

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
October 22, 2021  
CLEVELAND, OHIO

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**Attendees at the Meeting:**

**Directors:** Matt Carroll, David Gilbert (until 10:00 a.m.), Majeed Makhlof, Trevor McAleer, Michael Obi, Timothy Offtermatt (until 9:30 a.m.), Mayor Bradley Sellers. Joe Roman and Roshonda Smith and 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, Anastasia Volsko, Travis Poppell, Dave Johnson, and Liz Dabran, all of the of the Huntington Convention Center (the "Convention Center"); Larry Trabulsi and Andrew Mangan of CHM Warnick; Terry Agosta of the Hilton; Gordan Taylor of Destination Cleveland; 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; and Craig Liston, Regional VP of ASM Global.

**Regular Meeting of the Board of Directors.** At 8:32 a.m. on Friday, October 22, 2021, 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 and declared a quorum of the Board present. Mayor Sellers asked the Board to make a motion to approve the excusal of Mr. Roman and Ms. Smith, which was seconded and unanimously approved.

**Introduction.**

Mr. Appelbaum introduced Ms. Flowers of Thompson Hine LLP who is to take over the role of taking the minutes for meetings of the Board.

**Review and Approval of Minutes.**

Mayor Sellers made a motion to approve the minutes from the Regular Meeting of the Board on July 23, 2021, which were distributed to the Board prior to the October Regular Meeting. The Board unanimously voted to approve the minutes.

**Joe Roman Recognition.**

Mayor Sellers acknowledged that Joe Roman is ending his tenure on the Board and Mr. Hillow spoke about Mr. Roman's service to CCCFDC and efforts to grow the Board. Mayor Sellers thanked Mr. Roman for his service. Mr. McAleer, Mr. Appelbaum, and Mr. Carrol added their praise citing Mr. Roman's leadership and dedication from the early days of the organization.

**Executive Session.**

At 8:38 a.m., the Board voted to enter into an executive session for purposes of discussing certain operational expenses of CCCFDC. A motion was made to move into Executive Session, which was seconded. A roll call vote was taken to enter into Executive Session. All non-Board members except Mr.

Appelbaum, Ms. Flowers, Ms. Valyn, Mr. Hillow, Mr. King, Mr. O'Neal, Mr. Liston, and Mr. Campo exited. The Executive Session ended at 9:34 a.m.

Vote.

Mayor Sellers made a motion to approve the ASM Global Incentive Fee payment, valued at \$83,420, which was seconded and unanimously approved.

Design Project Update.

Mr. Appelbaum explained that several months ago the Board came together to discuss the repurposing of the Global Center and engaged TVS Services as a design team to explore the most optimal reconfiguration. He stated that conceptual design has been completed and includes the following elements: The Infrastructure Work, which involves creation of a monumental stair and additional exiting, escalators, additional restrooms, and other changes to convert the Global Center from a showroom to a meeting center, adding approx. 86,000 square feet to be used as meeting space (exclusive of changes to the Junior Ballroom); the Junior Ballroom expansion from 10,000 to 20,000 square feet to create multiple divisible breakout spaces by expanding out toward Ontario and into the Atrium. This will also create a rooftop venue space; Upper Floor Modifications to create new meeting spaces on floors two through four. Finally, the exterior of the Global Center will be updated and will create new front entryways on the east and west side. Mr. Appelbaum stated that these modifications will help CCCFDC move forward with the types of meetings it wants to host. The concept design has been completed and the Project is ready to move forward to the schematic phase. Mayor Sellers suggested the Board authorize Mr. Appelbaum to develop a strategic implementation schedule including events and cash flow for the Board to review and to pursue additional dialogue with the County to explore how to implement the plan, aiming for completion of this phase within the next few weeks with the aim to present to the county within three to five weeks. Mr. Appelbaum presented to the Board the invoice from TVS Services Inc. in the amount of \$166,228.84, which covers the conceptual design and all work done to date, and which invoice has been vetted by PMC and ASM Global. Mr. Hillow stated that his recommendation is to approve.

Mayor Sellers made a motion to approve the invoice, which was seconded and unanimously approved.

2022 Annual Plan & Budget.

*Generally.*

Mr. King gave a brief update on CCCFDC's financials, which were provided to the Board in advance of the meeting. There were no questions from the Board. Mr. King stated that the five-year forecast is conservative with a steady ramp-up expected, and he anticipates 2026 being the first year back to normal.

Mr. King summarized sales objectives including a long-term sales goal to fill hotels and establish the Convention Center as a safe post-Covid convention location by publicizing safety policies. CCCFDC is refocusing on non-traditional Convention Center events like weddings and hosting courts. He stated that CCCFDC is working with Destination Cleveland for 2023 bookings. In the meantime, to make up for a lack of expanded reach, they are focusing on local meetings.

Mr. Obi asked if it is historically consistent for CCCFDC to operate at a loss. Mr. King stated that yes, CCCFDC typically operates at a loss, but its goal is to create positive impact on hotels and create other substantial local economic impact. Mr. Appelbaum stated that it was always known and anticipated that CCCFDC would operate at a loss, but it has done far better than originally projected. Mr. King pointed out that in 2019 the economic investment from the conventions was \$170,000,000 compared to

a \$1,000,000 loss. Mr. Obi asked who makes up for the losses. Mr. King explained that the County pays rent on an annual basis and that any excess, after covering operating costs expenses and funding the capital account is returned to the County. Mr. McAleer and Mayor Sellers supported Mr. Appelbaum's point about the consistent way economic impact far exceeds losses and losses are consistently less than originally forecast.

#### *Capital Repairs.*

Mr. King stated that capital repair demands have been going up as the building ages. Fixing and updating the audio system (which is also a safety issue) will cost approximately \$600,000 to replace and the fire life safety alert system is out of date and will cost approximately \$320,000 to replace, rigging point replacement and repair will cost approximately \$175,000, event inventory tables and chairs need to be replaced for approximately \$125,000; and a CATV system will cost approximately \$100,000. The complete list of capital projects totals approximately \$1,800,000. Mr. King proposed a plan, including a new system to replace the Verizon system that was installed previously, looking for replacement at no cost. Mr. King stated that part of revenue for next year will be charging for Wi-Fi.

#### *Other Matters.*

Mayor Sellers asked for any questions. Mr. Makhlof asked about the inoculation policy for CCCFDC. Mr. King stated that very few employees accepted the incentive to get vaccinated. Mr. Makhlof suggested that CCCFDC consider at a future meeting making vaccinations required.

#### *Vote.*

Mayor Sellers made a motion to approve the 2022 Annual Plan and Budget, which was seconded and unanimously approved.

#### Community Meeting Update.

Mayor Sellers next summarized the community meeting that took place. He pointed out that the Convention Center is part of a larger landscape of Cleveland institutions and said that major stakeholders in Cleveland came to the Global Center last Monday to discuss a strategy for the city's future. Attendees at the meeting included congressional representatives, sports organization representatives, business community representatives, etc. and the point of the meeting was to provide a connected vision of how all these interconnected parts of the community could work together to help the city thrive. Mayor Sellers reported that the response from attendees was that this was long overdue, and the community leaders look forward to work together. Mr. Taylor, who attended the meeting supported Mayor Sellers' point. Mayor Sellers stated that the goal was to create a permanent working group where all of these Cleveland assets could help connect each other and support the city overall. The plan is to create a permanent working group to iron out the details these collaborations. Mayor Sellers stated that the Board could host here as a neutral venue and a way to showcase CCCFDC.

#### Hilton Hotel Update.

Mayor Sellers introduced Mr. Trabulsi who spoke about the pandemic's impact and hotel trends in Cleveland. He stated that there has been a greater impact on hotels in cities as compared to non-urban areas. Upper-scale hotels are generally having worse years on the RevPAR than lower scale hotels, depending on market. He pointed out that the average daily rate continues to hold. Cleveland downtown hotels' RevPAR is down but has gotten much better. In July and August leisure travel was good and he is seeing positive trends overall. The projection Mr. Trabulsi presented shows pre-pandemic levels returning by 2024. He stated that it is critical for group and special corporate travel to improve in the fall. Bookings for 2022 are holding but 2023 is the main focus.

Ms. Agosta stated that the future is bright because people are traveling again, especially for leisure. In 2021 the first half of the year was a struggle, but the second half was very good. She stated that next year they anticipate additional increases in leisure, sports, and associations travel, noting that the corporate market and, in Cleveland, the legal market and the financial and medical markets are fairly strong, especially because of the Cleveland Clinic. Ms. Agosta stated that they do not anticipate corporate travel returning until the return to the office happens. This is anticipated more in the spring of 2022. She stated that the NBA All Star game will help Cleveland have a strong start to 2022. The Sherwin-Williams headquarters is scheduled to open in 2023/2024 and it is anticipated that big events will accompany this milestone. Mr. Taylor said there are more advance bookings than typical.

Adjournment.

There being no other items of business, a motion was made to adjourn the October Regular Meeting at 10:24 a.m., which was seconded. At 10:24 a.m., the October Regular Meeting was adjourned.