

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
January 25, 2019  
CLEVELAND, OHIO

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**Attendees at the Meeting:**

Directors: Matt Carroll, Trevor McAleer, Bradley Sellers, Diane Downing, 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 (the "Convention Center") and the Global Center for Health Innovation (the "Global Center" and, together with the Convention Center, collectively, the "Facility"), Mike Campo, Assistant General Manager of the Facility, Dave Johnson, Director of PR & Marketing of the Facility, Craig Liston, Regional Vice President of SMG, the Facility's management firm, Larry Trabulsi of CHMWarnick, Teri Agosta, general manager of the Hilton Hotel, and Jeff Appelbaum, Patrick Sweeney and Emily Farinacci of Thompson Hine LLP.

**Special Meeting of the Board of Directors.** At 8:11 a.m. on Friday, January 25, 2019, 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 Facility, in connection with the Facility's employee recognition program: Paul Payne, Liz Naylor and Nathan Cohen.

Capital Budget.

Mr. O'Neal discussed the 2018 Asset Manager's Inspection Report for the Facility, which sets forth, among other things, the results of the annual facility condition assessment, the capital reserve fund balance and projections, a five-year capital projects budget and proposed guidelines for use of capital reserve funds and tenant improvements. Mr. O'Neal stated that he met with the Cuyahoga County Finance Department on January 9, 2019 to deal with a potential funding gap, which was addressed by revising the capital budget (eliminating select capital projects) and the Facility's reserve funding approach, each of which would require Board approval. He also presented a new capital reserve forecast, which anticipates capital repair / replacement spending over the next over five years, including an estimated total capital spend of approximately \$9 million in 2019.

Mr. O'Neal commented on the anticipated uses of capital reserves, noting that tenant improvements are historically not funded from the Facility's capital reserve account. Instead, he proposed using capital reserve funds for tenant improvements for Facility leases having minimum terms of at least 60 months, and also limiting the use of rental revenue received from leases for design and construction costs, not for furniture, fixtures & equipment.

Mr. O'Neal then noted that the Board would be asked to review and, if acceptable, approve (i) the 2019 capital budget, (ii) the five-year capital plan and (iii) the capital reserve funding plan. Mr. O'Neal

also requested that the Board discuss and potentially adopt guidelines regarding use of capital reserve funds for tenant improvements.

Mr. Roman asked if there was any process in place to track how much of the Facility's capital budget expenditures are spent with minority businesses. Mr. Johnson replied that the latest audit reflects approximately 25% MBE participation. Mr. McAleer also recommended that the Board adopt more detailed guidelines or a policy for capital expenditures.

Mr. Carroll recommended a vote on the approval of the 2019 capital budget. A motion to approve the 2019 capital budget was made, which was seconded. The Board unanimously voted to approve the 2019 capital budget.

#### Executive Session.

At 8:28 a.m., a motion was made to move the Board into an executive session to discuss real estate matters, which motion was approved by a vote of a majority of the Directors present. At 9:07 a.m., the Board unanimously voted to move out of the executive session.

#### Review and Approval of Minutes.

Mr. Carroll made a motion to approve the minutes from the Special Meeting of the Board on November 2, 2018, which were distributed to the Directors prior to the Special Meeting. The Board unanimously voted to approve the November 2, 2018 minutes.

#### Executive Director's Report.

Mr. Hillow discussed the open Board seat created by Michael Siegal's resignation, effective January 1, 2019. Mr. Hillow noted that the nominee for the open seat (Seat 5) should be jointly appointed by the Cuyahoga County Executive and the Cuyahoga County Council President. Alternatively, the Board could decide to reduce the Board size from seven to six and not fill Director Seat 5 at this time.

Mr. Hillow then suggested the scheduling of a Board retreat to review long-term planning, which will be scheduled in the future.

#### 2018 Operational Recap.

Mr. King presented an operational summary of the Facility's 2018 performance, noting that 2018 was a record year in terms of net funding (reporting a positive variance of \$1,026,015 over a projected budget of \$(3,078,141)), largely due to total event revenue of \$12,860,841 exceeding the budgeted amount of \$11,387,151. He highlighted several key events held at the Facility, leading to a total attendance of 258,475 individuals, 102,287 total hotel nights and 249 total events held in 2018. Mr. Wells commented that the total estimated economic impact from this success was approximately \$145 million.

Mr. O'Neal, Mr. Campo and Mr. King provided other business updates including recommendations / improvements for the Facility suggested by the Department of Homeland Security.

#### Hilton Hotel Report.

Ms. Agosta reported on the 2018 year-end financials for the Hilton Hotel, noting that total revenue for the hotel was 4% above budget (with food & beverage revenue being 3% above budget, gross operating profit being 12% above budget and budgeted room nights at 103%). She discussed guest feedback generally and criticisms observed to date, and reported that the Hilton Hotel scored #2 in service among all Hilton hotels worldwide.

Adjournment.

There being no other items of business, a motion was made to adjourn the Special Meeting, which was seconded. At 9:37 a.m., the meeting was adjourned.

4826-7012-7751