Cleveland Medical Mart and Convention Center

Progress Update

September 28, 2010

Presented by Jeffrey R. Appelbaum and David O’Neal
Design and Graphics by LMN Architects
Agenda

- Design Update
  - Confirmation of Program Modifications
  - Impact of Modifications on Cost and Schedule
- Project Budget Update
  - Financing Assumptions
  - Renegotiation of Key Elements with MMPI
  - Application of Project Contingency
- Marketing Update
- Next Steps
Design Update

Convention Center– View from North
View from Mall C looking South
View from Mall C looking at Lakeside Entrance
View North from Lakeside Overlook
View North from East Mall Promenade
Medical Mart--View from Event Atrium toward Mall B
Medical Mart--View from Medical Mart toward Mall B
Program Confirmation

- Design must meet Program Requirements; modifications by MMPI must be approved by the County
- Conventional Wisdom is the ultimate arbiter of any disputes as to Program Compliance
- The Challenge:
  - Satisfying programmatic requirements within project footprint and financing plan
- The Solution
SCHEME B

NEW BALLROOM NORTH OF LAKESIDE
AND REVISED MEETING ROOMS

LMN
20 SEPTEMBER 2010
### Areas by Level:

#### Level B3
- Ballroom: 31,200 SF
- Meeting Rooms: 11,997 SF

#### Level B2
- Meeting Rooms: 25,503 SF
- Exhibition Hall: 230,038 SF

#### Level B1
- Meeting Rooms: 11,430 SF
- Admin: 5,337 SF

#### Level 00
- Large Meeting Room: 11,073 SF
- Showrooms: 4,072 SF
- Retail: 1,780 SF

#### Levels 01-03 Typ
- Showrooms: 29,414 SF

### Area Totals:

- Ballroom: 31,200 SF
- Meeting Rooms: 60,003 SF
- Exhibition Hall: 230,038 SF
- Showrooms: 92,314 SF
- Admin: 5,337 SF
- Retail: 1,780 SF

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**Scheme B: Convention Center**  
**Level B3 North of Lakeside**  

**Scale:** 1” = 64'-0”  
19 September 2010  
11:30 PDT
SCHEME B: CONVENTION CENTER
LEVEL B2 NORTH OF LAKESIDE

SCALE: 1" = 64'-0"
19 SEPTEMBER 2010
11:30 PDT
SCHEME B: CONVENTION CENTER  
LEVEL B2 SOUTH OF LAKESIDE  

AREA TOTALS:
- BALLROOM: 31,200 SF
- MEETING ROOMS: 60,003 SF
- EXHIBITION HALL: 230,038 SF
- SHOWROOMS: 92,314 SF
- ADMIN: 5,337 SF
- RETAIL: 1,780 SF

SCALES: 1" = 64'-0"  
19 SEPTEMBER 2010  
11:30 PDT
SCHEME B: LAKESIDE ENTRY
GROUND LEVEL PLAN

AREA BY LEVEL:

LEVEL B3
- BALLROOM 31,200 SF
- MEETING ROOMS 11,997 SF

LEVEL B2
- MEETING ROOMS 25,503 SF
- EXHIBITION HALL 230,038 SF

LEVEL B1
- MEETING ROOMS 11,430 SF
- ADMIN 5,337 SF

LEVEL 00
- LARGE MEETING ROOM 11,073 SF
- SHOWROOMS 4,072 SF
- RETAIL 1,780 SF

LEVELS 01-03 TYP
- SHOWROOMS 29,414 SF

AREA TOTALS:

- BALLROOM 31,200 SF
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- SHOWROOMS 92,314 SF
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SCALE: 1" = 64'-0"
19 SEPTEMBER 2010
11:30 PDT
EVENT 1

EVENT 1
EXHIBIT HALL
124,370 SF
MEETING ROOMS
22,503 SF

EVENT 2
EXHIBIT HALL
105,668 SF
MEETING ROOMS
37,500 SF

EVENT 2

SCHEME B: EVENT FUNCTIONALITY DIAGRAM
AT-GRADE LEVELS

SCALE: 1" = 100'-0"
19 SEPTEMBER 2010
11:30 PDT
EVENT 1
EXHIBIT HALL 124,370 SF
MEETING ROOMS 22,503 SF

EVENT 2
EXHIBIT HALL 105,668 SF
MEETING ROOMS 37,500 SF

SCHEME B: EVENT FUNCTIONALITY DIAGRAM
BELOW GRADE LEVELS

SCALE: 1" = 100'-0"
19 SEPTEMBER 2010
11:30 PDT
Cost Impact

- GMP Estimate: $351,000,000
- Developer Costs: 67,000,000*
- County Costs: 47,000,000
- Total: $465,000,000  
  (Indicated Developer Budget)

*Includes $13M of Contingency that will be used for Design and Construction

Data Date: September 17, 2010
## Project Economics

### Initial Project Estimates

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<tr>
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<th>Amount</th>
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### Assumptions for Project Economics

- 2010 collection related to the .25% general sales tax levy of $39,750,000 with no annual growth to and including 2027.
- 2011 collection of 1% Countywide bed tax equaling approximately $2,400,000 with no annual growth to and including 2027.
- A $1,000,000 contribution from Positively Cleveland sourced from the current Countywide 3% bed tax collection.
- All revenue streams are available to pay debt service, Base Rent, and/or Supplemental Rent as defined in the transaction documents.
- Net bond proceeds assume current market (September 15, 2010) interest rates plus .50% per annum. There is no assumed principal amortization of bonds in 2011. Final bond maturity is set for December 1, 2027. Total par amount of bonds is modeled to be $355 million to be issued as Cuyahoga County Economic Development Revenue Bonds secured by the County’s ability to generate nontax revenues. At least $15 million of the bonds are dependent upon ARRA bond provisions that must be issued prior to December 31, 2010.
- Construction bond proceeds only are assumed reinvested at rate of .5% for average duration of 1.9 years.
- The County Financing Contingency is available to the County for deposit in a County owned and controlled fund.

### Reasons for Contingency:

- Budget Increases Prior to GMP
- Environmental and Other County Risk
- Risk Of MMPI Default
# Project Economics

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- Impact of $40M increase on Project Cost: Contingency Reduced to $10M
- County Position: MMPI should Contribute!
Negotiations with MMPI

Summary of Negotiations

The Proposal

- MMPI to contribute $8.5M to Hard Cost Budget (through monthly rent reduction prior to completion of construction.)
- MMPI agrees to reversal of “ownership” of Capital Repair Fund
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- **MMPI Contribution = $8.5M**
- **Contingency increases to $18.5M**
Marketing Update

- **Showroom Space**
  - 37 Signed Letters of Intent for 80,000 sq. ft. (approx. 90,000 sq. ft. total available)

- **Convention Center**
  - 16 Signed Letters of Intent
    - 8 Trade Shows / 8 Conferences
    - 8 Medical / 8 Non-medical

Data Date: September 19, 2010
Next Steps

- Complete GMP Design Package
- Establishment of GMP
- Land Acquisition
  - Definitive Agreement
  - Reciprocal Access and Mall Easement Agreement
- Financing
  - Funding Agreement
  - Project Escrow Fund Agreement
  - Construction Cost Reserve Agreement
  - County Bond Documents
  - Contribution Agreement with Positively Cleveland
- Project Operations
  - Lease from Developer to County
  - Ground Lease (County to MMPI)
  - Joint Facility Use Agreement
  - Sublease and Operating Agreement
  - Booking Policy
  - MOU with Positively Cleveland
- Design and Construction
  - Design Build Agreement
  - GMP Amendment

This requires a full court press to get everything done this year!