

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION
SPECIAL MEETING OF THE BOARD OF DIRECTORS
NOVEMBER 8, 2023
CLEVELAND, OHIO

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

Directors: Debbie Berry, Jeff Epstein, Majeed Makhlof, Trevor McAleer, Michael Obi (remote), Timothy Offtermatt, Mayor Bradley Sellers, and Roshonda Smith (remote). David Gilbert was 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; Steve Wells, Director of Finance; and Mark Jeckavitch (remote), Director of Operations; all of the of the Huntington Convention Center of Cleveland (the "Convention Center"); Dan Gibel, Accountant; Jeff Appelbaum and Courtney Flowers (remote) of Thompson Hine LLP; Mike Chambers (remote) Fiscal Office of Cuyahoga County; Jerad Zibritosky (remote), Legal Department of Cuyahoga County; Kim Palmer from Crains Cleveland Business, and Sunny Simon from Cuyahoga County Council ("County Council").

Special Meeting of the Board of Directors. At 12:02 p.m. on Wednesday, November 8, 2023 a Special Meeting (the "November Special 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. A quorum of the Board was present.

Public Comment.

Mayor Sellers turned the meeting over to Ms. Simon for public comment. Ms. Simon introduced herself as a County Council representative and the chair of the County Council's environmental committee. She spoke about the collaboration over the last 12 years between County Council and CCCFDC. She stated she understood that there was concern about a portion of the 2024 Annual Plan & Budget being allocated to bird safety. She emphasized that the county has consistently supported the Convention Center and the Hilton, including with regard to investment in the Global Center, which was a controversial issue for County Council. She stated that the ongoing costs related to the bird safety issue are small and potentially lower than projected in the Budget. Ms. Simon said the county expects that CCCFDC will come back for future requests and she hopes the relationship between County Council and CCCFDC will remain strong. She stated that this bird safety issue is extremely important to County Council because of the environmental impact of the migratory birds, especially because recently a million birds died in Chicago in one day because they crashed into Chicago's convention center. She stated that Cleveland does not want to be in that situation. She asked that the Board approve this expense and demonstrate that they care about the environment and that this should be a huge priority. She pointed out the optics if CCCFDC had the power to prevent the death of migratory birds and chose not to. She also noted that bird watching by the unique Lake Erie ecosystem is an economic driver. Ms. Simon implored the Board to approve this expense.

Bird Safety Issue/Budget Implications.

Mayor Sellers turned the meeting over to Mr. Appelbaum. Mr. Appelbaum stated that Ohio Lights Out studied the bird safety issue and CCCFDC retained its own consultant to consider solutions. Mr. Appelbaum previously provided the Board with a presentation on the issue that was made at the request of Ms. Simon and presented to the County's Education, Environment and Sustainability Committee. The

studies reflected that the most significant issue related to the vent stacks on the Malls, and the potential cost reflected in the budget related to covering the stacks with vinyl that either included a dot matrix or is opaque. He addressed responses to questions he had been asked after the previous regular meeting of the Board. He discussed costs and stated that the number that was inserted in the Budget was based on pricing provided by one of the leading contractors that does this type of work but had not been tested in a competitive bidding market. Mr. Appelbaum also stated that it is possible that cost savings could be derived from using a different type of opaque film that would have the same effect but might be procured from different vendors. It would be possible to explore the printing of public art on such film, and the involvement of others in the community who might have an interest in supporting public art for this purpose. He spoke further about the Budget, which now shows that there may not be a deficiency next year if this expense is incurred, but that such expense would add to an anticipated deficiency in future years (as discussed below). Mr. McAleer asked questions about the product to be used for bird mitigation and about the workforce, which Mr. Appelbaum addressed. Mr. McAleer stated that the deficit issue was already presented to City Council and that the possibility of future deficits was known. Mr. Makhoulf contributed to the discussion.

2024 Annual Plan & Budget.

Mayor Sellers confirmed that all members of the Board had received the presentation of the two versions of the Budget, one with funds designated for bird strike mitigation and one without. Mr. Hillow went through the budgets and compared the costs. Mayor Sellers clarified the line item of capital reserves and Mr. Hillow discussed how the allocation to the reserves would differ in each budget. Ms. Smith expressed her concern about the projected deficits and asked about prospects for increasing revenue. Mayor Sellers asked Mr. King how many Convention Centers in the country make money. Mr. King stated that he is only aware of one (Columbus) which makes its money mostly from parking and land ownership. Mr. Obi stated that the Board should be focused on economic impact. Mayor Sellers stated that he could circulate the economic impact information. Mr. Makhoulf pointed out that the Budget would be in the red without the bird mitigation funds. Mr. McAleer spoke to the economic impact of the expansion project, which would far exceed any of the numbers in the Budget, whether or not including allocations for bird mitigation. It was mentioned that the future deficits only occur because an additional \$4 million (beyond the original \$5 million proposed) was removed from the Capital Repair Fund at the County's request to help fund the Expansion Project. Ms. Berry pointed out that the \$4 million would have needed to come from somewhere. Mr. Hillow and others responded by pointing out that the original plan had the \$4 million included as part of the financing plan and paid back in the future as revenues increased – not removed as a front-end contribution from the Capital Repair Fund.

Vote.

Mayor Sellers asked for a motion to approve the 2024 Annual Plan & Budget version that included bird strike mitigation funds. Mr. McAleer made a motion to approve, which was seconded by Mr. Offtermatt. Ms. Berry asked if staff was recommending that funds for bird strike mitigation be included in the budget. Ms. Berry proposed moving forward with the budget without the bird strike mitigation funding and putting on hold setting aside the money for this project until CCCFDC has procured more specific estimates. She proposed coming back to the Board at a later time. Mayor Sellers clarified that the Board had a motion to approve the version of the Budget with the bird strike mitigation effort and an amendment to the motion to approve the Budget not including bird strike mitigation. Mr. Epstein seconded Ms. Berry's motion and asked for further discussion. Mr. Offtermatt pointed out that the budget is just an estimate, and doesn't mean that CCCFDC has to spend the budget amount or complete every project set forth therein. Mr. McAleer also stated that the Budget is just an estimate and every line item is subject to change. Mr. Makhoulf stated that he would rather have a placeholder for the bird strike mitigation that would be amended than have to come back to the issue.

Mayor Sellers stated that the Board's role is to present a budget to the County. Mayor Sellers asked the Board to vote on Ms. Berry's amended motion to approve the Budget without funds set aside for mitigation.

Ms. Valyn called the role and the Board voted against approving the 2024 Annual Plan & Budget that did not include bird mitigation funding, with six members of the Board (Mr. Epstein, Mr. Makhoulf, Mr. McAleer, Mr. Obi, Mr. Offtermatt, and Mr. Sellers) voting against the motion and two (Ms. Berry and Ms. Smith) for.

Next Mayor Sellers asked the Board to vote on the motion to approve the Budget that does include funding for bird strike mitigation. Ms. Valyn called the role and the Board voted to approve the 2024 Annual Plan & Budget that did include bird strike mitigation funding, with six members of the Board (Mr. Epstein, Mr. Makhoulf, Mr. McAleer, Mr. Obi, Mr. Offtermatt, and Mr. Sellers) voting for the motion and two (Ms. Berry and Ms. Smith) against.

Mayor Sellers conferred with the Board regarding the concerns of Ms. Berry and Ms. Smith. He acknowledged the legitimacy of their concerns, which he stated could have been avoided if the Capital Repair Fund had initially included the full \$4 million discussed above. Other members of the Board emphasized that approving the budget doesn't preclude the requirement to approve the expense when a final project is proposed. Mr. Appelbaum stated that now that the budget is approved, all appropriate parties will move forward investigating all options and pricing work accordingly. Mr. Obi stated that the process for CCCFDC's budget is no different than any other organization. He pointed out that the management has a fiduciary obligation to be good stewards in executing the project. Mayor Sellers wrapped up the discussion and spoke about the partnership between CCCFDC and the County. Mr. King spoke briefly about the proposed purchase of ASM by Legends, which is a hospitality company, and the deal has been signed and is now under regulatory review but not yet closed.

Adjournment.

The next regular meeting of the Board is Friday January 26, 2024 at 8:30 a.m. There being no other items of business, a motion was made to adjourn the November Special Meeting at 12:54 p.m. The motion was seconded and approved. At 12:54 p.m., the November Special Meeting was adjourned.