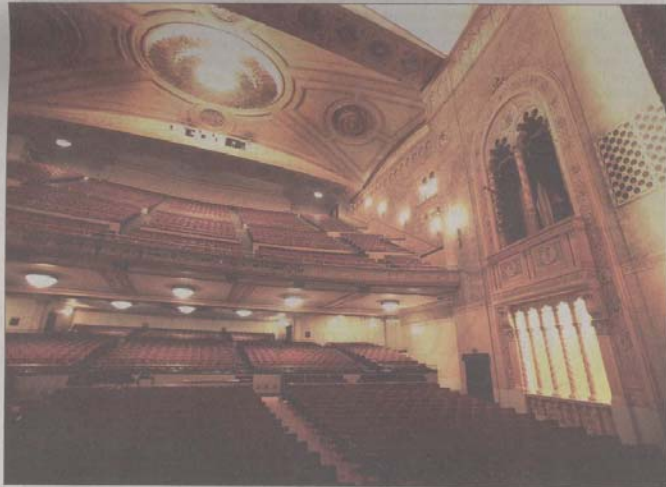


THE PLAIN DEALER

MEDICAL MART

MMPI moving at frantic pace on all aspects of huge project



LISA DeJONG | THE PLAIN DEALER

While MMPI plans to break ground on the medical mart late next year, under a fast-track schedule, work to update Public Auditorium with high-tech meeting rooms and audio-visual systems could begin sooner.

Meetings, interviews, negotiations keep firm hopping

LAURA JOHNSTON | PLAIN DEALER REPORTER

Beneath a swath of grass, engineers inspect the old Cleveland Convention Center, refining designs for a new one. Behind a rack of perky Positively Cleveland brochures, executives recruit vendors, persuading them to open medical equipment showrooms. And at more than 100 health-care conventions across the country, representatives lure trade show organizers, promising them a unique trio of institutions — a showplace medical mart, cutting-edge convention center and technologically wired, historic Public Auditorium. MMPI has worked largely out of public view since signing a complicated contract in April to build and operate the med mart and convention center for Cuyahoga County, but its pace has been manic. “It’s kind of like a duck on the water,” said county Administrator Jim McCafferty, “where you don’t see much above the water, but they’re paddling underneath.” The county is paying the Chicago-based firm, formerly Merchandise Mart Properties Inc., \$333,333 a month to build the \$425 million downtown complex.

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Jim McCafferty, county administrator

MEDMART

FROM A1

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For that stipend, MMPI representatives are meeting with Cleveland building officials, interviewing potential contractors, assembling an advisory board of health care experts, working with Positively Cleveland and the Greater Cleveland Partnership, negotiating contracts and land deals and brainstorming with Cleveland Clinic and University Hospitals doctors and nurses.

"They need to attack the engineering side, the design side and the marketing side of the project," said Joe Roman, president and CEO of the Greater Cleveland Partnership. "They're getting things done, and they're doing it with profile when they need it, without profile when they don't."

There was no public fanfare as MMPI, which produces more than 300 events a year, tunneled into Cleveland this past summer. No fancy photo-ops as its machinery began to churn, as the company hired 23 consulting firms and assigned 25 employees to the project, to be built under and around the downtown Mall.

The goal: a marketplace that will transform Cleveland, creating a bustling hub of health-care trade.

"Our job is to develop and build a world-class facility for Cleveland and to breathe life into it," MMPI Senior Vice President Mark Falanga said.

MMPI plans to break ground on Public Auditorium renovations late next year. Meanwhile, here's what the company has been up to.

Meetings and interviews

Creating a medical mart complex requires a lot of meetings.

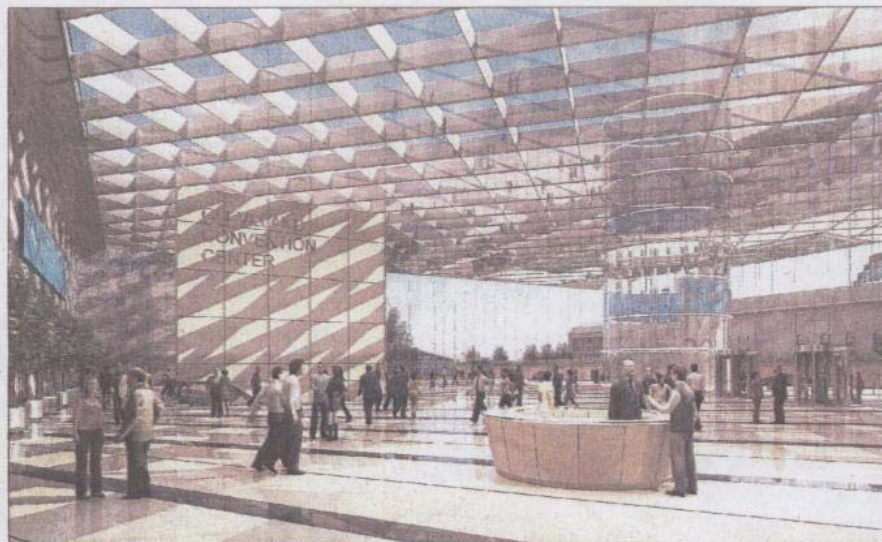
MMPI has regular meetings with the Cleveland Clinic and University Hospitals staff, Falanga said. It has meetings to negotiate land deals and meetings to choose a panel of industry insiders to advise the company.

The company also does interviews — a lot of interviews. The company reviewed more than 90 consulting companies before hiring 23 firms specializing in lighting, traffic, scaffolding, architecture and engineering,



In July 2007, the Cleveland Convention and Visitors Bureau brought in a group of meeting planners to tour Public Auditorium.

TRACY BOULIAN | THE PLAIN DEALER



An artist's conceptual drawing of how the proposed medical mart might look.

MMPI

cleveland.com/medica

Read more about the project and post your comments

tural path and realize neglected some code issues which we were not familiar with to modify the design accordingly."

What's ahead

Years from a planned opening in 2013, the Cleveland medical mart already faces competition from marts proposed in New York and Nashville.

World Product Centre announced 11 tenants, plus major education and training facilities in a \$1 billion, 6-tower in midtown Manhattan. And Market Center Management Co. has announced a new mart in Nashville more than twice the size of Cleveland's planned 615,000-square-foot complex.

The Nashville group plans to open next year, though it has not yet announced a location.

"The differences between

Falanga said. Fourteen of the firms are based in Ohio, the majority of those in Cleveland.

The MMPI staff rents office space inside the Positively Cleveland and Greater Cleveland Partnership headquarters in the Higbee Building. Staff members meet virtually every day with the convention and visitors bureau and the chamber of commerce, behind the bold colors of Positively Cleveland's visitors center and the bustle of Public Square.

Now, with teams fanning out across Cleveland like spokes on a wheel, MMPI has meetings to update everyone on the subjects of all those meetings.

Through video conferences, dozens of MMPI representatives scattered around the country come together, often armed with PowerPoint presentations, to compare notes and offer advice on all aspects of the project. As the project grows more complicated, the update meetings will become even more important, because each aspect could affect all the others.

"Everybody knows what everybody else is working on," Falanga said. "We have a big agenda."

Not once in any of the meetings or interviews, Falanga said, has the company confronted any of the types of corruption alleged by the federal investigation focusing on Cuyahoga County Auditor Frank Russo and Commissioner Jimmy Dimora. Neither Russo nor Dimora has been charged with a crime, and both men deny any wrongdoing. But indictments accuse other public officials of taking cash and favors in exchange for contracts and jobs.

make Cleveland a hotspot for medical innovation, Falanga said. Their doctors and administrators could speak at medical conventions in Cleveland, and their facilities could host tours and demonstrations of the latest technology at the medical mart.

The open-year-round mart would attract hospitals and professionals shopping for new equipment, as well as enhance medical trade shows.

"The shows, in effect, will be anchored by all the showrooms," Falanga said. "Our big selling advantage is we could enable manufacturers to do business more efficiently in Cleveland than anywhere else in the country."

MMPI has signed some leases for the planned 30 to 40 showrooms, Falanga said. He has promised confidentiality to tenants and can't release the companies' names. But an additional 100 companies are interested in the concept, he said.

MMPI also is selling Cleveland to trade show organizers at more than 100 shows across the country, aiming to attract a rotation of health-care conventions.

The company shared space at three shows with Positively Cleveland, including at the American Society of Association Executives' show in Toronto in August. And Positively Cleveland is introducing the company to folks outside the health-care industry who are interested in staging conventions in Cleveland.

Visiting the shows is important because associations mean big business, said association society President and CEO John

Positively Cleveland's vice president of sales.

Such shows work as a recruiting tool to attract new members throughout the region. But if a show is absent from one region for too long, the association could lose members. MMPI and Positively Cleveland complement each other, because the bureau works to drive all tourism, while MMPI concentrates on a small segment of the vast industry. They can work together to attract conventions.

"We have the kinds of absolute, first-class assets that people want to see, but we've been missing the place for people to have their shows," said Roman, of the Greater Cleveland Partnership. "I do think there's a pent-up demand. There's a lot of activity here for them to see. And it's at the right price." The price is cheaper than top-tier destinations, such as Chicago, Las Vegas, New York and Orlando, he said. The activities, from the Rock and Roll Hall of Fame to PlayhouseSquare, beat out other second-tier cities, such as Columbus, Cincinnati, Milwaukee and Minneapolis, he said. Plus, Cleveland is centrally located, within driving distance of a large block of the U.S. population.

Cleveland's hotels, unlike those in some cities, are willing to collaborate, officials said. They will work together to offer blocks of rooms in all price ranges, helping to court conventions and giving Cleveland an edge.

"If a hotel community isn't coordinated, it could make it much more complicated for a show organizer," Falanga said.

And because the city's convention center has been out-

conventions.

Negotiating the details

While MMPI has settled on a spot for the convention center and signed a contract with the county to build the complex, it's still negotiating a lot of details.

Jeff Appelbaum, the county's hired attorney, has written a draft of a construction management agreement that would add safeguards to the original county contract.

Language in the first agreement with MMPI allowed the company to walk away from the project at any time until all designs were finalized. The agreement didn't specify what the company's monthly fee covered or who would keep any leftover money set aside for unanticipated expenses.

So now Appelbaum is meeting with MMPI to hash out details.

"We're hopeful we'll end up with a good resolution," Appelbaum said.

He will work closely with another special county attorney, hired to float millions of dollars in construction bonds, county Administrator McCafferty said. The prosecutor's office is choosing the bond counsel.

The county is also finalizing a \$20 million deal with the city to buy the old convention center.

Meanwhile, MMPI is keeping tabs on the convention center sale and negotiating to buy property at 113 St. Clair Ave. to make way for the medical mart.

"The owners are obviously sitting pretty with the land," said Dennis Roche, president of Positively Cleveland. "They can ask for the sun, the moon and the stars. What they end up with remains to be seen."

The company talks weekly

the type of facility we could build," Falanga said. "We've got enough alternatives that we're exploring that we won't be put in that position."

Although the real estate negotiations have dragged on longer than anyone expected, he said, they haven't yet held up the building schedule.

Building the mart

Before calculating the \$425 million estimate to build the complex, MMPI sketched about a half-dozen rounds of architectural designs. So the company is satisfied it can build for that amount.

The money will come from bonds, paid off by a quarter-cent sales-tax increase that commissioners imposed in October 2007, which has raised more than \$71 million so far.

"We have no interest in reaching into anyone's pocket for any additional money," Falanga said.

So engineers and architects are performing due diligence, making sure they understand the structural engineering of Public Auditorium and the composition of the underground site, testing the convention center foundation and its walls.

"They're just making sure it's in good shape," McCafferty said. "So when you start the construction, you pretty much know everything you're going to run into, to try to alleviate the surprise factor. . . . There are no surprises that have popped up yet."

MMPI plans to break ground late next year and open in 2013.

Under the fast-track schedule, some construction will begin before all designs are final. So work to update Public Auditorium with high-tech meeting rooms and audio-visual systems could

two projects are stark," Winsor, president and Market Center Manager. "The Nashville Medic Center is a medical trade center first and co-center second. Cleveland convention center with wholesale mart included. The New York group see a conflict.

"If there's a Wal-Mart land, that doesn't mean it can't be a Wal-Mart in Cleveland City," said Michael Resnate, vice president of the Product Centre. "The community and medical industry will see both as valuable participants in both."

Others think the first open will boast a definite edge.

Falanga said MMPI notes the other projects, Nashville has no financial and that a New York would have much higher than Cleveland.

"We think we're positioned to deliver a great advantage," Falanga said, touting Cleveland's financial and its renowned medical structure. "We're far ahead of everybody else that's got a hat in the ring."

Falanga doesn't see a casino in Cleveland as an advantage.

The company has not either the constitutional amendment on the November election or an alternative idea for a hotel and casino downtown.

"I would say the medical community of doctors and not seeking out location gambling is legalized," said. "To us, it's not what should be focusing on."

As the medical mart with shoppers and the

and jobs.

"We've had nothing but straight dealings with everyone we've worked with in Cleveland," Falanga said.

Selling Cleveland

MMPI officials are selling the presence of the Cleveland Clinic and University Hospitals to help fill their medical mart showrooms. And they're banking on Cleveland's charms to help book their convention center.

The renowned hospitals

society President and CEO John Graham IV.

"The overwhelming majority of associations hold annual meetings, conventions, educational seminars and trade shows in the United States," Graham said. "These meetings are a multibillion-dollar business and an integral economic component of the hospitality and travel industries."

Trade associations need to rotate their conventions from city to city to retain and gain members, said Dan Williams,

vention center has been outdated for two decades, shows are eager to come.

"The hotel industry in the community has been missing that third leg of the stool," Roman said. "They attract business customers, they attract visitors, but they haven't been in the convention business. They will have the opportunity to be in this industry for the first time in 30 to 40 years."

As soon as MMPI commits to an opening date, Falanga said, the complex can begin booking

The company talks weekly with the buildings' owners, L&R Investment Co. of Los Angeles, Falanga said. But it's also exploring a half-dozen alternatives, including the county administration building.

If the county has to move from its home at Lakeside Avenue and Ontario Street, commissioners can take their pick of at least six sites, which developers proposed in August.

"Basically we do not want to be in a position where the price of land acquisition starts eroding

and high-tech meeting rooms and audio-visual systems could begin before building plans are finished for the medical mart, for example.

Right now, the company hopes to work the renovations so that at least some part of Public Auditorium is always open.

Before the designs are complete, though, MMPI representatives are meeting with Cleveland building officials to agree on code requirements for the complex.

That way, Falanga said, "we don't go far down an architect-

As the medical mart fills up with shoppers and the convention center bustles with shows, the complex might benefit from a new hotel. And a downtown casino might encourage that.

But MMPI is busy enough with the complex itself.

"We have an opportunity to reinforce Cleveland's image as a world-class center for the health-care marketplace," he said. "It's an exciting endeavor to help redesign a city."

To reach this Plain Dealer reporter:
ljohnsto@plained.com, 216-999-4115