

**GATEWAY ECONOMIC DEVELOPMENT  
CORPORATION OF GREATER CLEVELAND**

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

**Held on May 25, 2016  
3:00 o'clock p.m.**

**Cleveland Indians Ballpark  
Terrace Club Meeting Room  
Cleveland, Ohio**

There being a quorum present, Mr. Offtermatt called the meeting to order at approximately 3:05 p.m. Board members Timothy Offtermatt, Matt Carroll, Tracey Nichols and William Reidy were present. Board member Emmanuel Glover was absent and Mr. Reidy left after the Chairman's report due to another engagement. Also present were Todd Greathouse, Brian Kelly and Daniella Nunnally of Gateway, as well as Dennis Wilcox, General Counsel. Present from the Cleveland Indians was Dennis Lehman. Present from the media were Karen Farkas of Cleveland.com and Kevin Klepps from Crain's Cleveland Business. William Tarter was present from the public.

The first item of business was to approve the Minutes of the February 10, 2016 meeting. Upon motion made by Mr. Carroll, and seconded by Ms. Nichols, the Minutes of the February 10, 2016 meeting were unanimously approved.

Public comment was next and Mr. Tarter asked several questions: (1) he wanted to know (1) whether the County and the City have agreed on a split of the Sin Tax; (2) what projects have been completed with the use of Sin Tax; and (3) what is happening with the Arena expansion discussions and is there anything ongoing between Gateway, the County and the Team. Mr. Offtermatt answered the questions as follows: (1) there has been no agreement between the County and the City on the split of the Sin Tax; (2) the projects completed with Sin Tax revenues will be provided; and (3) discussions on the Arena expansion are ongoing between the County and the Team, but there is nothing to report.

The Chair then gave his report. He indicated that five year plans have been requested from each team. This would still need to go to the Board and be used as a planning tool. Discussions with the teams have included meeting with the Indians, who are further along with their five year plan, whereas the Cavs are not ready yet. He reminded everyone that

there will be approximately \$13,000,000 collected each year from the Sin Tax to be used for three facilities, which won't be enough to cover all Major Capital needs, and there will be a need to prioritize these needs.

Mr. Offtermatt then turned the meeting over to Mr. Greathouse for the Executive Director's report. Mr. Greathouse first reported on the common area site indicating that repairs, cleaning and planting are ongoing. Mr. Offtermatt asked if these items were covered by ongoing CAM costs in the budget and he indicated they were. With respect to the RNC, Daniella Nunnally is working on the Gateway Plaza, lights for the trees, working with Secret Service and the general clean up and maintenance items. Ms. Nichols asked about the cost for the above, and Mr. Greathouse indicated it was covered under the CAM Budget or by third party payments and Mr. Greathouse indicated Ms. Nunnally was also working on the RNC related work in the Arena.

Next Mr. Greathouse gave his report on Arena Major Capital items, including the Safety and Security systems which are almost 95% complete. These systems were budgeted at about \$3,090,000 and will come in at a cost of slightly less than \$3,000,000.

He next discussed the Arena roof system and noted the last Board resolution authorized a budget of \$7,200,000. The early bidding came back in excess of that because of scheduling of the project around the RNC and because of the roof sign project. Because of this, it was decided to start over and perform the roof work after the RNC and a new bid process would be starting soon. He also reported that the Cavs are going to pay for all additional costs related to the presence of the roof sign being installed. He is looking for bids around July 27<sup>th</sup>. Mr. Offtermatt asked if this will be done in phases and Mr. Greathouse stated that it would, over 2016-2017. Ms. Nichols then advised Mr. Greathouse that Jobs Ohio and the County will match people with the skills necessary if there is a shortage of labor on these projects.

Mr. Greathouse continued with the Quicken Loans Arena report stating work is currently on hold with the HVAC because of the need to pay Osborne \$100,000 to do engineering.

He then talked about the Arena LED roof sign, which the City approved and which Daktronics is installing. He emphasized the Cavs are paying in full for the cost of this project and that it is expected to be complete in June. It is 80% complete now and currently you can see "Q" or "Quicken Loans" on the sign.

He then reported on Progressive Field and noted that the Daktronics video display project was a total package of about \$15,000,000 which included video ribbon boards, out of town scoreboard and other items other than the main scoreboard, and noted that the total project came under budget by approximately \$1,100,00.

Mr. Greathouse then reviewed the sound system project which had a budget of approximately \$4,700,000 and came under budget by roughly \$1,000,000 at approximately \$3,700,000.

He then discussed the TH Martin contract for mechanical/HVAC. This is the \$5,000,000 first phase for HVAC work. They had some issues with TH Martin's work, including some of the conduit joints leaking and they have worked with the manufacturer and the installer to try to work on these issues. He reported that they are now looking to replace the chiller and believe that will be within budget.

He then discussed the safety and security system budgeted at \$2,800,000 and felt that this was on track with the budget.

Mr. Greathouse next talked about food service improvements which was a \$1,426,000 project. He felt that they were on budget and there were no problems with that item.

Finally, he noted that Suite renovations were ongoing and were within budget.

He then discussed unfunded projects which had been directed to the County with a request for approval from the Board, including the field lights. He was looking to bid those in mid-summer and is looking to replace the field lights at an estimated \$2,100,000 and the outside escalators at a cost of approximately \$1,700,000. He also noted that after the season is over, high steel and concrete will be addressed.

Next, Daniella Nunnally reviewed the inclusion report. Ms. Nunnally referred to spreadsheets which were prepared for the Board and contained in the Board materials. She started with the Quicken Loans Arena, specifically the Security Center. For these major capital projects the following goals were established: of MBE 15%, FBE 7% and CSB 8%. The Security Center to date is 11% for MBE, with no FBE or CSB involvement.

Then, she reviewed the Ballpark Phase 2 Project performed by Gilbane and the Indians. To date, the performance is 7% MBE, 9% FBE and 31% CSB. She then reviewed the Ballpark Scoreboard with a percentage to date of 9% MBE, 44% FBE and 60% CSB. She also noted that some of the items in this matter were specialty and thus not included in those figures.

She next reviewed the sound system for the Ballpark which had the same goals as the previous projects. She also noted that there were a number of specialty items and that to date the only performance was 74% CSB. Mr. Carroll asked about the difference between bid goals versus actual performance. Mr. Greathouse noted that anticipated MBE contractor for the electrical did not have enough workers to work on this job. He noted that contractors normally line up their inclusion components ahead of time and sometimes these companies are too busy to subsequently perform the work. Mr. Offtermatt wondered if the County or the City might be

able to help in this regard. Mr. Greathouse noted that they have quarterly meetings to review these and they will report that we need to find more minority electrical companies. Mr. Offtermatt also suggested that in addition to attending, they send these reports to the City and County as well.

The next report was on the Ballpark cooling towers and they are awaiting payment and will have higher numbers. To date it is 31% FBE and 1% CSB only. Mr. Offtermatt again challenged the staff to find workers and minorities even in light of all of the work that is going on at this point.

Mr. Kelly then gave the financial report. He first reviewed the operating account which had a beginning balance as of April 1<sup>st</sup> of \$94,326, total receipts of \$279,978, total disbursements of \$282,253, with a balance at month end of \$92,052. He then reviewed the Ballpark operating account with an opening balance of \$107,788, \$300,000 in receipts and \$260,652 in disbursements, for an ending balance of \$147,136.

He next reviewed the 3 month forecast from May 1 through July 31. With a beginning balance of a little over \$92,000 and anticipated revenues of \$1,517,583, there are estimated funds available of \$1,609,635 and estimated disbursements of \$1,521,206 for an estimated balance on July 31<sup>st</sup> of \$88,429. He observed that a large portion of these payments are for property taxes with the Indians at \$574,968.49 and the Cavs at \$257,886.96 which also includes the business improvement district assessment.

Mr. Kelly then gave a report on Major Capital items through May 16 and noted the total approved for Progressive Field was \$32,454,547 with \$18,105,724 being spent. Quicken Loans capital repair report as of May 16 showed \$20,093,917 in approved projects with \$18,772,058 having been paid. Out of that he noted that \$941,505 was self-funded and another \$113,757 was an advance from the Cavs for retractable seating. Mr. Offtermatt then asked a question about the procedures for reimbursement through the Sin Tax and it was confirmed that the disbursement request is referred to the County and the County then directs the Trustee to make payment, the Trustee then makes payment to Gateway and then Gateway makes payments to the contractor. It is also noted the County disbursement request includes all invoices and back-up. Mr. Offtermatt then asked about the audit and noted the Major Capital should increase the capital items on the audit.

Mr. Kelly then gave a summary based on the hand-out on the Progressive Field alteration account for Phase 1 and 2 which were being funded by the Indians. Total disbursements to date are approximately \$34,000,000.

Mr. Kelly then noted that as of June 2<sup>nd</sup> the audit would begin and had been delayed because of the complexity and working with the County on the

Major Capital items that are being reimbursed. He estimated completion of the audit by the end of July.

The next meeting is scheduled for August 10.

There being no further business before the Board, on a motion by Mr. Carroll, seconded by Ms. Nichols, the meeting was adjourned at 4:05 p.m.

APPROVED BY:

SECRETARY-TREASURER

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