



# 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

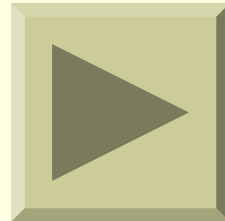


Medical Mart--View from Medical Mart toward Mall B

# 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



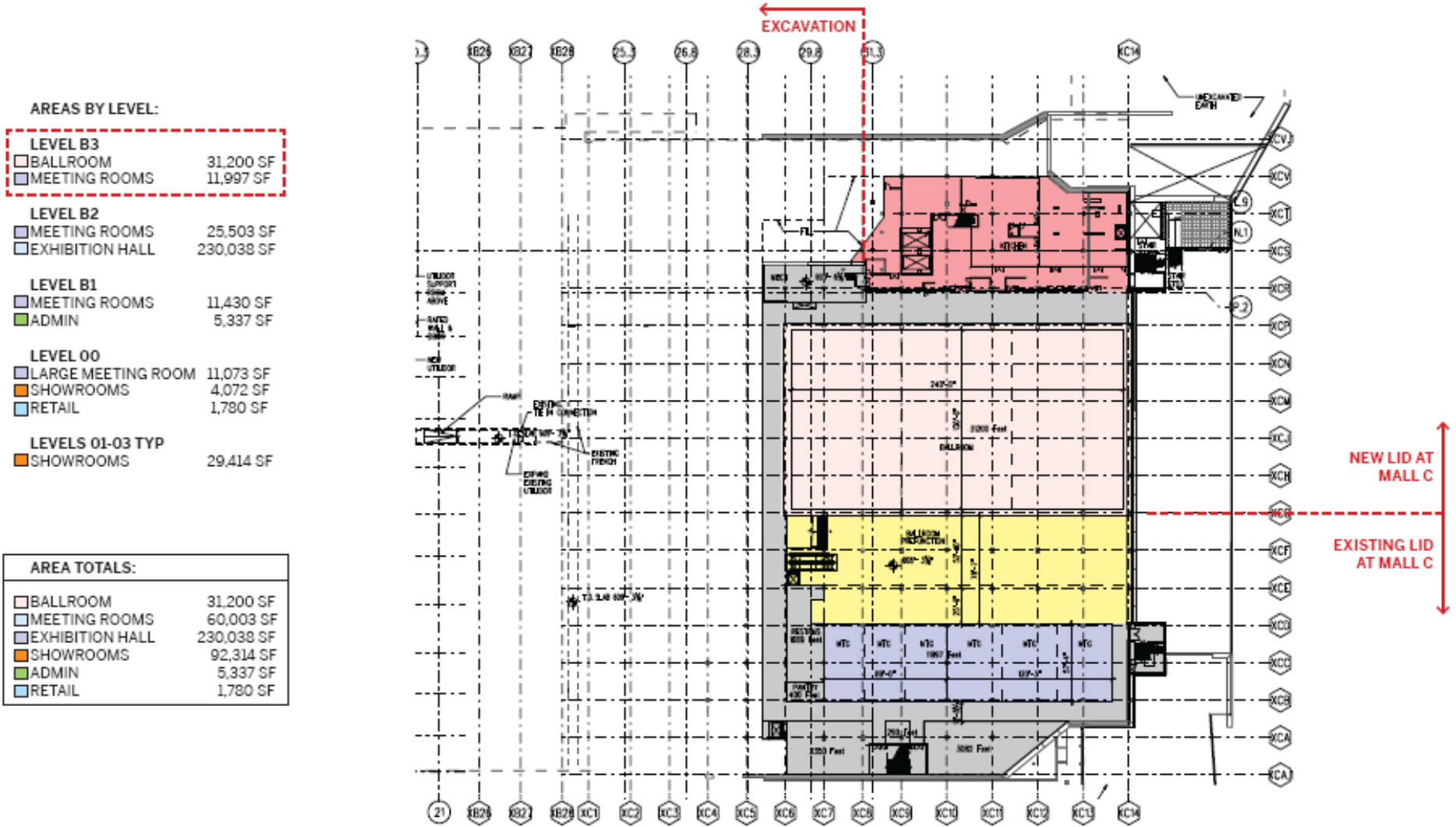
---

# **SCHEME B**

NEW BALLROOM NORTH OF LAKESIDE  
AND REVISED MEETING ROOMS

LMN  
20 SEPTEMBER 2010

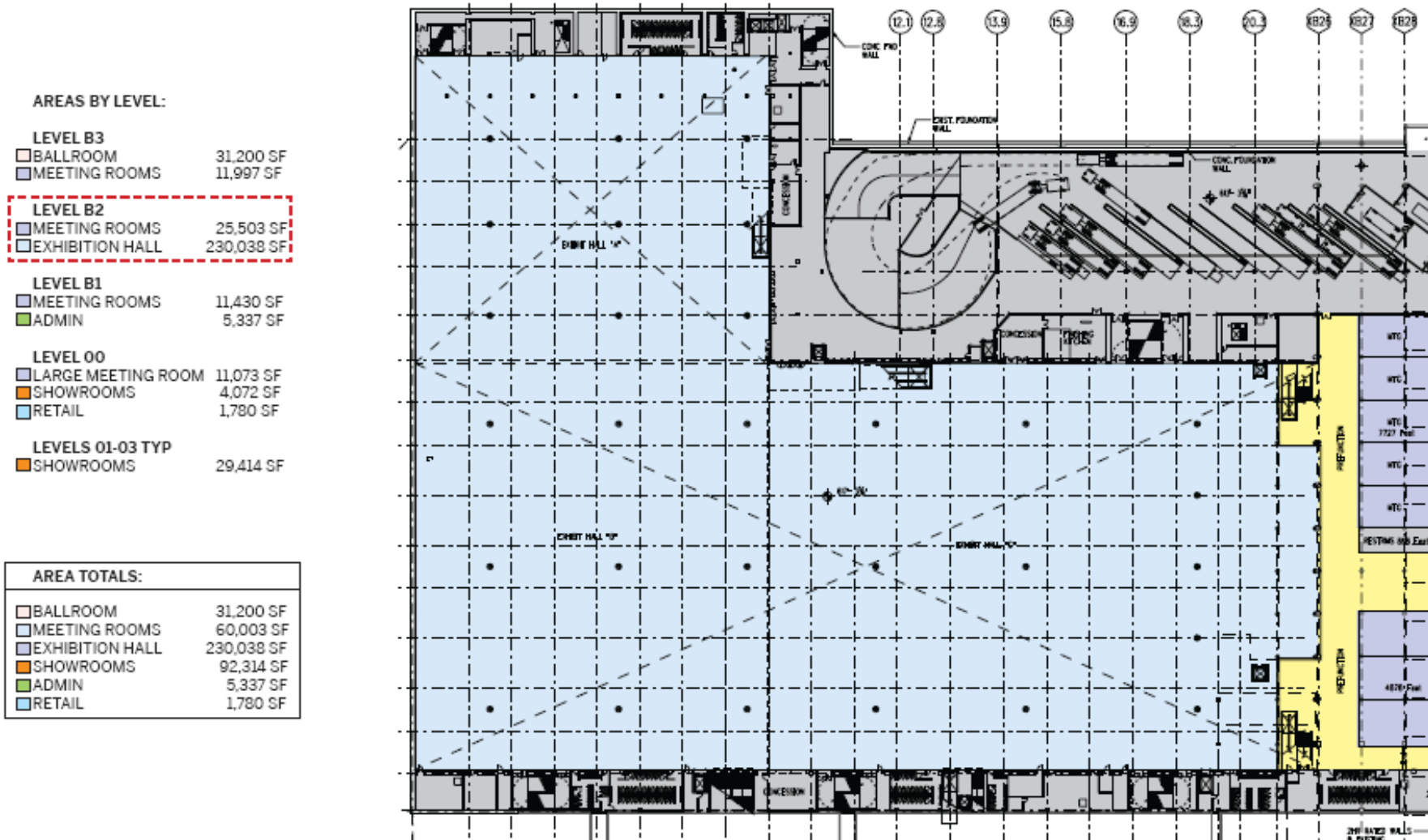
---



**SCHEME B: CONVENTION CENTER  
 LEVEL B3 NORTH OF LAKESIDE**

**SCALE: 1" = 64'-0"**  
 19 SEPTEMBER 2010  
 11:30 PDT





**AREAS BY LEVEL:**

<b>LEVEL B3</b>		
□ BALLROOM		31,200 SF
□ MEETING ROOMS		11,997 SF
<b>LEVEL B2</b>		
□ MEETING ROOMS		25,503 SF
□ EXHIBITION HALL		230,038 SF
<b>LEVEL B1</b>		
□ MEETING ROOMS		11,430 SF
■ ADMIN		5,337 SF
<b>LEVEL 00</b>		
□ LARGE MEETING ROOM		11,073 SF
■ SHOWROOMS		4,072 SF
□ RETAIL		1,780 SF
<b>LEVELS 01-03 TYP</b>		
■ 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

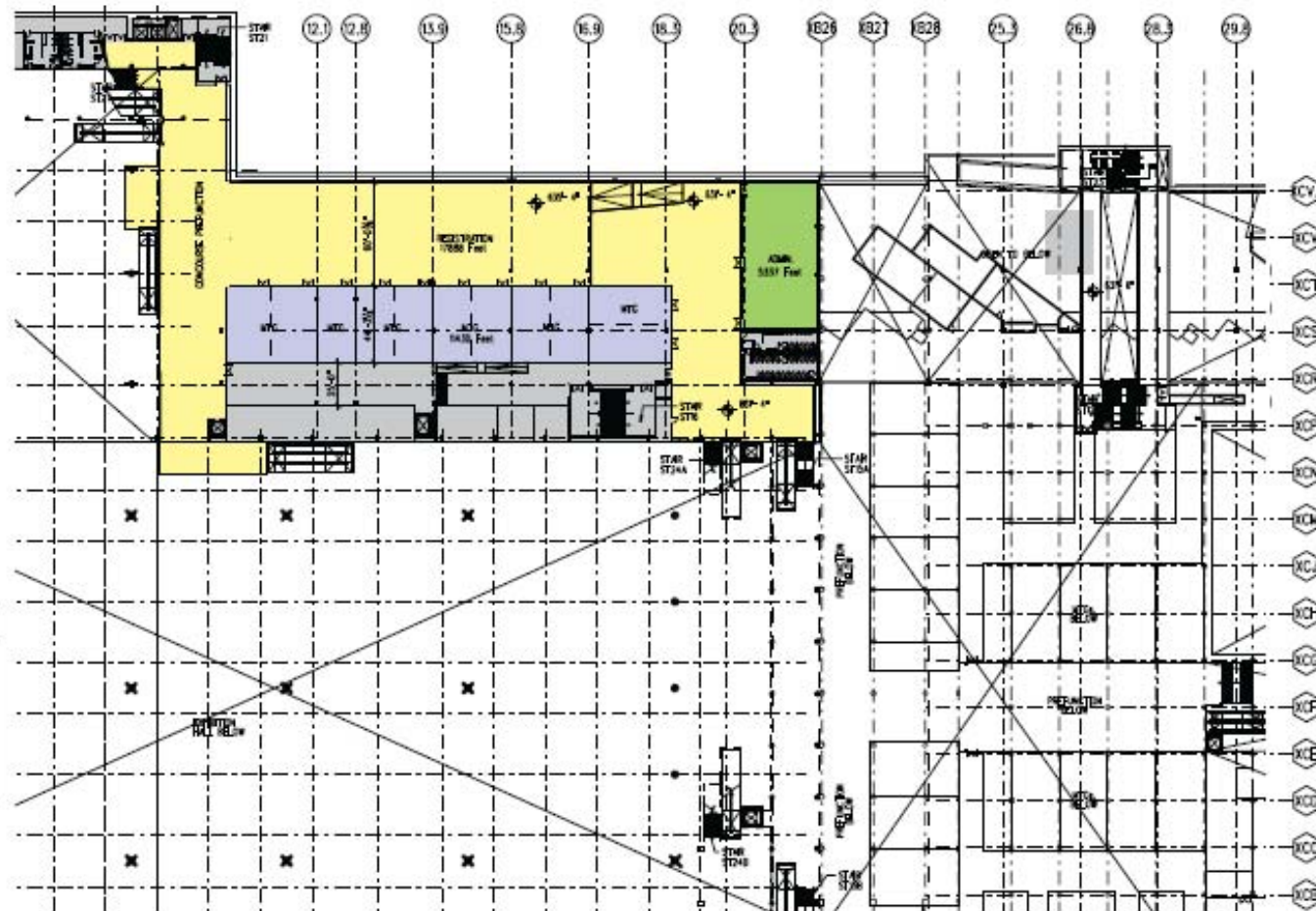
**SCHEME B: CONVENTION CENTER  
LEVEL B2 SOUTH OF LAKESIDE**

**SCALE: 1" = 64'-0"**  
19 SEPTEMBER 2010  
11:30 PDT

AREAS BY LEVEL:	
<b>LEVEL B3</b>	
□ BALLROOM	31,200 SF
□ MEETING ROOMS	11,997 SF
<b>LEVEL B2</b>	
□ MEETING ROOMS	25,503 SF
□ EXHIBITION HALL	230,038 SF
<b>LEVEL B1</b>	
□ MEETING ROOMS	11,430 SF
■ ADMIN	5,337 SF
<b>LEVEL 00</b>	
□ LARGE MEETING ROOM	11,073 SF
□ SHOWROOMS	4,072 SF
□ RETAIL	1,780 SF
<b>LEVELS 01-03 TYP</b>	
■ SHOWROOMS	29,414 SF

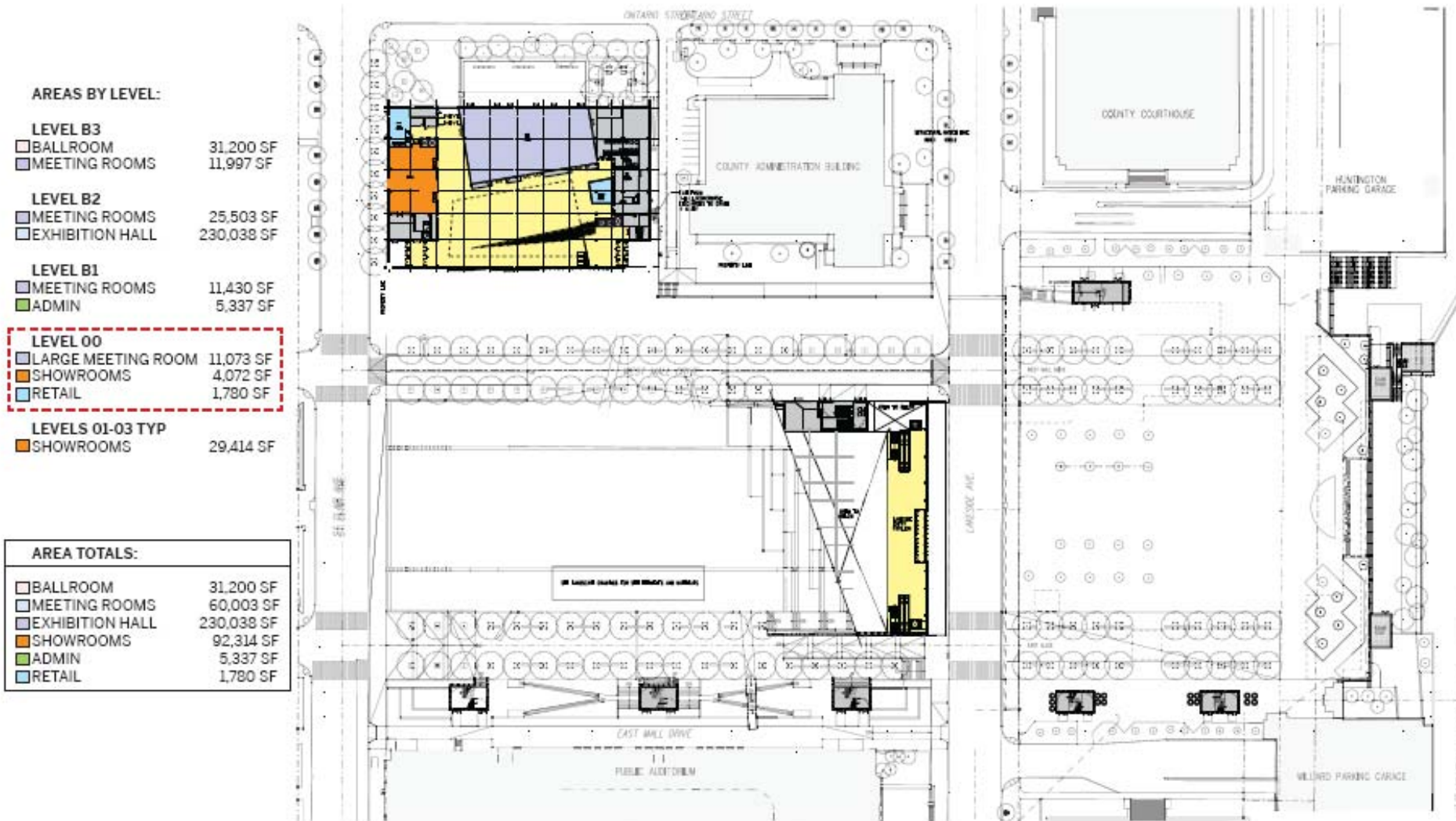
  

AREA TOTALS:	
□ BALLROOM	31,200 SF
□ MEETING ROOMS	60,003 SF
□ EXHIBITION HALL	230,038 SF
■ SHOWROOMS	92,314 SF
■ ADMIN	5,337 SF
□ RETAIL	1,780 SF



**SCHEME B: CONVENTION CENTER**  
**LEVEL B1 CONCOURSE SOUTH OF LAKESIDE**

**SCALE: 1" = 64'-0"**  
 19 SEPTEMBER 2010  
 11:30 PDT



**AREAS BY LEVEL:**

<b>LEVEL B3</b>		
□ BALLROOM		31,200 SF
□ MEETING ROOMS		11,997 SF
<b>LEVEL B2</b>		
□ MEETING ROOMS		25,503 SF
□ EXHIBITION HALL		230,038 SF
<b>LEVEL B1</b>		
□ MEETING ROOMS		11,430 SF
□ ADMIN		5,337 SF
<b>LEVEL 00</b>		
□ LARGE MEETING ROOM		11,073 SF
□ SHOWROOMS		4,072 SF
□ RETAIL		1,780 SF
<b>LEVELS 01-03 TYP</b>		
□ SHOWROOMS		29,414 SF

<b>AREA TOTALS:</b>		
□ 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

**SCHEME B: SITE  
GROUND LEVEL PLAN**

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

AREAS BY LEVEL:

<b>LEVEL B3</b>	
□ BALLROOM	31,200 SF
□ MEETING ROOMS	11,997 SF

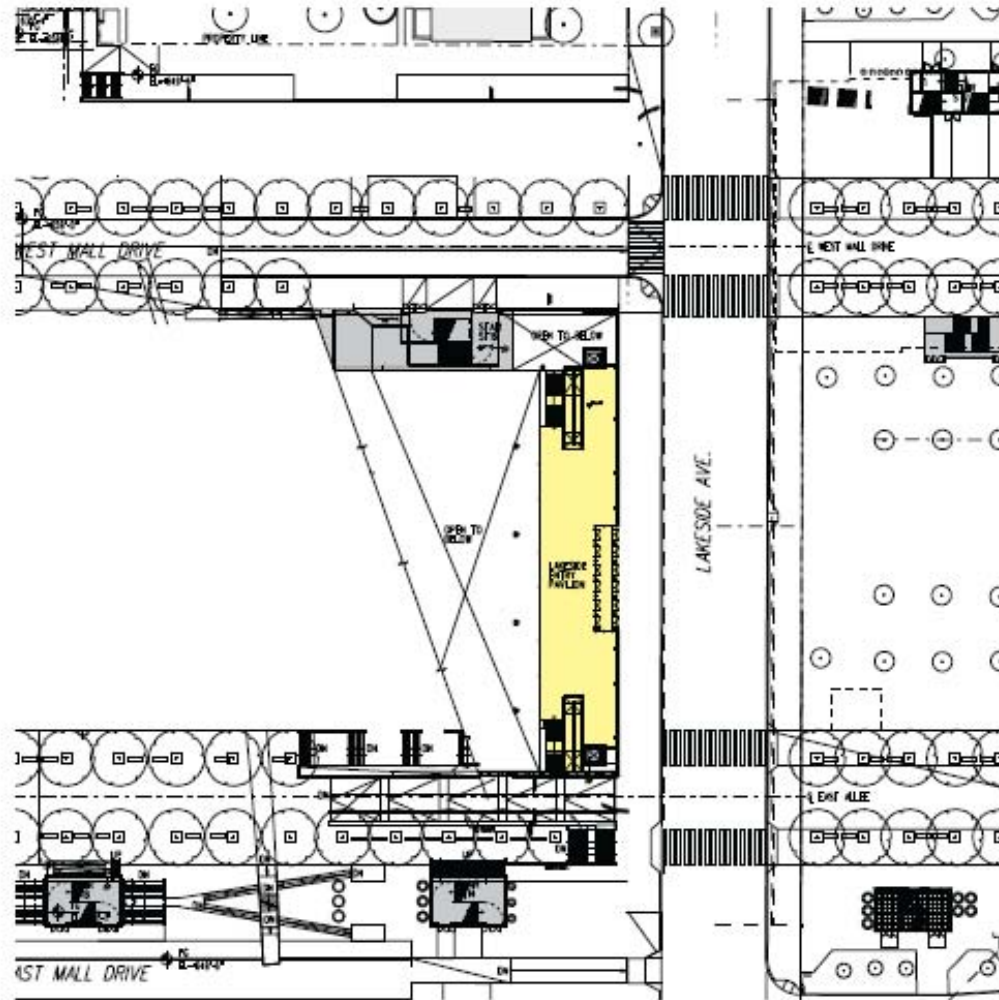
<b>LEVEL B2</b>	
□ MEETING ROOMS	25,503 SF
□ EXHIBITION HALL	230,038 SF

<b>LEVEL B1</b>	
□ MEETING ROOMS	11,430 SF
■ ADMIN	5,337 SF

<b>LEVEL 00</b>	
□ LARGE MEETING ROOM	11,073 SF
■ SHOWROOMS	4,072 SF
□ RETAIL	1,780 SF

<b>LEVELS 01-03 TYP</b>	
■ SHOWROOMS	29,414 SF

<b>AREA TOTALS:</b>	
□ 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



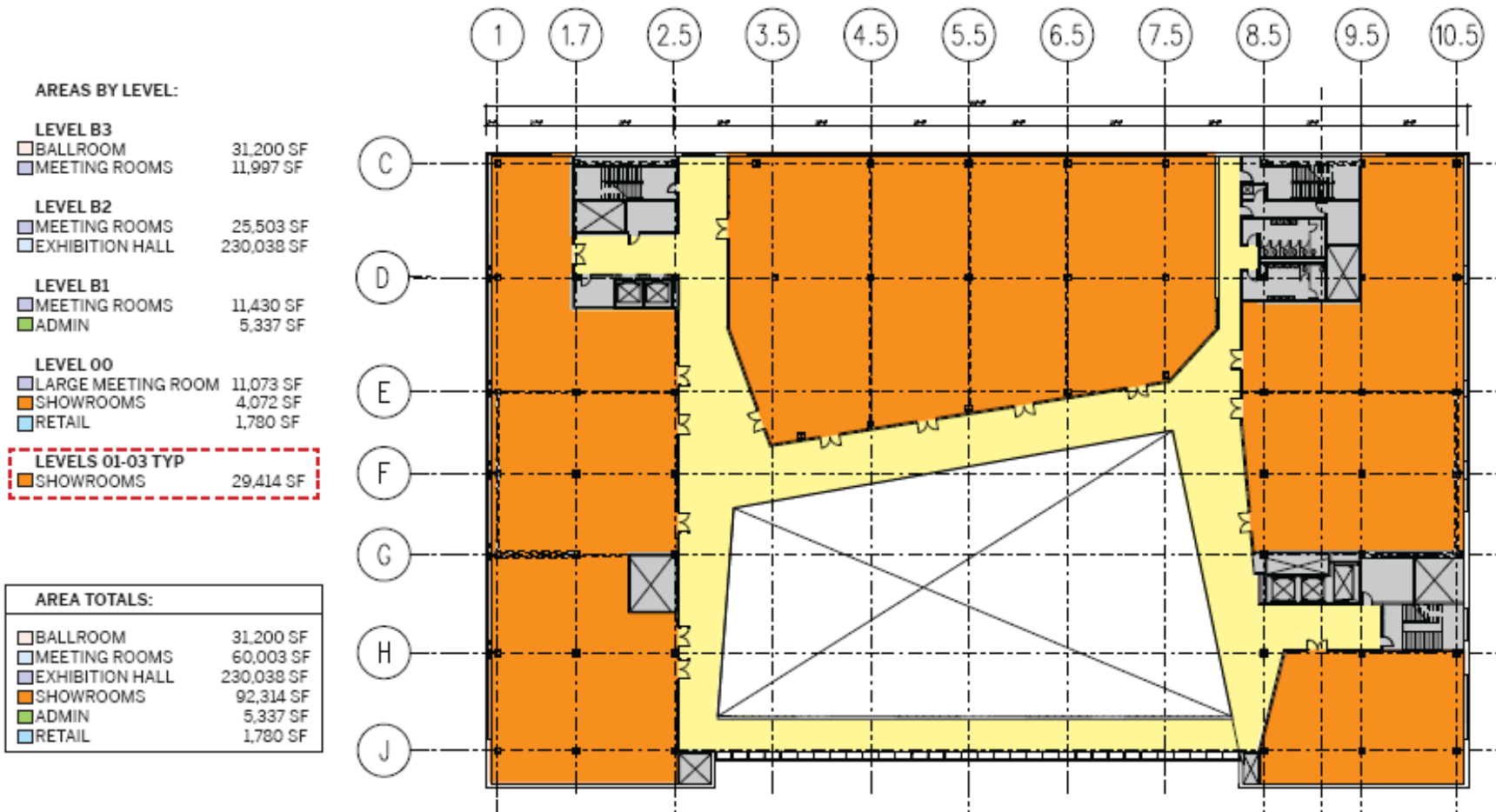
# SCHEME B: LAKESIDE ENTRY GROUND LEVEL PLAN

SCALE: 1" = 64'-0"  
19 SEPTEMBER 2010  
11:30 PDT



**SCHEME B: WEST BLOCK**  
GROUND LEVEL PLAN

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

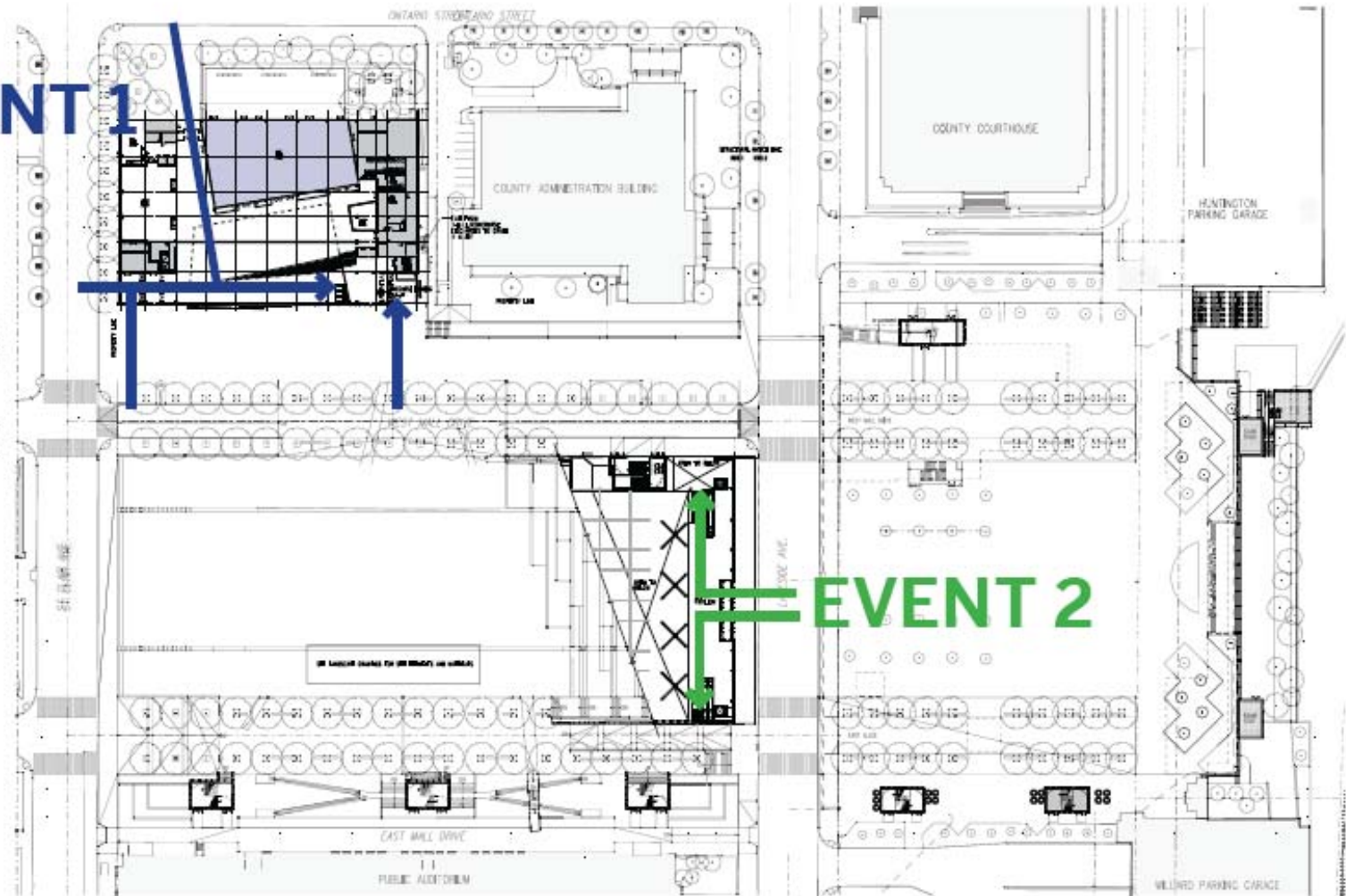


**SCHEME B: WEST BLOCK**  
**LEVELS 01-03 TYPICAL PLAN**

**SCALE: 1" = 30'-0"**  
 19 SEPTEMBER 2010  
 11:30 PDT

**EVENT 1**

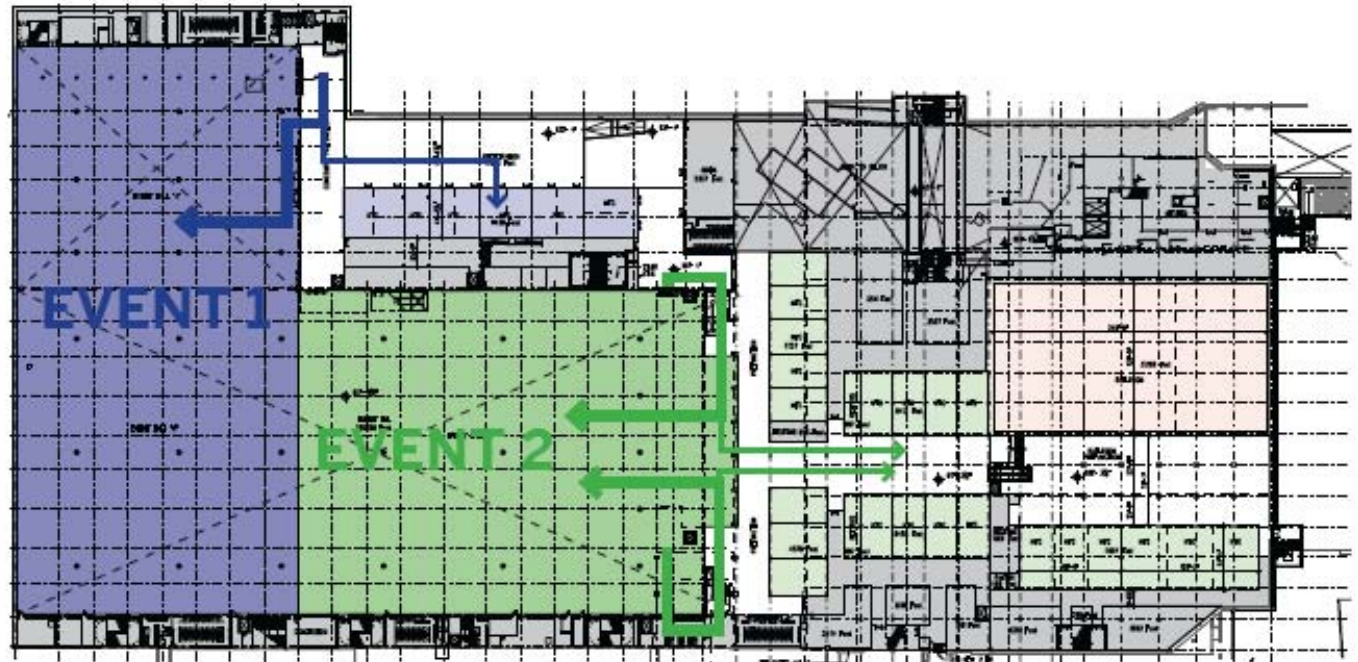
<b>EVENT 1</b>	
EXHIBIT HALL	124,370 SF
MEETING ROOMS	22,503 SF
<b>EVENT 2</b>	
EXHIBIT HALL	105,668 SF
MEETING ROOMS	37,500 SF



**SCHEME B: EVENT FUNCTIONALITY DIAGRAM  
AT-GRADE LEVELS**

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

<b>EVENT 1</b>	
EXHIBIT HALL	124,370 SF
MEETING ROOMS	22,503 SF
<b>EVENT 2</b>	
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

---



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

Data Date: September 17, 2010

# Project Economics

## Initial Project Estimates

Sales Tax Cash Applied	\$	134,500,000
Net Bond Proceeds		352,337,500
Construction Period Interest Earnings		3,162,500
<b>Total Construction Period Proceeds</b>	<b>\$</b>	<b>490,000,000</b>
Minus County Financing Contingency		(15,000,000)
<b>Proceeds Available for Project Construction</b>	<b>\$</b>	<b>475,000,000</b>
<b>Initial Project Estimated Cost</b>		<b>425,000,000</b>
Project Funding Contingency	\$	50,000,000

## Reasons for Contingency:

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

## 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 \$50 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.

# Project Economics

## Initial Project Estimates

Sales Tax Cash Applied	\$	134,500,000
Net Bond Proceeds		352,337,500
Construction Period Interest Earnings		3,162,500
<hr/>		
Total Construction Period Proceeds	\$	490,000,000
Minus County Financing Contingency		(15,000,000)
<hr/>		
<b>Proceeds Available for Project Construction</b>	<b>\$</b>	<b>475,000,000</b>

**Initial Project Estimated Cost** 425,000,000

Project Funding Contingency \$ 50,000,000

# Project Economics

Initial Project Estimates		September 17, 2010 Project Estimate	
Sales Tax Cash Applied	\$ 134,500,000	Sales Tax Cash Applied	\$ 134,500,000
Net Bond Proceeds	352,337,500	Net Bond Proceeds	352,337,500
Construction Period Interest Earnings	3,162,500	Construction Period Interest Earnings	3,162,500
<b>Total Construction Period Proceeds</b>	<b>\$ 490,000,000</b>	<b>Total Construction Period Proceeds</b>	<b>\$ 490,000,000</b>
Minus County Financing Contingency	(15,000,000)	Minus County Financing Contingency	(15,000,000)
<b>Proceeds Available for Project Construction</b>	<b>\$ 475,000,000</b>	<b>Proceeds Available for Project Construction</b>	<b>\$ 475,000,000</b>
<b>Initial Project Estimated Cost</b>	<b>425,000,000</b>	<b>Updated Project Estimated Cost</b>	<b>465,000,000</b>
Project Funding Contingency	\$ 50,000,000	Project Funding Contingency	\$ 10,000,000



- 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

# Project Economics

Initial Project Estimates		September 17, 2010 Project Estimate	
Sales Tax Cash Applied	\$ 134,500,000	Sales Tax Cash Applied	\$ 134,500,000
Net Bond Proceeds	352,337,500	Net Bond Proceeds	352,337,500
MMPI Hard Cost Construction Contribution	-	MMPI Hard Cost Construction Contribution	8,500,000
Construction Period Interest Earnings	3,162,500	Construction Period Interest Earnings	3,162,500
<b>Total Construction Period Proceeds</b>	<b>\$ 490,000,000</b>	<b>Total Construction Period Proceeds</b>	<b>\$ 498,500,000</b>
Minus County Financing Contingency	(15,000,000)	Minus County Financing Contingency	(15,000,000)
<b>Proceeds Available for Project Construction</b>	<b>\$ 475,000,000</b>	<b>Proceeds Available for Project Construction</b>	<b>\$ 483,500,000</b>
<b>Initial Project Estimated Cost</b>	<b>425,000,000</b>	<b>Updated Project Estimated Cost</b>	<b>465,000,000</b>
Project Funding Contingency	\$ 50,000,000	Project Funding Contingency	\$ 18,500,000

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)
  - Healthcare IT, Medical Device Development, Healthcare Publishing, Electronics, Healthcare Furnishings, General Patient Care, Healthcare Education, Surgical Equipment, Sterilization Equipment, Orthopedics Products, Imaging Equipment

- 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!