

Destination Cleveland/County

Destination Cleveland (“DC”) and Cuyahoga County (the “County”) have reached the following agreement (subject to execution of definitive agreements) with respect to the renovation of Quicken Loans Arena (the “Project”):

- DC and the County shall enter into an amendment to the August 11, 2014 Agreement Governing the Use of Extended Capital Improvement Bed Tax that contains the following terms and conditions:
- DC shall consent to a reduction of payments to DC totaling \$44,136,756 from the 1.5% bed tax authorized by the Ohio General Assembly in 1992 (and extended in 2013 by County Council, the “1.5% Bed Tax”) toward the Project, subject to the following payment parameters:
 - Annual deductions equal to increments totaling \$44,136,756 from 2017 through 2034 (exact payment schedule subject to mutual agreement based on budget “smoothing” concept discussed during negotiations)
 - DC’s obligations shall terminate upon (i) deductions totaling \$44,136,756 (or the present value equivalent as set forth in the payment schedule); (ii) the Project bonds have been paid in full; (iii) the termination or decrease in the levy of the 1.5% Bed Tax; or (iv) any diversion by the County of any Bed Tax now existing (whether from the 1.5% Bed Tax or any other Bed Tax authorized under Ohio law, and in place as of the time of the Effective Date of this Agreement, but excluding the 1% bed tax that is currently dedicated to Convention Center bonds, cumulatively the “Bed Tax”) from DC (for any reason) during the Hands-off Period (as defined below), whichever is earlier
- The County shall not attempt to divert (or request DC to divert) any portion of the 1.5% Bed Tax from DC for a period of eight (8) years from the Effective Date of this Agreement (the “Hands-off Period”); in the event that the County intends to attempt to divert any portion of the 1.5% Bed Tax thereafter, the County shall provide DC at least a four (4) month notice of its intent to do so and DC shall have the right to present to the County the projected impact of any such reduction on DC’s budget. Notwithstanding the foregoing, in the event that the gross receipts from the 3% and the 1.5% bed taxes combined total less than \$17,226,837 (the 2015 collection amount), as increased annually by the Bureau of Labor’s cpi capped at an annual maximum of two percent (2%) in any of years nine (9) or ten (10) following the execution of this Agreement, then the County will treat any such year or years as a part of the Hands-off Period. DC reserves the right to pursue all legal remedies under law.
- So long as DC is receiving any 1.5% Bed Tax, DC shall present its budget to the County Executive for review and consideration annually