

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
January 27, 2023
CLEVELAND, OHIO

Attendees at the Meeting (attendees attended both remotely via Zoom as well as in person):

Directors: Matt Carroll, Jeff Epstein, David Gilbert (remote, left early), Majeed Makhlof, Trevor McAleer (remote), Michael Obi (remote), Timothy Offermatt (remote), Roshonda Smith (remote), and Mayor Bradley Sellers.

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, Director of Sales, Steve Wells, Director of Finance, Mark Jeckavitch, Director of Operations, Harold Davis, Director of Events, Cheryl Giardini, Human Resources, all of the of the Huntington Convention Center of Cleveland (the "Convention Center"); Larry Trabulsi (remote) of CHM Warnick; Ellis Katz of Project Management Consultants LLC; Jeff Appelbaum (remote) and Courtney Flowers of Thompson Hine LLP; Tammy LeBlanc, General Manager of Hilton Hotel, Jerad Zibritosky and Heather Holt of Cuyahoga County Legal Department, Marty Burgwinkle, Ed Paparone (remote), Terry Donovan, Dan Gairing, and Megan Crum, all of Turner Construction

Regular Meeting of the Board of Directors. At 8:35 a.m. on Friday, April 29, 2022, a Regular Meeting (the "April Regular Meeting") of the Board of Directors (the "Board") of the Cuyahoga County Convention Facilities Development Corporation (the "CCCFDC") commenced. Mayor Sellers presided as President of the Board.

Mayor Sellers called the meeting to order and Ms. Valyn called the roll. Mayor Sellers declared a quorum of the Board present.

Review and Approval of Minutes.

Mayor Sellers presented the meeting minutes from the Regular Meeting of the Board of October 21, 2022, which were distributed to the Board prior to the January Regular Meeting. Mr. Makhlof made a motion to approve such minutes. The motion was seconded. The Board unanimously voted to approve the minutes. Mayor Sellers presented the meeting minutes from the Special Meeting of the Board of December 21, 2022, which were distributed to the Board prior to the January Regular Meeting. A motion to approve such minutes was made and seconded. The Board unanimously voted to approve the minutes.

Executive Director Report.

Mr. Hillow spoke about the problem of bird strikes at the building. He referenced a Bird Control Advisory distributed to Board members that referenced 163 birds that died from flying into certain buildings at various locations downtown. There are some examples of strikes at the Convention Center, most of which involve birds flying into the exhaust stacks, which have mirrors on them. Mr. Hillow stated that CCCFDC has hired a consultant to conduct an immediate study, The consultant has done work at many airports and similar locations and will assist in determining solutions. The consultant is independent (is not attempting to sell any product) and will provide a report that will be presented to the Board. Mr. McAleer added that Lights Out Cleveland advocated for a review and the report will be presented to the County's Environment and Education Committee for additional consideration. Mr. Appelbaum stated that because the Convention Center Expansion Project involves a new window wall on the west side of the building, approval by the

Landmarks Commission is also conditioned upon taking any action suggested by the report with respect to that wall.

Mr. Campo spoke about the upcoming installation of bollards at the north entrance to the Convention Center and the flow of funds from the county and FEMA and the procurement process.

Board Renewals.

Mr. Appelbaum stated that Seat 2 (Matt Carrol), Seat 4 (Tim Offtermatt), and Seat 8 (Michael Obi) are up for renewal in April. The appropriate nominating parties will confirm whether they recommend the seats are renominated. It is up to the Board to approve such recommendations. Until a recommendation is received and approved, Board Members currently holding those seats remain in office.

Convention Center Update.

Mr. King stated that January was off to a good start. JVA Volleyball, Guardian Fest, and other events have resulted in a good month to date.

Mr. Wells stated that the 2022 fiscal year ended on 12/31 and he described gross revenue, net operating income, and other metrics, concluding that CCCFDC had favorable budget variances overall. ASM Global also secured CCCFDC a \$210,000 credit for the facility. Mr. King stated that the sales for the year were excellent. Mr. Wells stated that the 2022 budget was built in August 2021 and shortly thereafter some major events were canceled or postponed, so it was uncertain how things would move forward.

Mr. Poppell stated that there have been some changes where people are making fewer requests for social distancing and other precautions and there have been some big wins including a Best Western Annual Conference and 102 executed contracts. The Convention Center also negotiated a four-year agreement with the International Elastomer Conference for 2023, 2025, 2027, and 2029. This was achieved with the help of Mr. Gilbert's team at Destination Cleveland. Mr. Poppell stated that there was a lot going on and they are seeing business coming back and the request for hybrid (remote and in-person) meetings almost nonexistent.

Mr. Davis summarized some of the signature events including the NBA Allstar Game Lunch, Women in Cybersecurity, FBINAA Annual National Training Conference, Blacks in Government, and others. There was a busier summer than expected.

Mr. King emphasized that CCCFDC scored over 95% approval in overall experience surveys.

Mr. Campo spoke about the operations including security projects completed. The Convention Center was able to swap out old cameras for much better new security cameras, and the Wi-Fi became fully-operational. In 2022 the Convention Center saw results from the 2021 authorization. The Convention Center had one of the best years of revenue on the IT side of things due to the ability to track things better. There will continue to be an investment in cyber security. Employees are the biggest vulnerability, so training is an important expense. There is also attention being paid to cloud backups and a third-party monitor to enhance security.

Mr. Jeckavitch spoke about sustainability including Grind2Energy, a System which was a way to divert 15.8 tons of food waste to convert into energy sources. They were also able to divert 165,000 lbs. of waste from landfill. Regarding workplace safety, there were zero recordable injuries, which is largely attributable to the ASM OSH Program.

Mr. Hillow stated that he is extremely impressed by how hard the Convention Center has to compete for business and he stated that the team is doing a wonderful job. Mr. Makhlouf asked about the expectations

for future business in 2023, given that it was projected to be “softer”. Mr. Poppell responded that it will still be softer than previous strong years and which will make it a good year for a construction project. The Convention Center is already selling the additional space for the timeframe after the Project is completed, which is helping strengthen 2024 and beyond. There are events booked through 2029. Mr. King stated that he thinks the Convention Center is booking further out than ever before. Mr. Gilbert confirmed this and discussed group bookings.

Mr. Obi commented upon diversity and inclusion and stated that he hopes that there will be specific outcomes monitored and conveyed to the Board. Mayor Sellers handed off the discussion to Mr. Campo to further discuss Diversity & Inclusion. In the Board packet was an MBE/WBE/SBE Participation Plan that was approved in 2021. He summarized the outcomes. He spoke about some new strategies including potentially tapping into the city’s certified diversity business list to enhance participation. Mr. Epstein asked about whether minority businesses that are not certified have been used. He said he would be happy to connect CCCFDC and the Convention Center to the city. Mayor Sellers said the list of MBEs from the county they have been using is too small for the type of services they need. Mayor Sellers said it is very hard to get certified with all the different agencies and there are discussions about using one certification to allow companies to register elsewhere. Mr. Makhoulf asked about CCCFDC’s policy and whether it needs to be tweaked to get more access to these businesses.

Mr. Appelbaum spoke about how CCCFDC came into existence and its historic incorporation of County policies. There is the opportunity to discuss expanding the certification basis, and there are companies that might not count under the County certification but would count under the City or other programs. He stated that opportunities vary depending upon the type of work involved. For example, there are more opportunities for “construction spend” than for “operational spend.” When you look at the operational expenditures that ASM has, a big part is utilities and there is not an opportunity there for MBE. This is true with many large expenditure categories. But we do have to come back with an enlarged program for who can be certified and the spending that should be tracked. Mr. Obi asked if we have a requirement that if somebody has a state certification, they need to have a county certification. Mr. Appelbaum said that the requirement used to be narrower than it needs to be and the ASM contract needs to be modified for expanded certification. Mr. Obi said we should accept certification from any legitimate agency. Mr. Appelbaum indicated that another consideration is the location of the MBE/FBE as hiring businesses from local areas was thought to be more valuable. Mr. Obi said this could be a consideration, but his concern is the difficulty of seeking multiple certifications for these entities. He also stated that Urban League has an expedited process. Mr. Makhoulf stated that some of the reporting requirements should be addressed based on more nuanced categories based on the type of expenses, so we have a clearer picture of what we are looking at when reviewing reports. Mr. McAleer stated that the Guardians have begun a workshop on MBE and FBE participation and will be issuing a calendar soon. He suggested that CCCFDC could partner with them. Mr. Appelbaum added that this was in conjunction with the Guardians’ construction project and CCCFDC will be doing the same thing for its project. Mr. Epstein and Mayor Sellers spoke about this a bit, with Mr. Epstein mentioning the idea of community outreach, a collaboration between small and large entities, and other organizations like University Hospitals across the city working on these issues. He would like to see CCCFDC be more proactive about this. He talked about how we are putting minority businesses through

extra steps and requiring them to jump through hoops to certify and this isn't fair and isn't done to white businesses. He stated there need to be easier paths.

Mr. Appelbaum suggested that a committee should be formed to consider revisions to the CCCFDC's current DEI policy. Mayor Sellers said that the Board will put together a policy committee as soon as possible and get into this. He asked for any further questions. There were none.

Convention Center Expansion Project Update.

Mr. Katz said he has nothing but good news to discuss. The project is on track and on schedule and has received conditional Landmarks approval. He introduced Mr. Burgwinkle of Turner who is going to be retiring soon but is providing the update and is the person in charge for now.

Mr. Burgwinkle described the Turner Team, which includes Ed Paparone who will take over when Mr. Burgwinkle retires. Mr. Donovan, Mr. Gairing, and Ms. Crum are also on the team. Mr. Paparone introduced himself and spoke about the project plan and introduced Mr. Donovan. Mr. Donovan, the Project Manager spoke about recent projects and said he would be one of the full-time people on site. Mr. Gairing introduced himself as Project Superintendent and explained his experience on the job site coordinating day to day construction activities. Ms. Crum, the Project Engineer spoke about her experience and said she would oversee budget, RFIs, etc. and would be working alongside Mr. Gairing and Mr. Donovan in the field as well.

Mr. Burgwinkle provided an overview of the schedule. Currently, Turner is in the design phase. Construction is beginning soon including the façade, ballroom addition, etc. The project will be completed in June of 2024. He presented a summary of the detailed schedule to provide an idea of the specific actions over the next few months.

Mr. Burgwinkle showed excerpts from the logistics plan to show the big picture through site plan drawings. Next, he spoke about Diversity Outreach. The first event is scheduled on February 14, 2023. The plan is to invite as many minority contractors as possible. Then an event will take place to have the County meet with contractors to work through the process and get certified. He spoke about how Turner has a great network for meeting and exceeding goals for Diversity. Mayor Sellers asked about how Turner plans to bring together the Prime Contractors and Minority Contractors. Mr. Burgwinkle stated that they set everyone up in a meeting room and each Prime Contractor has a table to make a presentation. The presentation will introduce who is there and then provide a meet and greet. Turner has been requiring minority contractor participation since the 1960s. Mr. Makhlouf pointed out the odd term of "Prime Contractors" and discussed the meaning in this context. Mr. Burgwinkle said that Prime Contractors were typically direct subcontractors to Turner. Mr. Makhlouf asked if any of the "Prime Contractors" were MBEs. Mr. Burgwinkle said some were. Mr. Makhlouf asked if there was any plan to move any subcontractor MBEs to the role of Prime Contractor. Mr. Burgwinkle said yes, though sometimes it takes a few jobs to make that transition. Mayor Sellers asked for questions. There were none.

Hilton Hotel Update.

Mr. Trabulsi began by speaking about RevPAR recovering in 2022 back to 2019 levels on a nominal level, though this recovery remains uneven. Leisure demand and group business are returning but business travel remains sluggish. 2023 outlook is for moderate RevPAR growth but there are ongoing concerns about rising operating costs. Cleveland's market was in line with national statistics (30% compared to 29.8% nationally). Downtown hotels were at about 83.5% of 2019 YTD levels as of December. RevPAR is expected to grow 29.8% this year so still not a complete recovery. 2023 remains a concern but there has been short-term pickup with remaining cancellation concerns. He asked for questions. There were none.

Vote.

Mayor Sellers asked for any new business of the Board. Mr. Appelbaum spoke about the ASM Agreement term ending in December 2023. The operator needs to give notice to ASM before August 1, 2023 for renewal on the same economic terms. The consideration for the Board is whether to renew the agreement, but to the extent it is renewed, we would need to make certain technical changes. For example, the current agreement still has the concept of the Global Center for Health Innovation, which was a show room and office space and not a convention/meeting space. The original agreement also has the incentive compensation based on showroom occupancy and other metrics. He asked that he and Mr. Hillow be authorized to negotiate and prepare revised agreement terms with ASM for a proposed renewal, to be presented to the Board for consideration.

Mr. Makhoulf said he always likes to go out on the market but in the current circumstances with ASM doing a great job, the construction project, and a lot of the booking going into the future, he would like to make a motion to authorize the executive director along with legal counsel to negotiate this, but he would like to see one of the inclusions being a benchmark provision related to Diversity and Inclusion both related to contracting and the staffing. Mr. McAleer also requested that Mr. Hillow look at the year-end performance/payout or bonus, to see if he or Mr. Appelbaum would have any recommended changes to that. Mr. Epstein asked when the initial agreement was negotiated. Mr. Appelbaum answered this was October 31, 2013, after a competitive process and then the first 5-year extension was in 2018. This would be the second 5-year extension. Mr. Epstein also asked about considering adding a possible additional 5-year extension to the renegotiation provision. He asked if there were any problematic provisions in the agreement and suggested the Board look at some market-appropriate changes in addition. Mr. Appelbaum stated that there would be several things to look at. Mr. Makhoulf clarified that he expected there to be multiple changes but wanted to ensure that the diversity issue was considered before the Board voted.

Mr. McAleer seconded the motion. A roll call vote was taken and passed unanimously among board members present.

Adjournment.

There being no other items of business, a motion was made to adjourn the January Regular Meeting at 9:55 a.m. At 9:55 a.m., the January Regular Meeting was adjourned.