

CUYAHOGA COUNTY CONVENTION FACILITIES DEVELOPMENT CORPORATION  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
May 9, 2019  
CLEVELAND, OHIO

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**Attendees at the Meeting:**

Directors: Matt Carroll, Trevor McAleer, Bradley Sellers, Diane Downing (present by phone), Majeed Makhoulf 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, Teri Agosta, General Manager of the Hilton Hotel, Travis Powell, Director of Sales and Marketing, and Jeff Appelbaum, Patrick Sweeney and Emily Farinacci of Thompson Hine LLP.

**Special Meeting of the Board of Directors.** At 8:40 a.m. on Thursday, May 9, 2019, a Special Meeting (the "May 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 for outstanding performance, in connection with the Facility's employee recognition program: Shirley Williamson, Amber Bennet, Darnelle Brownlee and Devin Stowers.

**Review and Approval of Minutes.**

Mr. Carroll made a motion to approve the minutes from the Special Meeting of the Board on January 25, 2019, which were distributed to the Board prior to the May Special Meeting. The Board unanimously voted to approve the January 25, 2019 minutes. Mr. Makhoulf abstained from voting.

**Q1 2019 Results.**

Mr. King discussed the Facility's financial results for the quarter ended March 31, 2019, reporting net revenue equal to \$1.78 million, expenses equal to \$3.09 million and a net loss equal to \$1.31 million, reflecting a variance of \$0.03 million over budget. During first quarter 2019, recorded attendance at the Facility was 97,886, hotel room nights booked equaled 19,300 and there were 53 total events held at the Facility (including seven city-wide events). Mr. King also reviewed the major events held at the Facility during first quarter 2019.

Mr. King presented the forecasted financials for fiscal year 2019, which reflect a projected net revenue equal to \$12.48 million, projected expenses equal to \$15.53 million and projected net loss equal to \$3.05 million.

The Board then discussed upcoming events for 2019, including the Major League Baseball Fanfest, and corresponding revenue streams.

Mr. O'Neal reported on the economic impact of the Facility's performance in 2018, which resulted in \$171 million in direct, indirect and induced expenditures, \$6 million in tax revenues generated and 700 employees supported. Mr. Makhoulf asked about the breakdown of tax revenues, and Mr. O'Neal responded these figures are available in the SMG Economic Impact Report.

#### BioE Report.

Mr. Nerpouni then provided a report on BioEnterprise and the progress on the Global Center's tenant occupancy rate, stating that current occupancy is at 71%, with a total of 70 employees at the Global Center (with 150 employees projected by the end of 2019). The current pipeline of proposed tenants represents 19% of the total capacity of the Facility. Mr. Nerpouni described the current tenant profile at the Global Center, consisting of startups, industry, enablers / funders and institutions, as well as current uses of space. Mr. McAleer asked about the existing lease and sublease arrangements at the Global Center, and Mr. Nerpouni responded that there are currently three formal subleases and approximately 10 informal subleases in place. Mr. Nerpouni also provided the Board with examples of recent programming held at the Global Center.

#### Hilton Hotel Report.

Ms. Agosta provided an update on the Hilton Hotel, stating that the hotel was 3% above budget in total revenue for first quarter 2019, as well as 4% above the prior year's total revenue, which is attributed to stronger rooms and food and beverage revenue. Ms. Agosta also reported that gross operating profit was 8% above budget for the first quarter and the hotel is currently at 92% of budgeted group room nights for 2019. Ms. Agosta then reported generally on guest feedback, commenting that the Hilton Hotel recently won the "Connie" award, which is the highest award across all Hilton brands worldwide for guest service and quality assurance.

Mr. Roman requested that the CCCFDC also provide a report on the overall hotel industry within Cleveland, including the Hilton Hotel.

Mr. Makhoulf asked about the general need for meeting space. Ms. Agosta replied that she has observed a general need for additional breakout space. Mr. Appelbaum commented that CHMWarnick has been tasked with collecting data on this topic and will report to the Board when the results are completed.

#### Executive Director's Report.

Mr. Hillow provided a recap of the Board retreat held on April 5, 2019.

Mr. Johnson also discussed the Facility's regional competitors and the Facility's comparative ranking, based on exhibit space, ballroom facilities and meeting rooms available for use. The Board engaged in a general discussion regarding competitive trends and challenges faced by the Facility on a regional basis. The Board also proposed engaging the City of Cleveland in discussions regarding current potential competitive restraints on the Facility, and addressing potential solutions.

#### Executive Session.

At 9:39 a.m., a motion was made to move the Board into an executive session to discuss certain litigation and contract renewal and negotiation matters, which motion was approved by a roll call vote of all of the Directors present. At 10:48 a.m., the Board unanimously voted to move out of the executive session.

Adjournment.

There being no other items of business, a motion was made to adjourn the May Special Meeting, which was seconded. At 10:48 a.m., the meeting was adjourned.

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