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Medical Mart now a 'when,' not an 'if'

SOME ANSWERS:

COUNTY, MERCHANDISE MART GROUP REACH AGREEMENT

Paperwork is all that stands between Cleveland and a new Medical Mart/convention center complex that supporters say will bring jobs, visitors and a boost to the region's already strong reputation as a health-care leader. Cuyahoga County commissioners on Thursday announced a verbal deal with Chicago-based Merchandise Mart Properties Inc. A written agreement, expected within a week, should clear up details.

MORE QUESTIONS:

1 WHERE WILL THE NEW COMPLEX BE LOCATED?

Downtown is a definite. And two sites are front-runners: a renovation and expansion of the current convention center off Lakeside Avenue or renovation of the former Higbee Building on Public Square with a new riverfront convention center. Cost differences will play a major role. Expect a decision in a month or two.



HIGBEE BUILDING | Forest City Enterprises owns the Higbee Building on Public Square. A Medical Mart here could connect to a new riverfront convention center through Tower City Center.



CONVENTION CENTER | The city of Cleveland owns the existing convention center, which includes Public Auditorium, Music Hall and exhibition halls under downtown malls.

2 HOW MUCH WILL TAXPAYERS CONTRIBUTE?

A 20-year countywide sales tax increase is expected to generate about \$38 million a year for the project. Commissioners would not say Thursday whether they will need to allocate any more money toward the project. A tax paid by Cleveland hotel guests currently subsidizes the convention center. At least some of that money could be diverted to the new center.

3 WHAT WILL MMPI INVEST?

The company plans to contribute \$20 million. Details are fuzzy on what the money will pay for, but this concession was key. County commissioners had insisted on a financial contribution from MMPI.

4 WHAT'S NEXT?

A written memorandum of understanding should be completed within a week. Next comes an official contract, a decision on location, design work and construction. A grand opening is probably at least three years away.

Downtown complex could open in 3 years

SARAH HOLLANDER
Plain Dealer Reporter

A new Medical Mart/convention center complex got a thumbs-up Thursday when Cuyahoga County announced a deal with a private partner in Chicago. The two sides expect to sign an official deal within a week.

If all goes smoothly, the complex could open in about three years, ending a decades-long struggle by civic and political leaders to replace the city's 85-year-old convention center.

The complex will be downtown. Merchandise Mart Properties Inc. will invest \$20 million. And the county will cap the contribution from taxpayers.

County commissioners promised to share more details once they get the written agreement in hand.



Jimmy Dimora,

Cuyahoga County commissioner

"This is a turning point and a defining moment for this community," Commissioner Tim Hagan said.

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without a mart to help drive business.

The mart will house permanent showrooms for health-care equipment and products and work in tandem with the convention center space for related trade shows and conferences.

MMPI plans to run the whole complex, but declined to explain Thursday exactly how the arrangement would work.

Discussions between the county and MMPI began more than two years ago.

Hopes rose and fell in the interim with rumors that the project was likely dead because MMPI wouldn't invest any money.

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Medical Mart-Convention Center deal gets OK; could open in 3 years

Posted by kturner March 13, 2008 11:09AM

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What made it work?

For one thing, Cuyahoga County offered a huge pot of public money to leverage the private investment.

In a politically risky move, commissioners voted 2-1 last summer to raise the countywide sales tax to pay for the bulk of project. The quarter percent increase should generate about \$38 million a year.

Merchandise Mart Properties Inc.

- Former British Ambassador Joseph P. Kennedy, father of the president, bought the company's flagship building, the Merchandise Mart in Chicago, in 1945.
- Christopher Kennedy, grandson of Joseph P. and son of Robert F., remains the company's president.
- MMPI manages 14 office and market buildings in six cities. The company produces about 60 trade shows and hundreds of conferences, seminars, and special events at its own and other properties in the United States, Canada and Switzerland.
- Vornado, a large commercial real estate trust, purchased MMPI in 1998 and operates it as a subsidiary.

Talks went to the wire. Attorney Fred Nance, who negotiated the deal on the commissioners' behalf, worked through Wednesday night and into Thursday morning to iron out remaining questions.

Nance said chances of the deal falling through are "slim to none."

The investment will more than pay for itself through new jobs and thousands of new visitors who will spend money at area businesses, Commissioner Jimmy Dimora said.

"We're looking for a tremendous economic boon - something we haven't had for many years here," he said.

Cleveland's strong medical reputation was another major draw.

And the deadline also helped tremendously, Nance said. MMPI understood that the county would push ahead with other companies if a deal wasn't solidified by Thursday.

On the other hand, MMPI offered expertise. The company successfully pairs mart buildings with trade shows and conferences elsewhere in the country and has already made contacts with many health care companies.

"They bring automatic credibility to this project," Dimora said. "They know how to do it and they know how to do it well."

The location is now a top priority. Hagan said the county is leaning toward the proposed Tower City site if the cost is right. Forest City Enterprises wants to move the Medical Mart into the old Higbee Building on Public Square. The mart would be connected to a new convention center on the Cuyahoga River through Tower City Center.

Once an address is selected, design could then take up to a year.

In his State of the City address last month, Cleveland Mayor Frank Jackson stressed the importance of the Medical Mart project, which he sees as a crucial investment.

"The Medical Mart is an excellent example of the self-help I've been talking about," Jackson said in a statement Thursday. "In order for us to improve our future, we are going to have to make an investment in ourselves. The concept is great, and now our success will be in the details."

The complex will be world-class, MMPI's Senior Vice President Mark Falanga said.

"From day one ... we thought it was a great idea for Cleveland," he said, "and that feeling has only grown."

Plain Dealer reporters Joe Guillen and Henry Gomez contributed to this story.