

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
January 21, 2022
CLEVELAND, OHIO
Via Zoom

Attendees at the Meeting:

Directors: Matt Carroll, Majeed Makhlof, Trevor McAleer, Timothy Offtermatt, Roshonda Smith and Mayor Bradley Sellers. David Gilbert and Michael Obi were not in attendance.

Staff: George A. Hillow, Executive Director and Julie Valyn, Financial Analyst.

Guests of the Board: Ron King, General Manager, Mike Campo, Assistant General Manager, Travis Poppell, Dave Johnson, all of the of the Huntington Convention Center (the "Convention Center"); Larry Trabulsi of CHM Warnick; Ellis Katz of Project Management Consultants LLC; Jeff Appelbaum and Courtney Flowers of Thompson Hine LLP; Jarod Zibritosky from Cuyahoga County; David O'Neal from Conventional Wisdom; Steve Wells, ASM's Director of Finance; Lauren Federico, ASM's Director of Events; Dan Gibel of Card, Palmer, Sibbison & Co. (accountant for the CCCFDC); and Michael Chambers, Cuyahoga County's Fiscal Officer.

Regular Meeting of the Board of Directors. At 8:37 a.m. on Friday, January 21, 2022, a Regular Meeting (the "January Regular Meeting") of the Board of Directors (the "Board") of the Cuyahoga County Convention Facilities Development Corporation (the "CCCFDC") commenced via Zoom. Mayor Sellers presided as President of the Board.

Mayor Sellers called the meeting to order, Ms. Valyn called the roll. Mayor Sellers declared a quorum of the Board present. Mayor Sellers asked the Board to make a motion to approve the excusal of David Gilbert, which was seconded and unanimously approved.

Review and Approval of Minutes.

Mr. Makhlof made a motion to approve the minutes from the Regular Meeting of the Board on October 22, 2021, which were distributed to the Board prior to the January Regular Meeting. The Board unanimously voted to approve the minutes.

Executive Director Report.

Mr. Hillow spoke about the information received from the State Auditor's Office regarding the CCCFDC's financial statements. The CCCFDC did not have a meeting regarding the audit because there was only one issue that came from the audit, which was related to the policy to expense items less than \$2,500. Upon explanation, the Auditor agreed and accepted the financial statements. Mr. Offtermatt asked if the CCCFDC received any shuttered venues dollars subject to a single audit, and Mr. Hillow confirmed it did not.

Design Project Update.

Introduction.

Mayor Sellers spoke briefly about the proposed design modifications to the Global Center (the "Project"). Mr. Hillow presented information about renovation costs and potential avenues to pay for such

costs, including contributions from the CCCFDC, Cuyahoga County, the Naming Rights Fund and a potential bond issue.

Discussion.

Mr. McAleer asked a clarifying question about the account analysis presented. Mr. Hillow concluded that the reserve account would still be positive after five years, after accounting for payments to support the Project. Mayor Sellers asked if anyone would like him to discuss the background of the Project. Ms. Smith invited that discussion. Mayor Sellers noted that the Global Center currently does not have many tenants. The CCCFDC participated in a study and determined that the facility would be best used in conjunction with the Convention Center, with the objective being to turn the Global Center into a sustained economic asset providing high quality meeting space. Mr. McAleer added that an analysis about available meeting room space in the Convention Center showed that such meeting space was needed. Certain conventions had been lost due to inadequate meeting space. Mr. Appelbaum spoke to the "highest and best use study" initially conducted by CSL and the follow-up "district-wide" study prepared at the request of Destination Cleveland. Both studies demonstrated an acute need for added meeting space and supported the view that creating such space is the "highest and best use" of the facility.

Mr. Appelbaum stated that CCCFDC needs to move forward with design in order to meet the deadline for the American Society of Association Executives (the "ASAE") meeting that is scheduled for August 2024. The meeting is particularly important because the ASAE makes decisions about where future meetings for their leaders' associations will take place.

Mr. Offtermatt spoke about opportunities that affect timing, such as current low-interest rates, cash reserves, the availability of the property and other issues. Mr. Appelbaum stated that if the work does not happen before the ASAE meeting, it will take years longer to complete. Mr. Makhoul spoke to the importance of providing enough time to ensure the costs are as low as possible. Mr. Hillow agreed that he hoped to move forward as quickly as possible. Mr. Katz said design would take until October 2022 if started now, and construction would take at least 12 months, which would bring us into March or April of the year of the ASAE meeting. Mr. Appelbaum supported Mr. Katz's point and added information about the cost. Mr. Makhoul asked about bonds in the current interest rate environment. Mr. Offtermatt said that question would have to be addressed by the County. He asked how much the Board would have to commit to at this time to get started. Mr. Appelbaum answered that any contract for design services or construction would have a termination for convenience clause to limit any commitment if the Project does not proceed.

Mr. Carroll stated that the fiscal office was looking at the financial possibilities and what a budget might look like, and that effort has not been finalized. Mr. McAleer spoke to the cost summary model and said that the total cost to the County is \$5,000,000. He said Cuyahoga County and Cleveland would anticipate increased revenues commensurate with the cost. Mr. Carroll spoke about the process for approval with Council and the advantages of moving forward. Mayor Sellers agreed that the CCCFDC should move forward and said that the question before the Board is whether it wants to invest in the design work now as it continues to work on the financing commitment with the County. Mr. Makhoul concurred with Mayor Sellers and spoke to the importance of transparency and a quick timeline. Mr. Appelbaum stated that even if the Global Center did not exist, the CCCFDC would likely be losing market share by waiting because the meeting space is so important. Board members continued to speak about the studies that showed the importance of this space, especially in the context of the expansions being made by competitor cities. Mayor

Sellers asked about what the cost would be if the CCCFDC waited until after the convention for ASAE. Mr. Appelbaum said to expect around a 6% annual increase in construction cost.

Vote.

Mayor Sellers asked for motions to (1) pursue moving to the design phase, (2) to negotiate with the architect to finalize an agreement to bring back to the Board for approval, and (3) to pursue the Project with Cuyahoga County.

(1) Mr. Makhlouf made a motion to pursue moving to the design phase for the Project. Mr. Offtermatt seconded. A roll call vote was taken and unanimously approved.

(2) Mr. Makhlouf made a motion to have PMC move forward with negotiating an agreement with the architect to bring back to the Board for approval. The motion was seconded. A roll call vote was taken and unanimously approved.

(3) Mr. McAleer made a motion to formally engage with the County to discuss the Project and receive authority. Ms. Smith seconded. A roll call vote was taken and unanimously approved.

Conclusion.

Following the vote, Mr. Appelbaum was asked to speak to how the architect was selected, including the process for request for qualifications, interviews and a quality-based selection, which took place in the fall of 2020. Mr. Appelbaum provided that explanation, including a discussion of how the Board was involved in this formal process.

Convention Center Update.

Mr. King presented a summary of 2021 highlights for the Convention Center, including operating under budget, hosting the NFL draft, completing capital improvements and hosting the Cuyahoga County Court of Common Pleas. The Convention Center is booking events into 2029. Mr. King summarized some of the 2021 challenges. Mr. McAleer asked how long the court is signed up to use the facility, and Mr. King and Mr. Poppell answered until June 30, 2022 and spoke to what great tenants they are. Mr. King also discussed increased events bookings for this year, including JVA Volleyball and the NBA All-Star Weekend. The volleyball events also brought in a lot of concession sales in the past. Mr. Offtermatt asked about investments in technology and how those are helping market the facility. Mr. King summarized the investments and spoke about new changes and challenges, including new administration and the continuing COVID-19 pandemic.

Mr. King next went through the 2022 budget and asked for questions. Mr. Makhlouf requested that references to the Global Center be removed from the Convention Center website to align with new thinking of having the Global Center just become part of the Convention Center. Mr. McAleer brought up the naming rights. Mr. Appelbaum addressed the issue and stated that Huntington did not acquire the rights for the Global Center building, so there is an opportunity to sell the naming rights. Mr. Hillow spoke about the concern about having two different names and potentially offering to negotiate with Huntington. Mr. Makhlouf asked about separate naming rights for ballrooms. Mr. Appelbaum stated that CCCFDC does have the right to sell separate naming rights for the ballrooms, meeting rooms and all major spaces within the building.

Community Meeting Update.

Mayor Sellers next summarized the community meeting that took place on December 7, 2021. He summarized who attended the district-wide meetings to discuss ongoing opportunities. Mayor Sellers stated that the attendance was great and a lot of positive energy and momentum was generated. The meeting

included representatives of major cultural institutions in Cleveland, including the Rock and Roll Hall of Fame, Playhouse Square, multiple hotels and sports teams, including the Cavaliers.

Hilton Hotel Update.

Mayor Sellers introduced Mr. Trabulsi, who summarized the lodging industry overview for 2021. The Omicron wave of the COVID-19 pandemic did affect many markets, especially urban markets, in mid-December. The outlook is better for 2022, and 2021 was a massive improvement compared to 2020. Though occupancy has declined, booking rates have remained steady. Omicron has hampered recovery for urban markets in particular. Mr. King asked for an update about the general manager of the Hilton. Mr. Trabulsi said that Terry Agosta took an opportunity to open a new hotel in Atlanta and a search found a new general manager, who will transition into the role in mid-February.

CCCFDC Board Seat 7.

Mayor Sellers discussed the replacement of Mr. Roman, whose Board seat (Seat 7) will be jointly nominated by GCP and Destination Cleveland. Mr. Hillow stated that Mr. Gilbert could fill Seat 7 and then Mr. Gilbert's Seat 9 (which is nominated by the Council President) would be available to fill, or GCP and Destination Cleveland could just fill Seat 7 with someone else. Mr. McAleer stated that when Mr. Gilbert was nominated by the Council President, it was discussed whether to wait until Seat 7 was available, but it was decided to bring him onto the Board prior to Mr. Roman's retirement. Mr. Appelbaum stated that GCP/Destination Cleveland nominate the seat, not the Board. Mayor Sellers agreed and stated that the Board could discuss and bring the issue to their attention. He suggested that Mr. Hillow open the lines of communication for the County to nominate people and the Board to vote on them. Mr. Makhlof emphasized the importance of having everyone involved in the process.

Executive Session.

At 9:55 a.m., the Board voted to enter into Executive Session for purposes of discussing a certain Electrical Service Contract. A motion was made by Mr. Makhlof to move into Executive Session, which was seconded. A roll call vote was taken and unanimously approved to enter into Executive Session. All non-Board members except Mr. Appelbaum, Ms. Flowers, Ms. Valyn, Mr. Hillow, Mr. King, Mr. O'Neal, Mr. Zibritosky, and Mr. Campo exited. The Executive Session ended at 10:04 a.m.

New Business.

Mayor Sellers asked for any new business of the Board. Hearing none, the Mayor stated that the next quarterly meeting of the Board will be Friday, April 22, 2022 at 8:20 AM. It has not yet been decided if this will be virtual or in-person.

Adjournment.

There being no other items of business, a motion was made to adjourn the January Regular Meeting at 10:06 a.m. At 10:06 a.m., the January Regular Meeting was adjourned.