

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION
REGULAR MEETING OF THE BOARD OF DIRECTORS
OCTOBER 20, 2023
CLEVELAND, OHIO

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

Directors: Debbie Berry, Jeff Epstein (remote), David Gilbert (left early), Majeed Makhlof, Trevor McAleer (partially remote, partially in person), Timothy Offtermatt, and Mayor Bradley Sellers. Michael Obi and Rashonda Smith were not present.

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

Guests of the Board: Ron King, General Manager; Mike Campo, Assistant General Manager; Craig Liston, Regional Vice President; Steve Wells, Director of Finance; Mark Jeckavitch, Director of Operations; Harold David, Director of Events; Cheryl Giardini, Human Resources; and Leroy Quigg, Security Manager, all of the of the Huntington Convention Center of Cleveland (the "Convention Center"); Larry Trabulsi of CHM Warnick (remote); Dan Gibel, Accountant (remote); Ellis Katz of Project Management Consultants LLC; Jeff Appelbaum and Courtney Flowers of Thompson Hine LLP; Ed Paporone and Terry Donovan of Turner Construction; Bob Franz, Financial Advisor; Jerad Zibritosky (remote), Legal Department of Cuyahoga County; and Chris Bupp and Jude Feyedelem of Levy Restaurants.

Regular Meeting of the Board of Directors. At 8:35 a.m. on Friday, October 20, 2022, a Regular Meeting (the "October 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. Next, 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 July 21, 2023, which were distributed to the Board prior to the October Regular Meeting. A motion was made to approve such minutes. The motion was seconded. The Board unanimously voted to approve the minutes.

Executive Director Report.

Mr. Hillow began by thanking the chefs for preparing food for the meeting and welcoming Mr. Feyedelem of Levy Restaurants who will later in the October Regular Meeting discuss updates. Mr. Hillow deferred most of his remarks for discussing the 2024 Annual Plan & Budget.

2024 Annual Plan & Budget.

Mayor Sellers stated that today the budget would be presented, but the Board would not yet vote to approve it to give the Board more time to review and consider today's discussion. Mr. King next spoke, thanking the Mayor, the Board and Mr. Hillow. He stated that on October 6th the Plan and Budget were distributed and then again on the 18th. He thanked everyone for their trust and detailed that 2024 at the Convention Center will be highlighted by three signature events including the American Society of Association Executives, NCAA Women's Final Four, and the Pan-American Games. These will be key marketing opportunities as well. There are 103 projected events for 2024, including 50 confirmed and 53 unspecified. Mr. King spoke about marketing the atrium in the second half of the year as a significant

strategy, including having Destination Cleveland and other similar organizations come for tours so they understand the unique features of the space.

Next, Mr. King spoke about the budget and marketing plan. The 2024 budget and plan is expected to be similar to 2023 except the Gross Income line item will be larger due to some more expensive events. Net Operating Income and Expenses increases are caused by some of the rentals, maintenance, and other details necessary for such high-quality events. The Budget forecasts a \$4 million deficit.

Sales and Marketing strategies include a close relationship with Destination Cleveland. Mr. King also pointed out that Cincinnati will be more of a competitor this year because its convention center is going through a renovation, so this has to be considered. He pointed out that there is a specific plan for all details of marketing, including all trips and expected return on investment.

Mr. King stated that the estimated economic impact includes a projected \$112 million. The capital budget is proposed to be \$3,085,000, including \$700,000 for bird safety measures, which will be discussed later in the October Regular Meeting. Additionally, the Convention Center lighting system is past its useful life, and parts are not available for purchase anymore, so the capital budget includes a staggered plan for replacement. This item will be the capital plan for the next few years to gradually switch out the old lighting system. Mr. King stated that it will also be necessary to resurface terrazzo flooring along with a few other capital improvement projects.

Mr. King finished up and asked for questions. Mayor Sellers asked Mr. Appelbaum to discuss the lighting project. Mr. Appelbaum stated that the initial Convention Center construction project was completed before effective LED systems were available, and Mr. Campo followed by discussing the strategy for implementing LED lighting by prioritizing front-of-house in 2024, then moving onto the biggest portion of the upgrade in 2025, including the exhibit hall, and subsequently completing upgrades to the ballroom. Mr. Hillow asked about the total budget and Mr. Campo stated it would be around \$3 million for the whole process. Mr. Makhlof asked if the lights would have color changing capacity and Mr. Campo and Mr. King discussed that this is under consideration and would likely be in the convention hall, where that capacity would have the most use. Mr. Epstein asked about exploring federal grants to offset costs. Mr. Campo discussed this and said the available rebate is based on savings from the conversion due to increased efficiency, but the existing fixtures were already fairly efficient even though they were becoming antiquated, so the grants would not be as helpful as if the Convention Center's previous lighting were of poorer quality. There were no further questions.

Bird Strike Update.

Mayor Sellers turned the floor over to Mr. Appelbaum to discuss the bird safety update. Mr. Appelbaum stated that this issue arose through a few avenues. First, in order to get approval from City Planning for the expansion project, there was a condition to address bird safety which was achieved by agreeing to install bird safety UV glass at the west wall of the expanded ballroom and in glass railings on the new event deck. Additionally, there was a request by the County's Education, Environment and Sustainability Committee to address the findings from recent studies describing bird strikes at the Convention Center and identify possible solutions. An investigation was completed, and Mr. Appelbaum presented the conclusions at a meeting of that Committee a few weeks ago. The investigation showed approximately 100 bird strikes at the Convention Center each year, the majority of which occur at the vent stacks on the malls and reflective glass on stairs. In order to make those areas bird proof, the Convention Center would need to add vinyl with dots, artwork, or something else to look opaque to birds. This is an expensive process and needs to be replenished every 5-7 years. This funding would ultimately have to come from the County if the Board wishes to proceed. There are two other areas that could be considered for bird-strike-proofing, the east wall of the former Global Center building, and the glass handrails on the Malls. The handrails are under the exclusive control of the City, so CCCFDC does not determine what, if any action should be taken. Mr. Appelbaum said that the east side of the former Global Center building

may not be advisable to bird-strike-proof for multiple reasons, including potential environmental impacts (disruption of heating and cooling efficiency), reduction of natural lighting in the Atrium during the day and negative impact to the guest experience due to visual obstruction. Mr. Appelbaum asked for questions. Ms. Berry asked if the \$700,000 budget contemplated use of County staff for installation of material. Mr. Appelbaum clarified that the budget was based on independent bids for labor and materials; use of County staff for labor would lower the cost. However, the budget would not include artists or curating art if a public art opportunity was pursued rather than just applying film with dots. Ms. Berry asked if the vinyl dots/art film had been proven to be effective and actually save bird lives. Mr. Appelbaum said that the film solution was proposed by all independent consultants who are experts in this field. Ms. Berry said she wanted to make sure that if CCCFDC went this route and spent the money, it would actually solve the problem. Finally, Ms. Berry asked about the recommendation on the east side and whether it was included in the budget. Mr. Appelbaum clarified the budgeted costs. Mr. Makhlof spoke about the difference between the County's role in this project versus the Board's role. He believes the ongoing costs should be considered by the Board in light of the impact on the Convention Center.

Mayor Sellers summarized what had been presented thus far and suggested that the Board take time to review the budget and plan as well as the presentation Mr. Appelbaum had made to the county on the bird strike issue and then reconvene for a special meeting of the Board to vote. Mr. Epstein added a question about the use of tax dollars to save birds and wondered if there is a way to quantify the impact of the bird lives. Mr. Appelbaum spoke about how there are no clear answers to this, and though many cities have legislation, Cleveland does not. He offered to provide additional information. Mr. McAleer referenced the conditional approval by the city and asked for clarification. Mr. Appelbaum differentiated between the prospective use and the retroactive use of bird technology and how this is a policy issue. Mr. Makhlof spoke again about caring about the aesthetics, particularly because the vinyl is worn down so quickly and will need expensive and frequent maintenance. The Board checked calendars to determine a date for the Special Meeting and settled on November 8th at noon via Zoom. Mayor Sellers emphasized that he thought the budget should be carefully reviewed and considered and then asked Mr. King to provide the Convention Center update.

Convention Center Update.

Mr. King summarized the third quarter finance update, including stating there had been 78 events and 162,000 attendees. Mr. King specified that 24 events are already booked for the new expansion space upon its opening, including eight for 2024. The Educational Testing Service has already committed to holding its Advanced Placement grading conventions at the Convention Center from 2025-2028, including 15,293 room nights. Mr. McAleer and Mr. Epstein asked about this event and its impact. Mr. King specified that this event would not have been booked at the Convention Center if it were not for the expansion project. Mr. King next spoke about third-quarter news mentions and the increased use of social media by the Convention Center.

Mr. King then introduced Mr. Feyedelem, stating that he has joined Levy to focus on quality improvement, efficiency, and other key growth issues. Mr. Feyedelem first spoke about concessions plans which were well received by guests since implemented and stated that Levy has been focusing on efficiency and short wait times. Levy recently implemented "Mashgin" for self-checkout technology, which was demonstrated for the Board. Mr. Feyedelem described the roll out of this technology during the rubber expo and how well-received it was. Mr. Feyedelem stated that his goal is to stay in the forefront of technology and get lines moving so more concessions can be sold. He described new dining concepts and technology that allows the Convention Center to increase offerings with fewer labor demands and increase sales as

well. He spoke about a change from Starbucks to Change Please coffee, and entertained questions from the Board.

Thompson Hine Agreement.

Mr. Makhlouf recused himself from this portion of the meeting. Mr. Hillow said that the agreement would cost CCCFDC \$7,500 per month up to a certain number of hours and then an hourly rate thereafter and stated that Mr. Appelbaum had already agreed to terms of the updated agreement. Mayor Sellers said there would be a vote. Mr. McAleer asked about the change from \$7,000 to \$7,500 and the Board and Mr. Appelbaum discussed that Thompson Hine had previously lowered its rate from \$7,500 per month to \$7,000 per month and that this would be a return to the previous rate, which is still a significant discount from Thompson Hine's usual rates. A motion was made to approve the agreement for a one year contract and was seconded. The board unanimously approved the agreement (with the exception of Mr. Makhlouf who had recused himself). Mr. Appelbaum answered Mr. McAleer's question about the whether there was a limitation to Mr. Hillow's ability to approve the Thompson Hine expense beyond the monthly fee and Mr. Appelbaum responded that the cost would not likely exceed Mr. Hillow's authority of \$50,000.

Convention Center Expansion Project Update.

Mayor Sellers turned the meeting over to Mr. Katz. Mr. Katz suggested that the Board take a tour today and turned the meeting over to Mr. Paparone to provide updates. Mr. Paparone talked about the C-Line Truss being completed and this being a major milestone. He asked Mr. Donovan to discuss the details. Mr. Donovan discussed key activities finished including a foundation for new steel at the West Façade, a steel truss at the C-line, concrete replacement at the edge of the slab at the west façade, the completion of the atrium above ceiling work for hanging escalators and stairs, the west façade precast, and the installation of escalator steel and escalators. Looking ahead, the work will turn to the west façade precast, west façade windows, escalator steel and escalators, monumental stair steel, and continued interior MEP rough-in, framing, and drywall. As of September 30th there have been 200 workers on the Project, approximately 30,763 man hours, and no new injuries (only one injury altogether, which didn't result in lost man hours). Mr. Paparone stated that 99% of the project has been purchased and Turner has met most of the business and participation goals. The goals that have yet to be met are minority workforce and female workforce participation. Mr. Paparone stated that he hopes that by the next meeting both goals will be met. Mayor Sellers asked why Turner hasn't yet met those two goals. Mr. Paparone stated that the specialized work that has been done so far had a smaller pool of qualified available labor with lots of competition to meet these goals but that the situation will now improve. Mr. Makhlouf asked if we are doing anything to not just give the low hanging fruit to women and minorities but also use the project as an opportunity to help get certifications to women and minorities and provide training on site. Mr. Paparone stated that the timeline to get specific training would not have worked in certain situations but they are taking steps to maximize quality opportunities for participation. Mr. Offtermatt asked about Turner's plan with the contractors to make sure these goals are met. Mr. Paparone answered that he has ongoing meetings to push on these goals, has never not met them on past projects, and intends to exceed them. Mr. McAleer asked about Turner's goals and learning from this project to make sure future projects, including at The Rock and Roll Hall of Fame, will meet these goals earlier on and with high-skilled labor as well, including training programs. Mr. Makhlouf asked if there is data on success of having female and minority workers directly on site as opposed to serving other roles. Mr. Appelbaum said that this is about workforce and not contracting, so the payroll information definitely specifies who is actually doing the work on site. Mr. McAleer asked about time between substantial completion date and the first major meeting. It was answered that the substantial completion date is June and the first major event is August. Mr. Katz talked about the important goals to hit to make sure all is ready for the event, including finalizing the new kitchen and what needs to be done to get ASM and Levy into the kitchen and the spaces to make sure the Convention Center is prepared. Mayor Sellers asked how confident the team is about being ready. Mr. Campo spoke about the dependent factors of when the space is turned over, but stated he feels good about it. He said there is a punch list to work through that takes time, so the earlier Turner is done, the easier it will be to work through this. Mr.

Appelbaum stated that there will be a turn over schedule and this has been done on every project. He said they will work backwards from the opening dates and having everything planned in detail. Mr. Campo stated that the details like technology are all worked out and ASM feels really good about the timelines.

Next, Mr. Katz spoke about the budget so far, including the change orders to date, which doesn't represent additional cost but instead using portions of the existing budget. The total budget is still at \$49 million. The design builder can use a contingency in its budget of \$1,157,030 and there is an owner contingency of \$1.6 million so total contingency is approx. \$2.74 million. He stated that CCCFDC has a long add alternate list that it hopes to implement with this contingency budget. Mr. Katz presented the change orders since the last board meeting including the bird collision avoidance glass, landscape adjustments from city design review, change from rooftop to ground-based air handling unit to improve guest experience (reduced noise), miscellaneous changes to ballroom from city design review, and some other smaller items such as extending the cloud ceiling from the larger meeting room, and adding a floor sink in a mechanical equipment closet, including baby changing stations in all restrooms, etc.

Mr. Appelbaum also spoke about how the tornado that occurred this summer did cause some damage to this project. The winds from the storm lifted windows being stored on the roof and dropped them, causing damage to the windows and the roof totaling over \$500k. Insurance claims were made immediately with two carriers. CNA is working with Mr. Appelbaum on this issue as recently as last night and there will be an insurance recovery for which Mr. Appelbaum will have additional updates soon. This will not affect overall timing or budget for the project.

Hilton Hotel Update.

Next, the meeting was turned over to Mr. Trabulsi, who spoke about RevPAR continuing to grow but slowing down. He stated that RevPAR levels are above 2019 levels on a nominal basis but not when adjusted for CPI. He mentioned that the outlook for urban hotels is better than resorts, partially due to business travel coming back. He stated that while US average is up 6.1%, Cleveland is up 8.7%. September was very strong, including the highest published rates in September and October. Travel trends are favorable, including airport levels up 18% from 2022. New hotel supply is starting to evolve though this is still challenging to finance and execute. Mr. Trabulsi asked for questions. There were none.

Old Business.

No old business.

New Business.

No new business.

Adjournment.

The next meeting is a special meeting on November 8, 2023, at 12:00 p.m. via Zoom to vote on the annual budget. The next regular meeting of the Board is Friday, January 26, 2024, at 8:30 a.m. Mayor Sellers asked for any questions or comments and then stated the tour of the project would commence after the meeting led by the construction team. There being no other items of business, a motion was made to adjourn the October Regular Meeting at 10:04 a.m. The motion was seconded and approved. At 10:04 a.m., the October Regular Meeting was adjourned.