

2016 Annual Report

Gateway Economic Development Corporation of Greater Cleveland



TABLE OF CONTENTS

DEAR CITIZENS

PAGE 3

PROGRESSIVE FIELD

PAGE 6

QUICKEN LOANS ARENA

PAGE 10

FINANCIALS

PAGE 17



Photo taken by Aaron Josefczk



Gateway Economic Development
Corporation of Greater Cleveland
758 Bolivar
Cleveland, OH 44115

DEAR CITIZENS OF CUYAHOGA COUNTY



It is with pride that we provide you with our annual report for 2016 featuring our audited financial statements for the fiscal year ending December 31, 2016.

Gateway Economic Development Corporation of Greater Cleveland (Gateway) was formed in 1990 by the City of Cleveland and Cuyahoga County, for the purposes of financing, building, owning and operating the Gateway Sports Complex in downtown Cleveland.

Gateway owns Quicken Loans Arena, as well as Progressive Field and surrounding common areas, including Gateway Plaza along Ontario Avenue.

Gateway's lease agreements with the Cleveland Indians and the Cleveland Cavaliers, as revised and extended in 2004 and 2007, facilitate Gateway's ability to continue as a good steward of these two tremendous buildings, as it has been for a generation.





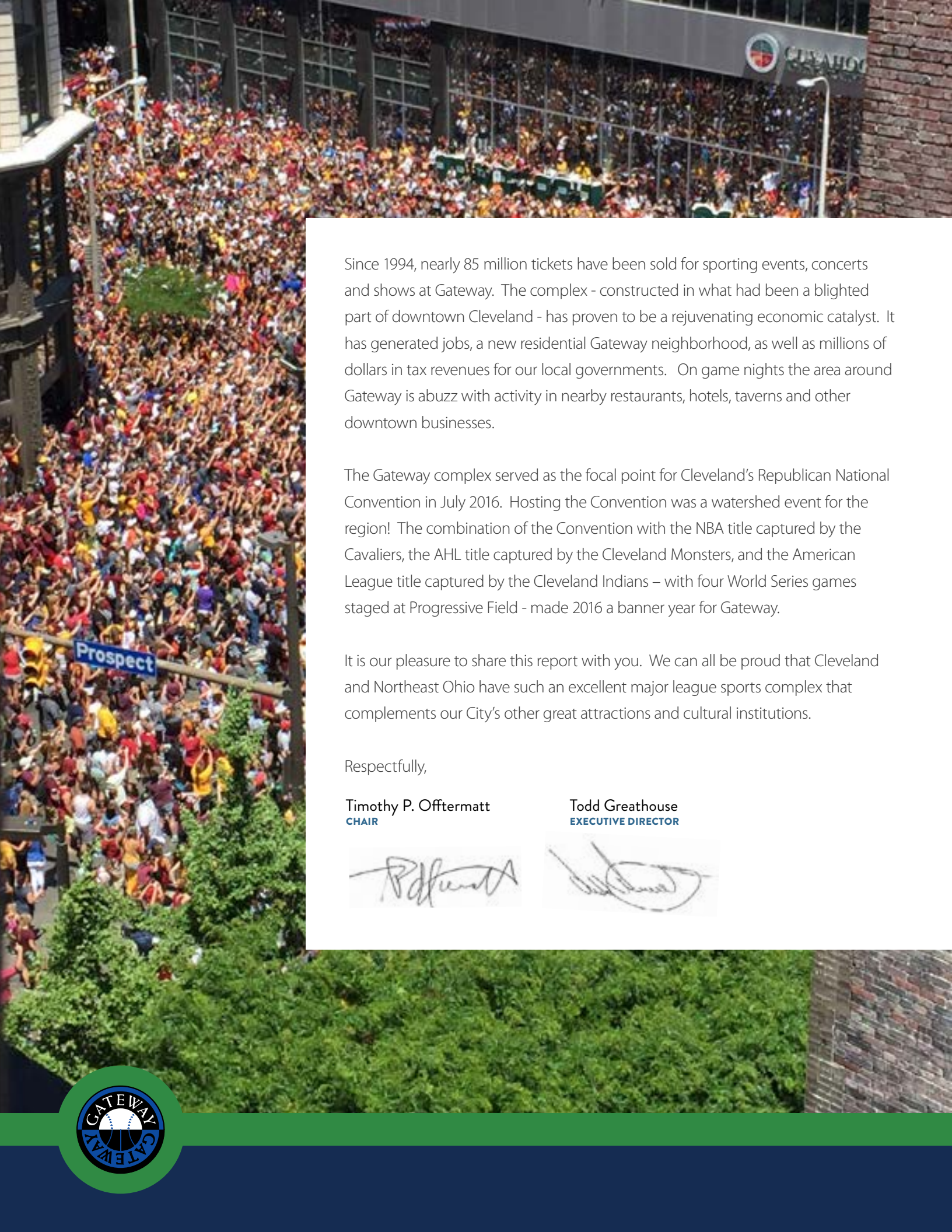
The leases with the Indians and the Cavaliers require the teams to pay for operating and maintenance costs of their respective facilities, many of the capital repair costs, as well as all of the cost of operating the Gateway Corporation. Gateway's responsibilities – pursuant to a budget agreed upon annually with the teams and financed by team rental payments - include common area maintenance, insurance, security, and oversight of the maintenance and capital repairs of the ballpark and the arena, ensuring that Gateway's facilities are maintained to guarantee their long-term viability.

As a result, the ballpark and the arena are today in excellent condition. They will continue to be maintained aggressively and thoroughly as they have been since they opened in 1994.

Major capital needs (generally, those costing over \$500,000) have started to be addressed by the Board of Trustees. In 2012 Gateway's Board of Trustees enacted a Policy governing the management of procedures related to team requests for the funding of major capital repair items. This Policy provides for rigorous Gateway review of such requests and collaboration with our public stakeholders, the City of Cleveland and Cuyahoga County, regarding the treatment of each request.

In December 2015 Cuyahoga County issued \$60,485,000 of bonds secured and paid by the proceeds of the County-wide levy of excise taxes on cigarettes, liquor, beer, and wine. The tax levy was approved by voters in the County in May 2014. The bond issue provided for \$37.4 million of capital repairs to be funded at Progressive Field and \$23.1 million of capital repairs to be funded at Quicken Loans Arena. Among the various improvements were roof replacement at the Arena, food service equipment replacement at the Ballpark, and state-of-the-art scoreboard replacement at each facility.





Since 1994, nearly 85 million tickets have been sold for sporting events, concerts and shows at Gateway. The complex - constructed in what had been a blighted part of downtown Cleveland - has proven to be a rejuvenating economic catalyst. It has generated jobs, a new residential Gateway neighborhood, as well as millions of dollars in tax revenues for our local governments. On game nights the area around Gateway is abuzz with activity in nearby restaurants, hotels, taverns and other downtown businesses.

The Gateway complex served as the focal point for Cleveland's Republican National Convention in July 2016. Hosting the Convention was a watershed event for the region! The combination of the Convention with the NBA title captured by the Cavaliers, the AHL title captured by the Cleveland Monsters, and the American League title captured by the Cleveland Indians – with four World Series games staged at Progressive Field - made 2016 a banner year for Gateway.

It is our pleasure to share this report with you. We can all be proud that Cleveland and Northeast Ohio have such an excellent major league sports complex that complements our City's other great attractions and cultural institutions.

Respectfully,

Timothy P. Offtermatt
CHAIR

Todd Greathouse
EXECUTIVE DIRECTOR

A handwritten signature in black ink, appearing to read "T. Offtermatt", written over a light blue grid background.

A handwritten signature in black ink, appearing to read "Todd Greathouse", written over a light blue grid background.



A low-angle, upward-looking photograph of the Progressive Field stadium. The image shows the intricate steel framework of the stadium's seating bowl on the left and the brick facade of the main stadium tower on the right. The sky is filled with soft, white clouds. A large, white rectangular frame is superimposed over the center of the image, containing the text "PROGRESSIVE FIELD" in bold, white, sans-serif capital letters. The text is slightly offset to the right, aligning with the stadium tower.

PROGRESSIVE FIELD

CLEVELAND INDIANS

2016 REGULAR SEASON



APRIL

The Cleveland Indians opened their 2016 season with a three-game series against the Boston Red Sox at Progressive Field. Opening Day was scheduled for April 4, but was postponed until April 5, due to a mixture of rain and snow. The Indians lost the opener 6-2. They would get their first win a day later, as newly acquired 1B Mike Napoli hit the go-ahead home run in a 7-6 victory over his former team.



OPENING DAY LINEUP

CF	Rajai Davis
2B	Jason Kipnis
SS	Francisco Lindor
1B	Mike Napoli
DH	Carlos Santana
C	Yan Gomes
LF	Marlon Byrd
3B	Juan Uribe
RF	Collin Cowgill
SP	Corey Kluber

MAY

The Indians won 12 of 17 games between May 2-20, to close to within two games of the division leading Chicago White Sox. The Indians would take three of four in Chicago later in the month to take the division lead. The team finished the month 16-3.





JUNE

The Indians continued their success into June as they won their first six games. Later in the month, the Indians would win a franchise record 14 straight games from June 17 through July 1. The Indians were a perfect 11-0 at home as they battled the Detroit Tigers, the Kansas City Royals, and the fading Chicago White Sox atop the AL Central. The Indians finished a fantastic June two games ahead of Kansas City.

Starting Pitcher Danny Salazar, who went 5-0 with a 1.91 ERA and a .177 opponents' batting average, was named the American League Pitcher of the Month. OF Tyler Naquin was named the AL Rookie of the Month after batting .338 with an AL-best 1.219 OPS.

JULY

The Indians won their game on July 1, 2-1 over the Toronto Blue Jays in 19 innings - the longest game of the 2016 season - to extend their winning streak to 14 games. The Indians were active at the trade deadline. On July 31, they acquired RP Andrew Miller from the New York Yankees for four prospects, including OF Clint Frazier and P Justus Sheffield, widely considered two of the top four prospects in the Indians' farm system.

On July 5, SP Danny Salazar and SS Francisco Lindor were named to the All Star team. On July 8, SP Corey Kluber was also named to the team as an injury replacement. OF Tyler Naquin was named the AL Rookie of the Month for the second straight month.

AUGUST

On August 11, the team opened an 11-game homestand - its longest of the season - that would put them on the winning track. The Indians swept a four-game series from the Anaheim Angels to open up the homestand and took two out of three games from the Toronto Blue Jays to end it. The Blue Jays series, which was believed to be a potential playoff preview, featured three one-run games including a walk-off inside-the-park home run by OF Tyler Naquin. The Indians' lead over Detroit was back to 7½ games by August 22.

The Indians would then go on a west coast trip that saw them go 2-5 and score one run or less in six of the seven games. However, the team returned home to sweep the Minnesota Twins to end the month.





SEPTEMBER

The Indians won six of their first eight games in September to maintain a sizable lead over the Detroit Tigers. The Indians put the Tigers away by winning two of three September 16–18. On September 26, the Indians clinched the division title - the team's first since 2007 - with a win over the Tigers. The Indians ended the season with a record of 94-67, earning the #2 seed in the American League.

OCTOBER

American League Division Series

By virtue of winning the AL Central, the Indians were placed in the American League Division Series against the AL East champion Boston Red Sox. The Indians advanced to the American League Championship Series for the first time since 2007.

American League Championship Series

The Indians faced the Toronto Blue Jays in the American League Championship Series, again owning home-field advantage. The Indians won a pair of pitchers' duels in Games 1 and 2, 2-0 and 2-1. The series shifted to Toronto for Game 3. Indians' starter Trevor Bauer left the game in the bottom of the first inning due to a bloody finger - the result of being cut by a drone before the series started. The bullpen answered the call and gave up only two runs in more than 8 innings of work. Led by Mike Napoli and Jason Kipnis home runs, the Indians won this game 4-2, to take a 3-0 series lead.

WORLD SERIES

The 2016 World Series was the 112th edition of Major League Baseball's championship series, a best-of-seven playoff between the National League (NL) champion Chicago Cubs and the American League (AL) champion Cleveland Indians, the first meeting of those franchises in postseason history. The Indians had home-field advantage because the AL had won the 2016 All-Star Game. The Cubs defeated the Indians in seven games for their first World Series victory in 108 years. It was the Indians' sixth appearance in the World Series and their first since 1997, with their last Series win having come in 1948. Cleveland manager Terry Francona, who had previously won World Series titles with the Boston Red Sox in 2004 and 2007, fell short in his bid to become the third manager, and the first non-Yankees manager, to win his first three trips to the Fall Classic.





QUICKEN LOANS ARENA

CLEVELAND CAVALIERS

2015 - 2016 SEASON



SEASON

The Cavaliers started the season strong and rose to the top of the Eastern Conference.



EASTERN CONFERENCE CHAMPIONS

The Cavaliers finished with a record of 57-25 and obtained the number one seed in the Eastern Conference for the first time since 2010.

FINALS

The team advanced to the NBA Finals for the second year in a row, facing the Western Conference champions Golden State Warriors in a rematch from the 2015 NBA finals, which the Warriors won in six games.





CHAMPIONS

The Cavaliers defeated the Warriors in seven games and won their first championship ever. The Cavs were the first team in Finals history to overcome a 3-1 series deficit; the fourth team in the Finals to come back from a 2-0 deficit; and the ninth team in the NBA Finals to rebound from a 3-2 deficit.





PRIDE

The Cavaliers' victory also marked the first championship win by a major professional sports team from Cleveland since 1964, ending a 52-year championship drought dating back to the Cleveland Browns' 1964 NFL title.



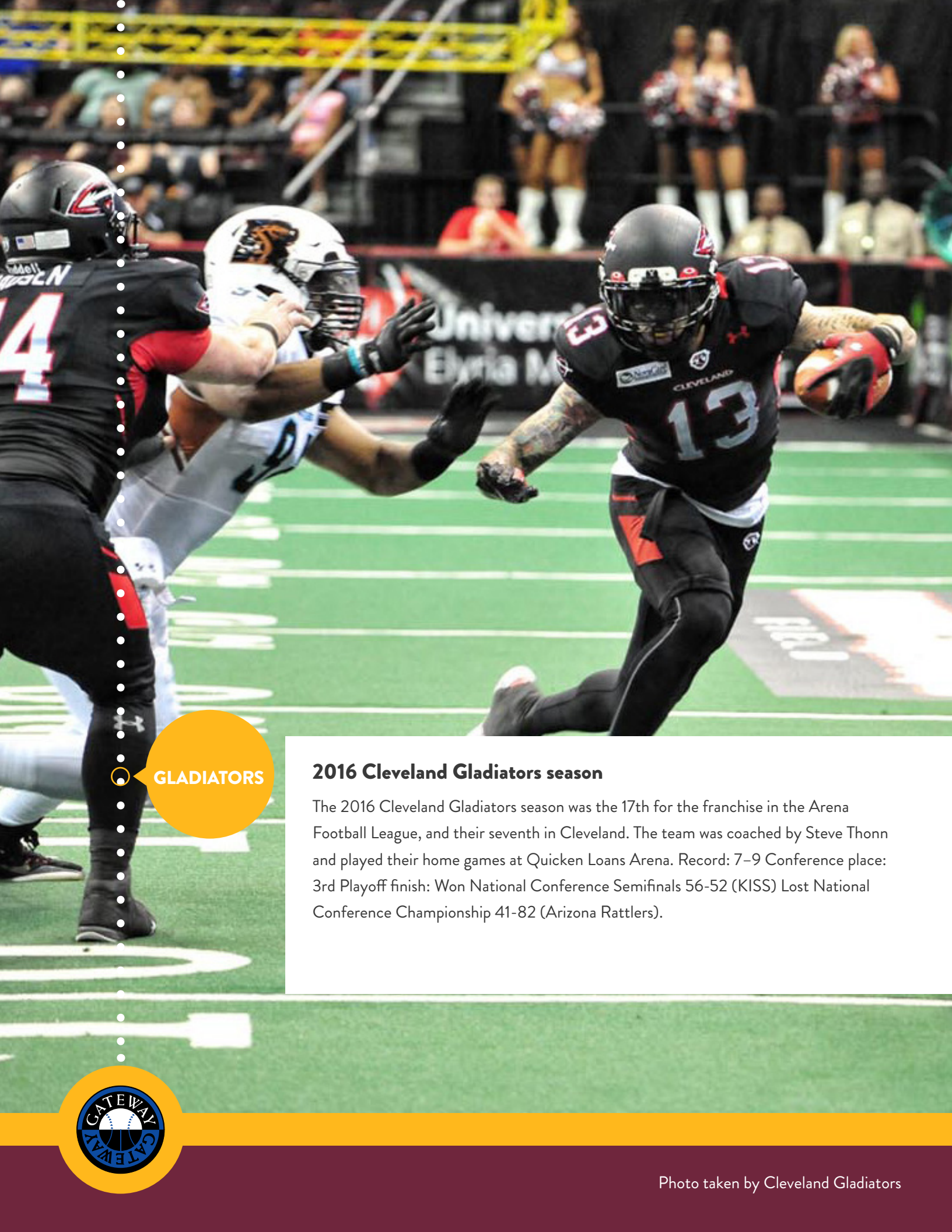


MONSTERS

2016 Cleveland Monsters Season

The 2016 Calder Cup playoffs of the American Hockey League started on April 20, 2016, with a changed playoff format. Sixteen teams qualified, eight from each conference, and played best-of-five series in the division semifinals. The playoffs continued with best-of-seven series for the division finals, conference finals, and Calder Cup finals. The Lake Erie Monsters defeated the Hershey Bears in a four-game sweep to win the Calder Cup for the first time in franchise history, and the tenth time the Calder Cup has been won by a team representing Cleveland, Ohio.





GLADIATORS

2016 Cleveland Gladiators season

The 2016 Cleveland Gladiators season was the 17th for the franchise in the Arena Football League, and their seventh in Cleveland. The team was coached by Steve Thonn and played their home games at Quicken Loans Arena. Record: 7–9 Conference place: 3rd Playoff finish: Won National Conference Semifinals 56–52 (KISS) Lost National Conference Championship 41–82 (Arizona Rattlers).





RNC

2016 Republican National Convention

The 2016 Republican National Convention, at which delegates of the United States Republican Party chose the party's nominees for President of the United States and Vice President of the United States in the United States presidential election, 2016, was held July 18–21, 2016, at Quicken Loans Arena in Cleveland, Ohio. The event marked the third time Cleveland has hosted this event, the first since 1936.



GATEWAY ECONOMIC DEVELOPMENT CORPORATION OF GREATER CLEVELAND

STATEMENTS OF RECEIPTS AND EXPENDITURES ⁽¹⁾

For the Year Ended December 31, 2016 (Operations Only)

Operating Receipts - Rent Paid by Teams	\$4,279,371
Total Operating Receipts	\$4,279,371

OPERATING EXPENDITURES

Administration	\$498,150
Common Area Site Maintenance	\$811,934
Common Area Site Security	\$844,791
D & O Insurance	\$26,014
General Liability Insurance	\$82,564
Professional Fees	\$148,949
Property Tax	\$1,546,895
Business Improvement District Assessments	\$118,816
Parking for Employees (of Teams) ⁽²⁾	\$201,258
Total Operating Expenses	\$4,279,371
Income/(Loss) From Operations	-

⁽¹⁾ The foregoing financial report is compiled from internal information. For review of Gateway's audited financial information please refer to the Ohio Auditor's website.

⁽²⁾ Under provisions of the lease Agreement, Gateway is to provide parking for the teams' employees, which is paid for by the teams.



BOARD MEMBERS

Timothy Offtermatt

Chairman
Senior Vice President
Stifel Nicolaus

Matt Carroll

Chief of Staff
County Executive Armond Budish's Office

William Reidy

Retired

Emanuel Glover (City)

Senior Vice President, Director
of Community Development Banking
First Merit Bank

Tracey Nichols

Director of the Department
of Economic Development
City of Cleveland

LEGAL REPRESENTATION

Dennis Wilcox
Attorney
Climaco, Wilcox, Peca,
Tarantino, & Garofoli Co. LPA

ADMINISTRATIVE STAFF

Todd Greathouse
Executive Director

Brian Kelly
Controller

Daniella Nunnally
Operations Coordinator

Joseph Amberik
Ballpark Manager

Jessica Glover
Administrative Assistant



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