



City of Cleveland
Frank G. Jackson, Mayor

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November 24, 2009

Mr. Chris Kennedy, President
Merchandise Mart Properties, Inc.
Suite 470 The Merchandise Mart
Chicago, Illinois 60654

Dear Chris,

I am writing to ask for specific answers to a number of questions regarding the Medical Mart and Convention Center project.

Public Auditorium Data. Dating back to November 6, 2009, my Chief of Staff, Ken Silliman, and our legal counsel, Marc Krantz, have repeatedly requested that MMPI provide immediately to the City of Cleveland, a summary of the priority items that MMPI and its consultants believe are necessary to repair Public Auditorium. MMPI promised to deliver this summary, but we did not receive it until this morning (two weeks since the initial presentation and our initial request). In the meantime, your representatives did not hesitate to summarize your findings to anyone who would listen. MMPI took advantage of ample opportunity to review the conditions of this building prior to signing the letter of intent, and all of us knew and could see the building contained infrastructure dating back over 50 and even up to 80 years. You took more than 6 months to deliver your “news,” during which time our attorney was regularly requesting updates and receiving assurances from MMPI that everything was on track. To work together toward completion of this significant project, it is mandatory that you make better decisions and communicate more openly and often with the City of Cleveland.

Let me be perfectly clear on this point: the City of Cleveland will gladly retain Public Auditorium and make the necessary repairs.

St. Clair Property Negotiations. In your November 4, 2009, presentation to me, and several times since, your staff has asserted that the St. Clair property owners’ total “ask” for their properties was \$24 million (\$18 million by L&R Development and \$6 million by the Sportsmen’s Deli). Your staff stated that this “ask” was the result of numerous negotiations. Provide to me the dates of these discussions and the supporting documentation for your statements.

Lakeside Avenue. Mr. Silliman indicated strongly at the City Council meeting that Lakeside Avenue cannot be shrunk. MMPI stated that your request to change Lakeside Avenue was based on your engineer’s design to minimize the portion of exhibit hall having ceilings less than 30 feet

in height. This issue was discussed last spring. At that time, you told us that the ceilings under the Lakeside Avenue right-of-way could be lower than 30 feet to avoid the expense of relocating utilities located in the right-of-way. At that time, MMPI stated the lower ceiling height would be sufficient for an efficient operation of a Convention Center. Your most recent request to vacate portions of Lakeside Avenue was not communicated to me in your November 4, 2009, briefing but rather in subsequent comments by your representatives to our lawyer. Explain why you are attempting to change from the understanding we reached last spring.

Meeting Rooms & Entrances. MMPI presented to this administration and the Cleveland City Council that the functionality of the Convention Center would make us competitive and was exactly what was needed for successful convention centers. Yet, today, you are talking about reducing the number of meeting rooms and changing the entrance locations, all of which contradicts what MMPI originally stated to us made our facility competitive. With the loss of Public Auditorium, explain how the Medical Mart and Convention Center will have adequate meeting rooms that meet the state-of-the-art requirement that MMPI advised was needed. Further, your current rendition shows a secondary entrance or entrances to the Convention Center on St. Clair Avenue and appears as if you are only adding a couple of stairways leading down into the Center. I have stated from the outset of this project that protection of the public interest in light of potential conflicts with your role as a private developer/operator is imperative. Explain why the residents of the City of Cleveland should need to forego their public space for new entrances (entrances that presumably would not have been needed had you had enough foresight with respect to Public Auditorium) and point out the exact location of the proposed entrances.

First to Market Issue. One of your stated goals for the use of Public Auditorium was its use as a temporary facility to enable the Cleveland Medical Mart to be “first to market.” At City Council, your representatives contradicted your prior statements and indicated that this issue was no longer a concern. Explain to me the contradiction and what led MMPI to abandon its “first to market” strategy.

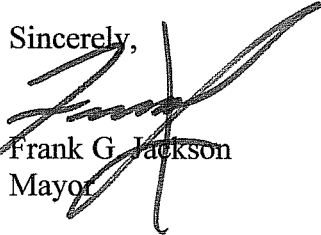
Location to Downtown Restaurants, Hotels and Amenities. Your representatives also made statements in front of City Council that were inconsistent with your prior statements regarding the advantages of the location of the Medical Mart on St. Clair Avenue. Previously, MMPI indicated that being close to downtown restaurants and other downtown establishments was a significant advantage for the St. Clair location. Indeed, part of the very premise for the Medical Mart project is that the attendees will be spending their money in downtown establishments helping to promote economic development in the City of Cleveland. Now, MMPI is stating the location of the Medical Mart at the very north end of Mall C is an advantage for the project. Which one is it?

These are just a few of the issues that warrant concern about this project. My position on this project has been clear and unchanged from the beginning: A renovated Convention Center, combined with a Medical Mart, has the potential to create jobs, invigorate convention business, and capitalize on our successful and substantial health care industry and position Cleveland for future growth. In my public statements to the residents of the City of Cleveland and in our discussions with Cuyahoga County in the spring, I repeatedly reiterated that it is imperative when this project is complete that it be a state-of-the-art facility with expert-approved features,

technology, meeting rooms, exhibit space and connectivity. Throughout, I have also maintained the importance of protecting the public's interest against the conflicts that arise with your interests as a private developer.

While the City of Cleveland remains committed to working through all of the issues to keep this project on track, I do expect you to be quick and thorough in your response to all my requests and requirements. Together, we can get this project completed so that everyone in the City may benefit. To do that, we need better communication and your complete cooperation, transparency and effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank G. Jackson", written over the typed name and title.

Frank G. Jackson
Mayor

Cc: Terrance C. Z. Egger, Publisher, The Plain Dealer
Susan Goldberg, Editor, The Plain Dealer
The Honorable Martin Sweeney, President, Cleveland City Council
All Members of Cleveland City Council
The Honorable Peter Lawson Jones, Cuyahoga County Commissioner
The Honorable Tim Hagan, Cuyahoga County Commissioner
The Honorable James Dimora, Cuyahoga County Commissioner