

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION
SPECIAL MEETING OF THE BOARD OF DIRECTORS
November 2, 2018
CLEVELAND, OHIO

Attendees at the Meeting:

Directors: Matt Carroll, Trevor McAleer (present by phone), Bradley Sellers, Michael Siegal, Diane Downing (present by phone), Timothy Offtermatt and Joe Roman.

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

Guests of the Board: David O'Neal of Conventional Wisdom Corp., Aram Nerpouni of BioEnterprise Corp. ("BioEnterprise"), Ron King, General Manager of the Huntington Convention Center and Global Center for Health Innovation, Craig Liston, Regional Vice President of SMG, Larry Trabulsi of CHMWarnick, and Jeff Appelbaum, Patrick Sweeney and Emily Farinacci of Thompson Hine LLP.

Special Meeting of the Board of Directors. At 8:05 a.m. on Friday, November 2, 2018, a Special Meeting (the "Special Meeting") of the Board of Directors (the "Board") commenced. Mr. Carroll presided as President of the Board.

Mr. Carroll called the meeting to order and declared a quorum of the Board present.

Employee Recognition.

Mr. King recognized the following employees of the Huntington Convention Center (the "Convention Center") and the Global Center for Health Innovation (the "Global Center" and, together with the Convention Center, collectively, the "Facility"), in connection with the Facility's employee recognition program: Monyca Curry, Shani Meeks and Ana Shadel.

Review and Approval of Minutes.

Mr. Carroll made a motion to approve the minutes from the Special Meeting of the Board on August 17, 2018, which were distributed to the Directors prior to the Special Meeting. The Directors unanimously voted to approve the August 17, 2018 Special Meeting minutes.

Executive Session.

At 8:10 a.m., a motion was made to move the Board into an executive session to discuss real estate matters and the renewal of a material agreement, which motion was approved by a vote of a majority of the Directors present. At 9:30 a.m., the Board unanimously voted to move out of the executive session.

Executive Director's Report.

Mr. Hillow discussed the status of the CCCFDC's IRS Form 990, a copy of which was previously circulated to the Board and which was scheduled to be filed on November 19, 2018.

Mr. Hillow then asked the Board to vote on the renewal contract for SMG, the manager of the Facility (the "SMG Agreement"), which was discussed by the Board during Executive Session. Upon a motion to approve, which was seconded, the Board unanimously approved the SMG Agreement.

SMG Report.

Mr. King gave an update on the Facility's 2019 Annual Plan and Operating Budget, noting that the key objectives for the facility were revenue growth, marketing, operational effectiveness, community relations and ongoing support from BioEnterprise. The 2019 Operating Budget for the Facility reflects gross revenue equal to \$18,758,920, operating expenses equal to \$20,217,598 and net income (expense) equal to \$1,458,677. Mr. Oftermatt asked Mr. King about the strategy of generating business for the Hilton Hotel and the Convention Center in light of market comparisons. A general discussion by the Board followed.

Mr. King then discussed a center for economic impact study which reported, as estimates, a positive change in economic impact of \$110 million (up from \$100 million), attendance of 273,575 (up from 252,016), hotel room nights at 123,967 (up from 106,197) and county tax revenue at \$3.25 million (up from \$3 million), each resulting from the Facility's presence.

Mr. Hillow noted that the Board will be required to approve the Facility's 2019 Operating Budget before year-end 2018.

BioEnterprise Report.

Mr. Nerpouni then presented the 2019 Operating Budget for BioEnterprise, reviewing a working funds report that was circulated to the Board. Mr. Nerpouni reported a projected total revenue equal to \$1,104,500, consisting of allocated revenue (lease, events, conferences, etc.), managing director fees, sponsorships and MCIC prize support, and total expenses equal to \$1,104,500, consisting of salaries and incentive compensation, marketing and admin / general, for a total profit (loss) equal to \$0. Generally, salaries are expected to make up approximately 36% of the total budget for BioEnterprise, and marketing expenses from programs / meetings are expected to make up approximately 46% of the total budget for BioEnterprise.

Conventional Wisdom Report.

Mr. O'Neal then reviewed the overall process for the expenditure of funds for the Facility (including (i) budgeting amounts, (ii) receipt of competitive bids, (iii) evaluation of bids and award to responsive bidder, (iv) seeking approval from the Board if expenditures are greater than \$150,000 and (v) annual county review of capital expenditures in accordance with the Facility's five year plan). Mr. O'Neal previewed a few highlights of the forthcoming 2018 annual capital budget, including suggested improvements for the Facility submitted by the Department of Homeland Security and the reported presence of groundwater penetration, resulting in the Facility undergoing further studies. A more detailed 2019 capital budget presentation would be presented to the Board in late 2018.

Hilton Hotel Report.

Mr. Trabulsi gave a performance update for the Hilton hotel, noting that year to date operating results exceeded budget. Specifically, total revenue YTD is 4% above budget (11% above prior year), food & beverage revenue is 4% above budget (5% above prior year) and gross operating profit is 9% above budget (31% above prior year). Through August, the Hilton hotel earned a number two ranking for "Revenue Per Available Room" (RevPAR) out of six primary competitive first-class downtown hotels.

Adjournment.

There being no other items of business, a motion was made to adjourn the Special Meeting, which was seconded. At 9:59 a.m., the meeting was adjourned.