, the Board of Trustees (the “Board”) of Gateway 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 Cleveland Cavaliers have submitted requests for approval of Major Capital Repairs to the Arena under the Lease; and

WHEREAS, the Board has reviewed such requests and pursuant to the Policy has received information from its professional consultant recommending approval of such items as noted on Exhibit A as Major Capital Repairs; and

WHEREAS, the Gateway Board desires to recommend approval of the Major Capital Repairs request from the Cleveland Cavaliers as further described in Exhibit A attached hereto.

NOW, BE IT RESOLVED, that the Board of Trustees of Gateway, on behalf of Gateway, finds that the requested Major Capital Repairs from the Cleveland Cavaliers for the Arena, attached as Exhibit A hereto, are Major Capital Repairs under the Lease and are hereby recommended for approval.

BE IT FURTHER RESOLVED, that this Resolution, including the attached Exhibit A, constitutes Gateway’s recommendation under the Policy and shall be forwarded to the City and the County forthwith and Gateway shall continue to provide information to the City and the County as requested to support this recommendation.

BE IT FINALLY RESOLVED, that the Board respectfully requests the County or City make a decision as to this recommendation no later than June 2019.

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Ms. Nunnally then provided an update on the Arena Transformation Project and the inclusion reports contained in the Board materials. Ms. Nunnally stated that the structural steel is substantially complete and the steel topping-off ceremony recently occurred. Installation of the glass panels on the exterior wall is proceeding as scheduled and work is on pace for the September 25, 2019 completion date.

Ms. Nunnally then addressed the diversity inclusion summary reports in the Board materials and stated that so far almost 60 percent of the total \$58,809,967 spent has been spent on diversity firms. Breaking this down, the figures for MBE are 19 percent, FBE is at 26 percent, and SBE is at 53 percent. Ms. Nunnally then referred the Board to the MBE Contracting Breakdown in the Board materials which breaks down the MBE participation between African-American, Hispanic, and Other Minority percentage participation. Ms. Nunnally also noted that the workforce participation results are all above the stated goals with MBE at 25%, FBE at 6%, Cuyahoga County residents at 54%, City of Cleveland residents at 24%, and low income participation at 4% as of the end of 2018.

Mr. Greathouse then provided an update on the major capital projects at the Ballpark. With regard to the Player Parking Lot, dirt has been moved to accommodate the new retaining wall. During excavation, three previously unknown old gas storage tanks were identified and removed per environmental regulations. Mr. Ebersole asked if we know when the tanks were installed and Mr. Folk stated no one knows but the original installation clearly predated the creation of the Environmental Protection Agency. Mr. Greathouse then noted that the Club Lounge Level renovation is proceeding on schedule.

Mr. Faller then addressed the Vertical Transportation/Escalator project. He indicated that the project was previously budgeted at \$2.6 million, but after engaging an escalator consultant and placing the project for bids, only two bidders responded and the project budget was higher than originally budgeted. Mr. Ebersole asked what the factors were that led to the higher price. Mr. Faller stated that the reason for the significant increase was the result of various factors including that only two entities submitted bids, the cost for the stainless steel cladding, the protective off-season covers, and the five year preventative maintenance option. Mr. Wilcox also noted that the cost of steel has increased as a result of the tariffs. Mr. Faller also noted the inclusion of the owner soft costs and Mr. Greathouse mentioned the need to use different cranes for the installation that cannot fit in the main gates at the Ballpark. As a result of these factors, the price has increased to \$4.2 million. Mr. Greathouse then referenced the Ballpark Suite Renovations request and referred the Board to the letter from the Indians in the Board materials on that project. Mr. Silliman having heard no further questions asked if there was a motion to approve. Based on the presentation and motion by Mr. Carroll and seconded by Mr. Ebersole, the following Resolution 2019-2 was unanimously approved by the Board:

#### RESOLUTION NO. 2019-2

#### REGARDING RECOMMENDATION WITH RESPECT TO REQUEST FOR MAJOR CAPITAL REPAIRS FROM THE CLEVELAND INDIANS BASEBALL COMPANY LIMITED PARTNERSHIP

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland (“Gateway”) has agreed to provide for Major Capital Repairs as defined in the Lease (the “Lease”) between Gateway and Cleveland Indians Baseball Company Limited Partnership (the “Cleveland Indians”); and

WHEREAS, the Board of Gateway 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 Cleveland Indians have submitted a request for approval of Major Capital Repairs to the Ballpark under the Lease including an increase in a previously approved request for escalators in the Ballpark (the “Amended Request”); and

WHEREAS, the Board has reviewed such request including the Amended Request and pursuant to the Policy has received information from its professional consultant recommending approval of such items as Major Capital Repairs; and

WHEREAS, the Gateway Board desires to recommend approval of the Major Capital Repairs request from the Cleveland Indians including the Amended Request as further described in Exhibit A attached hereto.

NOW, BE IT RESOLVED, that the Board of Trustees of Gateway, on behalf of Gateway, finds that the requested Major Capital Repairs including the Amended Request from the Cleveland Indians for the Ballpark, attached as Exhibit A hereto, are Major Capital Repairs under the Lease and are hereby recommended for approval.

BE IT FURTHER RESOLVED, that this Resolution, including the attached Exhibit A, constitutes Gateway’s recommendation under the Policy and shall be forwarded to the City and the County forthwith and Gateway shall continue to provide information to the City and the County as requested to support this recommendation.

BE IT FINALLY RESOLVED, that the Board respectfully requests the County or City make a decision as to this recommendation no later than June 2019.

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Next, the financial reports were given by Mr. Kelly. He first reviewed the operating account for the month ended January 31, 2019 and reported a cash beginning balance of \$456,181, total receipts of \$1,060,019, and total disbursements of \$1,357,191 for a month-end balance of \$159,009. He then reviewed the Ballpark Capital account for January which had a beginning balance of \$71,534, receipts of \$125,000, and capital disbursements of \$88,757 for an ending balance of \$107,777.

He then reviewed the projections from February 1<sup>st</sup> through April 30<sup>th</sup>. First, the current account balance is \$159,009, anticipated revenues are \$766,642, for estimated money before disbursements

of \$925,651. Operating disbursements are anticipated to be \$805,008, for an estimated balance by April 30<sup>th</sup> of \$120,643.

Mr. Kelly then provided a Quicken Loans Arena major capital spreadsheet. Mr. Kelly reported the total amount approved thus far taking into consideration the various category reductions equals \$26,384,781, with Major Capital paid of \$24,273,212, leaving a variance of \$2,111,509. He then discussed the transformation project and noted the cumulative amount submitted is \$83,226,994 and noted that we are in the second tranche of bonds for the project. The total amount for the Transformation Project is \$140,955,000. After the \$140,955,000 amount, the Cavaliers self-fund the balance of the project costs.

He then addressed the Ballpark Alterations account noting that 2019 total receipts and disbursements is \$521,473 and since 2014 the total is over \$40 million. Mr. Kelly then provided a Progressive Field major capital account spreadsheet. The cumulative Major Capital amount submitted equals \$37,415,629.

Upon completion of the financial report, Mr. Silliman stated the next Board meeting is scheduled for May 22, 2019 at 12:00 p.m. to be held at Quicken Loans Arena. Thereafter, Mr. Carroll moved that the Board adjourn into Executive Session for the purpose of having a conference with an attorney for Gateway concerning a dispute involving Gateway that is the subject of pending or imminent court action, seconded by Mr. Silliman and unanimously approved. The Board then went into Executive Session at 3:45 p.m.

After exiting Executive Session, upon motion made by Ms. Ebersole, seconded by Mr. Carroll, and unanimously approved, the Board adjourned the meeting at approximately 4:15 p.m.

APPROVED:

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Secretary-Treasurer