

**GATEWAY ECONOMIC DEVELOPMENT
CORPORATION OF GREATER CLEVELAND**

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

**Held on November 19, 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 approximately 3:10 p.m. The following Board members were present: Timothy Offtermatt, Matt Carroll, Tracey Nichols and William Reidy. Board member Emmanuel Glover called into the meeting and was placed on a speaker phone, but did not vote during the meeting. Also present were Todd Greathouse, Brian Kelly, Daniella Nunnally of Gateway and Dennis Wilcox, General Counsel, as well as Michael King from Cuyahoga County and William Tarter, Jr. from the general public.

The first order of business was to consider approval of the Minutes of the September 16, 2014 meeting. Upon motion made by Mr. Carroll, seconded by Mr. Reidy, the Minutes of that meeting were unanimously approved.

Mr. Offtermatt then asked for any public comment. Mr. Tarter raised the issue of the sale of Ballpark seats for the Ballpark Alteration and asked where the money was going from those sales. Mr. Offtermatt informed him that it was going to Major Capital Repairs for the Ballpark and Mr. Tarter indicated that there was some confusion in the press about that and Gateway should provide more information about these items before they are reported.

Next item on the agenda was to discuss meeting dates for next year. Mr. Offtermatt summarized the current proposed 6 dates as one meeting in January; two in May and two in August, the May and August meetings to consider capital repair matters; and the November meeting which is set to consider the annual Gateway budget. After some discussion with the Board, Mr. Offtermatt suggested a potential February rather than January Board meeting and asked Mr. Kelly and Mr. Greathouse to check on the Board's availability.

The Board then received the Executive Director's report. Mr. Greathouse first reported on the Arena and the monthly meetings Gateway has with Antony Bonavita and Mozelle Jackson to review projects and budgets. Next, he discussed the monthly construction progress on the projects the Board previously approved for Arena Major Capital Repairs.

Mr. Greathouse then passed out a handout which is attached to these minutes showing the progress of the Arena Major Capital Repairs and Ballpark Alterations, in particular showing the MBE-FBE and SBE participation goals.

He first discussed the Arena scoreboard project and the need to provide a system to broaden the base of the scoreboard because of the weight being 66,000 lbs., whereas the maximum weight permitted is approximately 70,000. Also, there is a 10% holdback on the scoreboard contract. Next he discussed the Arena sound system project with Parsons and indicated that was being closed shortly. Next, he discussed the Arena video production system and indicated that currently the video production is being operated out of a truck in the underground service area and that contractor is mobilizing offsite for the shipment of the product to the Arena. Mr. Greathouse then reported on the command center for the Arena. He is working with Gateway's consultant, Dave Faller, and targeting a potential June completion date. In addition, the Republic National Convention Host Committee ("RNC Host Committee") will probably want to have some input on that project.

At that point Mr. Wilcox was requested by Mr. Greathouse to summarize the discussions with the RNC Host Committee in Cleveland and the need for the Host Committee and Gateway to reach an agreement on use of the facilities, including the Gateway Common Areas, during the convention to include items such as requiring proper permits, indemnification, insurance and insuring the Ballpark and Arena are left in the same or better condition after the Convention. That is an on-going process.

Next, Mr. Greathouse reported on the Arena security system indicating there would be a triple monitoring system in place which would include remote smart phones monitoring. Next, he discussed the Arena roof system. Gateway is working with the Cavs, Venue Solutions and Dave Faller to update bid specifications.

Then he gave the Ballpark report and informed the Board of his monthly meetings with the CFO and others at the Indians. He reported on the construction of the Alterations. The General Contractor, Gilbane, is approximately 90% complete with the demolition. He indicated that some seats may be blocked in right field on Opening Day if they are not able to complete the project by Opening Day. He also indicated the City is reviewing the right field platforms for ADA compliance and other issues. As with any renovation project, there are ever changing issues and items that come up.

Next Mr. Greathouse reported on the Community Benefits Agreement ("CBA") efforts with respect to the Alterations at the Ballpark. An accompanying handout was presented to the Board, which is also attached to these minutes.

Mr. Greathouse stated that in 1994 Gateway employed an entire team of employees that monitored MBE-FBE. Since that time there is a much smaller staff and now Gateway staff is working with Greater Cleveland Partnership to monitor projects. He also met with Chief Natoya Walker Minor of the City of Cleveland on these issues. Daniella Nunnally then reported on progress including that in April 2014 Gateway acknowledged support for an MOU for the CBA. Gateway is not using the CBA itself, but using the stated MBE-FBE-SBE goals in the MOU. Ms. Nunnally also reported that Gateway is also tracking use of labor forces itself instead of using an outside third-party reviewer. Gateway also met with the Cleveland Clinic to get information on how they have handled these matters.

The Ballpark contracts were summarized in the handout that was presented indicating both the goals and the achievements to date. Also, Mr. Greathouse and Ms. Nunnally indicated Gilbane will supply personnel numbers later. The numbers are based on current contract payout. Tracey Nichols indicated that normally in these situations you track the contracts and not the labor component, which was reiterated by Matt Carroll. Mr. Offtermatt then asked that the Cavs also provide the same information and Mr. Greathouse indicated he will have similar numbers for the Cavs as well. Also, Ms. Nichols then discussed potential allowances and ensuring that contractors were certified by the City of Cleveland, in which case proper allowances are permitted. She suggested a further meeting with Chief Natoya Walker Minor. Ms. Nunnally indicated that they are working with the City on those issues now. Also, Ms. Nichols reported that new companies could be certified by the City if they make the proper application.

Mr. Greathouse then gave a site update, specifically to indicate that 6,200 brick pavers had been moved to Gate A, only 200 of which needed to be replaced and that with respect to security issues, they will start having additional security at the entrance ramp to the underground service area which includes dogs per NBA rules.

Mr. Kelly next gave the financial report. He reviewed the operating account of Gateway as of October 31, 2014. Currently both teams are paying their rents monthly. The beginning cash balance on October 1, 2014 was \$105,647, with total receipts from the teams of \$164,863 and total disbursements from the operating account of \$140,369 for an October 31st balance of \$130,142.

Mr. Kelly then reported on the status of the Ballpark Capital account which had an \$123,663 opening balance on October 1st with \$201,505 in receipts and \$187,660 of Ballpark Capital disbursements, leaving a balance on October 31st of \$137,508.

He next moved to the estimated receipts and expenditures forecast for the period from November 1, 2014 to December 31, 2014. The opening balance as of November 1st was \$130,142 with anticipated revenues being \$326,054 for total available funds of \$456,196. The

disbursements were anticipated to be \$335,000 for an estimated operating account balance on December 31st at \$120,296. Mr. Kelly also reported that a new Ballpark Alterations Account and Arena Major Capital Account have been established.

He then reviewed the Ballpark Alterations Account which had total receipts of approximately \$512,000 from September 1st through November 15th, and total payments of the same amount. There is a remaining balance of \$250.

Then he reviewed the Major Capital Repair Account at the Arena which showed \$10,894,472 received and spent with the balance in the account of \$250. The Chart also showed vendors that were paid for each of the repair items which are attached to these minutes. Ms. Nichols asked for any information about the draw schedule and suggested only once a month draws, which Mr. Kelly and Mr. Greathouse indicated they would look into.

Next, the Board considered the proposed annual operating budgets for the Indians and the Cavs.

The Board was given handouts showing the combined budget amounts and individual budgets for the Arena and the Ballpark. The total 2015 budget request is \$4,098,006 which is a 8.2% increase, much of which represents part-time employee parking for the Indians being placed back in the budget as opposed to having the Indians pay this directly. Also, he noted that the Securitas' contract for security services was higher because of healthcare benefits. Also, they were projecting to increase the security for the Arena based on the basketball sell-outs.

Mr. Offtermatt then interjected that the County has been sent a letter from Gateway requesting \$100,000 for additional funding for review of Major Capital Repairs which hopefully will be delivered to Gateway in 2015. With respect to personnel (the 8 Gateway employees), Mr. Kelly indicated there was a 1% cost of living increase and 2% merit pay increase. On a question from Ms. Nichols, Mr. Greathouse responded that all of the Gateway employees had earned the merit increase after their reviews. In summary, the total Ballpark budget was up by 10%, again primarily because of the employee parking and the Arena budget was up approximately 5.5%.

Mr. Greathouse then informed the Board that both the Indians and the Cavs had signed off on the budgets that were presented.

Mr. Kelly then reviewed the Ballpark Capital budget for 2015 which is \$2,216,516. Last year this amount was approximately \$2.8-2.9 million which included some additional non-recurring items, although historically it has been between \$2.2-2.3 million, which is consistent with the 2015 budget.

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

and unanimously approved by the Board:

RESOLUTION NO. 2014-7

REGARDING AUTHORIZATION AND
APPROVAL OF ANNUAL CAPITAL BUDGET
FOR THE CLEVELAND INDIANS FOR 2015

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland ("Gateway") has entered into a Lease Agreement with The Cleveland Indians Baseball Company Limited Partnership ("Indians") (the "Lease Agreement"); and

WHEREAS, the Lease Agreement provides for the Indians to perform capital repairs in the Ballpark on behalf of Gateway; and

WHEREAS, the Indians and Gateway have annually agreed to a capital repair budget under the Lease to be funded by the Indians and performed by Gateway and the Indians (the "Budget"); and

WHEREAS, Gateway has worked with the Indians to develop the 2015 annual capital budget and presented the same to the Board of Directors; and

WHEREAS, the Board of Directors wishes to adopt and approve Gateway's 2015 annual capital budget with the Indians.

NOW, BE IT RESOLVED, that the Board of Directors of Gateway on behalf of Gateway does hereby authorize and approve Gateway's annual capital budget with the Indians as presented and attached hereto as Exhibit A.

BE IT FINALLY RESOLVED, that the Chairman or Secretary-Treasurer are and each of them is hereby authorized and empowered for and on behalf of Gateway in its name to take all actions necessary to carry out the foregoing budget or to modify the same pursuant to the Lease Agreement without further action or notification to the Board, which such officer or officers shall in his, her or their judgment be deemed necessary, advisable or desirable in connection therewith, which execution or approval shall constitute the conclusive evidence of the approval and authorization thereto of Gateway.

Prior to considering Resolution 2014-6, the Board upon motion by Mr. Carroll and seconded by Ms. Nichols to adjourn into Executive Session to discuss compensation of employees, did adjourn into Executive Session by 4-0 roll call vote.

The Executive Session started at approximately 4:10 p.m.

At approximately 4:25 p.m. Ms. Nichols made a motion to adjourn from Executive Session and reconvene the meeting, which was seconded by Mr. Reidy and unanimously carried by the Board by roll call vote.

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

RESOLUTION NO. 2014-6

REGARDING AUTHORIZATION AND
APPROVAL OF ANNUAL OPERATING BUDGET
FOR 2015

WHEREAS, Gateway Economic Development Corporation of Greater Cleveland ("Gateway") has entered into Lease Agreements with The Cleveland Indians Baseball Company Limited Partnership ("Indians") and the Cavaliers Operating Company, LLC ("Cavaliers") (collectively the "Lease Agreements"); and

WHEREAS, the Lease Agreements provide for determination of rent to be paid by each of the Cavaliers and Indians pursuant to an annual operating budget approved by Gateway; and

WHEREAS, such budget is to be approved by Gateway by November 15 of the preceding year for the annual budget, or as soon as practicable thereafter; and

WHEREAS, pursuant to the Lease Agreements, Gateway has worked with the Indians and Cavaliers to develop the 2015 annual operating budget and presented the same to the Board of Directors; and

WHEREAS, the Board of Directors wishes to adopt and approve Gateway's 2015 annual operating budget.

NOW, BE IT RESOLVED, that the Board of Directors of Gateway on behalf of Gateway does hereby authorize and approve Gateway's annual operating budget, including for the Cleveland Indians and Cleveland Cavaliers, as presented and attached hereto as Exhibit A.

BE IT FINALLY RESOLVED, that the Chairman or Secretary-Treasurer are and each of them is hereby authorized and empowered for and on behalf of Gateway in its name to take all actions necessary to carry out the foregoing budget or to modify the same pursuant to the Lease Agreements without further action or notification to the Board, which such officer or officers shall in his, her or their judgment be deemed necessary, advisable or desirable in connection therewith, which execution or approval shall constitute the conclusive evidence of the approval and authorization thereto of Gateway.

The next meeting may be changed from January to February. There being no further business before the Board, Mr. Reidy made a motion to adjourn the meeting and seconded by Ms. Nichols. The meeting was duly adjourned at 4:27 p.m.

APPROVED BY:

SECRETARY-TREASURER
