

Agenda Item 4.A

MINUTES*
SAN DIEGO CONVENTION CENTER CORPORATION
THE BOARD OF DIRECTORS

BOARD MEETING OF OCTOBER 25, 2023

BOARD MEMBERS PRESENT: Chair Carlos Cota and Directors Will Rodriguez-Kennedy, Shawn Van Diver, Jaymie Bradford, Alyssa Turowski, and Carol Kim

BOARD MEMBER(S) ABSENT: Director Jeff Gattas

STAFF PRESENT:

Rip Rippetoe, Mardeen Mattix, Corey Albright, Andy Mikschl, Maren Dougherty, Michael Milligan, Victoria Mitchell, and Pat Evans (Recorder)

ALSO PRESENT: Jennifer Lyon, General Counsel; Macias, Gini & O’Connell representatives, Marlon Williams, and Miyuki Freeman,

*Meeting Minutes memorialize votes on “Action Items” and Staff Reports and are not a verbatim transcript of the Board meeting. Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or pat.evans@visitsandiego.com to request a copy.

1. Call to Order

Chair Carlos Cota called the Board Meeting to order at 12:07 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

Chair Cota then called roll to determine which Directors were present:

Director Cota – Present
Director Gattas – Absent
Director VanDiver - Present
Director Bradford – Present
Director Rodriguez-Kennedy – Present
Director Turowski– Present
Director Kim – Present

All Directors were recorded as present except Director Jeff Gattas. Chair Cota noted that all votes taken during this meeting would be recorded via roll call vote.

2. Non-Agenda Public Comment – Chair Cota inquired if any member of the public wished to comment on any non-Agenda items. No members of the public responded to the request for comment.

Corey Albright, Chief Operating Officer, introduced Paul Turner, the Corporations newly hired General Manager.

Julia Slocombe, Regional Director for Smart City Networks, introduced the newly appointed General Manager for Smart City Networks’ convention center operations, Matthew Chavez.

3. Board Committee Reports and Board Action Items:

Consent Agenda:

A. Approval of Minutes of Board Meeting of September 27, 2023.

Chair Cota inquired if any Director would like to pull a Consent Agenda item for discussion. Hearing no request to pull a Consent Agenda item, Chair Cota then inquired if any member of the public wished to comment on Agenda Item (3.A). No members of the public responded to the request for comment.

After request for Director discussion and for public comment, Directors Turowski and Kim moved and seconded, respectively, to approve the Consent Agenda as set forth hereinabove.

- Director Cota – Aye**
- Director Gattas – Absent**
- Director VanDiver – Aye**
- Director Bradford – Aye**
- Director Rodriguez-Kennedy – Aye**
- Director Turowski – Aye**
- Director Kim – Aye**

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

Action Item(s):

B. Audit Committee (Will Rodriguez-Kennedy)

(1) Acceptance of Audited Annual Financial Report for the Fiscal Year Ended June 30, 2023

Chair Cota called for a staff report regarding this item. After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on

Agenda Item 3.B.1. No members of the public responded to the request for comment.

After presentations by Staff, Directors Rodriguez-Kennedy and VanDiver moved and seconded, respectively, to Accept the Audited Annual Financial Report for the Fiscal Year Ended June 30, 2023

**Director Cota – Aye
Director Gattas – Absent
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Kim – Aye**

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

C. Executive Committee (Carlos Cota)

(1) Strategic Plan Update

Chair Cota reported that staff would provide an update on the status of initiatives in the Strategic Plan previously approved by the Board. No vote is required on this matter as this is an informational update.

Mr. Rippetoe stated that this is the quarterly report for the Corporation’s Strategic Plan with updates through FY 2025. Mr. Rippetoe invited the initiative “owners” to present their reports.

- **Grow and Nurture Culture – Michael Milligan**

Michael Milligan, Executive Director of Human Resources, reported:

- The H.R. Department’s ultimate goal is to build a thriving team, to provide high quality jobs in the community and to earn a reputation as a top workplace. The team is on track to make those events happen by 2025.
- From a milestone standpoint, the team has completed a Talent Acquisition program which is a systematic way to bring talent into the convention center. The team is in the implementation phase of this program and is training all of the hiring managers.
- Last year, from a time to hire standpoint (when a position is posted to when the person accepts the offer), it took, on average, 63 days. This year, year-to-date, it is taking 51 days. The national benchmark is 62 days, so the Corporation is 20% better than the benchmark and 20% better than last year. Our talent acquisition partner, Vespera Monroe, has done a fantastic job.

- We are also focusing diligently on developing an onboarding program and our safety orientation program.
 - The H.R. team is also on track for its other initiatives.
 - Regarding the third milestone, executing all union agreement renegotiations, we may have been a bit overzealous in our attempt to complete the last agreement with the Teamsters. Technically, the agreement is not due until next summer and due to competing priorities, we will probably not complete the process until next year.
- **Develop a Facility Maintenance and Improvement Program** – Corey Albright

Corey Albright, Chief Operating Officer, reported:

- Mr. Albright reported that their team is largely on track and have executed many of its goals, primarily because of Victoria Mitchell and the team that she has helped build.
 - The only delay in the initiatives thus far is a result of data clean-up and conversion for the new work order system (CMMS) that the Board previously approved. This system will enable staff to better track activities throughout the building. The system should be up and running within the next two months.
 - Foundationally, we have made improvements by hiring the right team members with the correct expertise and the appropriate level of bandwidth.
 - We have added a Project Control Analyst, who is handling the financial aspects of our projects (budgets, milestone payments, progression of the project, etc.). The other new position is a Project Administrator who will facilitate items such as contractor access, oversight, maintaining various logs and minutes of activities throughout the building.
 - All of the other initiatives in this category are on track.
- **Refine Business Model to Ensure Financial Viability** – Mardeen Mattix and Andy Mikschl

Andy Mikschl, Executive VP Sales, reported:

- Mr. Mikschl reported that the Sales Team is on track with the milestones related to this imperative. The SDCC internal finance team is continuing to work with SDTA's team to refine some of the economic impact formulas to ensure that we are reporting that information as well as the visitor spend information correctly.
- The team has implemented several new revised policies and parameters of negotiation related to future events and how we negotiate. Specifically, some of the revisions are geared towards increasing the Corporation's rental revenues by the way we are discounting, or the way we offer less discounts.

- The team has also updated its liquidated damages cancellation policies in our future event agreements to provide better protections for the Corporation should events cancel.
- Revenues related to both the Corporation (rental revenues) and our internal partners, Smart City, Sodexo, etc., are certainly returning to pre-pandemic numbers by way of some of the parameters that are being instituted.
- The sales staff have completed a competitive rental study (information from fifteen other like venues), and they are in the process of analyzing the information. It will take some time to review the information due to varied pricing and rental discounts among the competitive set, and the fact that some of the entities have funds that subsidize their operations. Staff feel our rent is competitive, but they may be room for improvements or rental rate increases in coming years.
- Staff is still evaluating how to resolve the issue of the marshaling yard and how to develop analytics regarding how to allocate staffing resources.

Mardeen Mattix: Chief Financial Officer, reported:

- Ms. Mattix provided an update on how the 2023 financial year compared to the record-breaking year of 2019.
- Revenues for fiscal year 2023 is record breaking revenue generation from operations.
- In 2019, the Corporation had a fiscal year surplus of \$3 million which did not occur 2023. The Corporation essentially broke even in 2023 even though expenses increased in 2023.
- The results of revisions to the Corporation's sales philosophy will continue to be apparent in the longer term. Staff will continue to review industry trends and analytics and revise the sales philosophy as needed.

- **Engage the Community** – Maren Dougherty and Juan Reyes

Maren Dougherty, Executive Director of Marketing and Communications, reported:

- Ms. Dougherty reported on her team's goals of strengthening the Corporation's community relationships and understanding of the Convention Center's economic and community impact.
- The Corporation had one major milestone that positions us for better efficiencies and future success which was the implementation of the digital asset management system. The Corporation has tens of thousands of photos and pdfs which are shared with our clients. The department was spending a lot of time searching for specific images that were needed by various individuals, so a system was needed that would help sort and catalog and share those assets.

- The team spent the last few months implementing the new system and they have now uploaded all of these important assets as well as gone through and tagged them to make them more readily available for team members and clients.
- Department staff has also started to train the sales and event managers on how to access this content library directly and will eventually train other colleagues across the organization as well as our partners at the Tourism Authority. Eventually, specific portals will be created just for individuals to access the information they need.
- The team had a very positive experience working with the internal Procurement and IT teams to select the appropriate software and develop this program (Cantel).
- The other departmental KPIs and milestones are all on track. The media coverage has primarily focused on three topics: (1) the speculation during Comic-Con about the crowd size impact due to the strikes in Hollywood. We knew that the event was sold out and Comic-Con was confident in the event; and yet there was constant media coverage asking if people would come. These discussions gave the Corporation an opportunity to address the economic impact from before and after the event. (2) The hiring of Paul Turner as the Center's General Manager also generated positive coverage locally as well as in trade publications because of Paul's impressive resume within the industry. (3) The Wall Street Journal's ranking of the San Diego Convention Center as fourth in the nation also generated additional coverage from outlets looking into the criteria and discussing SDCCC as compared to Las Vegas and Chicago. That coverage presented a great opportunity for the Center to tell its story at a national level.
- The Corporation has continued its community presence through panel discussions, community service activities, meaningful volunteerism, and Board service of our leadership team with non-profit organizations, and the continued lighting of our Sales Pavilion for community causes and initiatives (verses lighting for client requests).

After completion of the Strategic Plan Update, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.C.1. No members of the public responded to the request for comment.

Chair Cota commented on the Convention Center's rapid recovery from COVID, and he also noted the positive impacts of changes in the Sales team's philosophy and the implementation of the strategic plan and the attendant KPIs. Chair Cota and Director Kim also thanked the staff for investing their efforts into ensuring the success of the strategic plan.

D. Budget Committee (Shawn VanDiver)

(1) Acceptance of Financial Report from Chief Financial Officer

Ms. Mattix reported the following:

- When the 2023 budget was developed, the Sales team had not yet fully initiated its current sales philosophy and SDCC also didn't have the maintenance schedule for the building planned, so Finance budgeted according to historical trends.
- Some of the revenue shortage is intentional because the Corporation has not filled in some of the projected events that we would have traditionally filled in the past (in order to allow time for maintenance projects). When we gave our presentation to City Council, we had forecasted just a little over one hundred events and we normally hosted approximately 140 events. Hosting ninety events appears to be the "sweet spot."
- On the flip side of that, we budgeted for part time support because the short-term events are heavily driven with part-time labor support, so you are seeing an offset in the financials. Ultimately, the bottom-line is a wash. Even though it was unsettling to see a shortage in revenue, you also have some savings on the expenses.
- How does all of this impact our employment picture? Comparing last year to this year, we are up approximately 80,000 hours in labor, and we have hired more people. We currently have 217 part-time employees (compared to 158 last year). We also have 200 full-time employees (compared to 180 last year). Staff is working more; however, they are working smarter, and we are starting to train and develop more skill sets within our workforce.
- The Corporation is at a wash with regard to operational costs. The Corporation has spent approximately \$2 million of the reserves (I-bank debt and capital improvements), so the reserves are sitting at approximately \$27 million.

After Ms. Mattix submitted her report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.D.1. No members of the public responded to the request for comment.

After presentation by Staff, Directors Kim and VanDiver moved and seconded, respectively, to Accept the CFO Financial Report from the Chief Financial Officer.

- Director Cota – Aye**
- Director Gattas – Absent**
- Director VanDiver – Aye**
- Director Bradford – Aye**
- Director Rodriguez-Kennedy – Aye**
- Director Turowski – Aye**
- Director Kim – Aye**

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

E. Sales & Marketing Committee (Jeff Gattas)

Andy Mikschl presented the following report:

- Fiscal year-to-date, the short-term sales team has booked nine events compared to fifteen events for the same time period last year. Although six less events were booked, the booked events represent \$70,000 more in rental revenue. The team is focusing on booking more fiscally impactful events.
- Mr. Mikschl cited an example of a short-term technology event that was recently booked because the center was able to partner with both the Marriott and Hyatt hotels. The event produced 1,400 peak room nights booked in the destination.
- The team is focusing on events that not only bring in the community, but also assist our hotel partners in generating room nights.
- Coming up next week, the Center partnered with the County of San Diego to host the “Live Well” event. Community attendance is expected to do well.
- Mr. Schieferdecker reported that the long-term sales team closed on two events for a total of four events that represents over 99,000 room nights. The team has booked half of the number of events, compared to last year's total, but the events booked account for almost fifty percent more room nights booked.
- One event falls within the next two years and represents 10,000 room nights and Angie Ranalli (celebrating her 30th anniversary with the team) signed International Society of Technology and Education which represents 50,000 room nights with almost 18,000 people in attendance for June of 2033.
- The client funnel also remains strong. The processes put in place over the past several months are gaining great traction and the team feels very good about the success of the new sales strategy – making better business decisions while driving more revenue to the hotels and also limiting our risk as a destination and a building.
- SDTA participated in the IMEX conference last week. IMEX is the industry’s largest show, and it took place in Las Vegas. There were a record number of exhibitors and attendees this year. The event opened with the California Gateway Cities Breakfast wherein SDTA partnered with Anaheim, Los Angeles, and San Francisco. 150 total customers attended.
- The SDTA booth scheduled 156 half-hour appointments. Combined with sixteen (mostly hotel) partners, a few venues and a couple of DMCs, the team had almost 500 total appointments. The team also provided three separate presentations that focused on the convention centers/downtown of the four principal area participants.
- Mr. Schieferdecker also attended a “Meetings Mean Business” event which was sponsored by U.S. Travel. U.S. Travel noted that international travel is coming back with increased flight capacity by British Airways and Lufthansa in San Diego and across the country. This is important because of the number of foreign travelers who attend medical conventions hosted in San Diego (20 – 40%).
- PCMA is seventy days away and the Rady Shell is locked down for a final night event. Entertainment and key-note speakers for the event will be announced soon.
- SDTA has three openings for General Manager positions on its Board and a slate of names will be presented to the SDTA Board on Monday.

After staff submitted its reports, Chair Cota inquired if any member of the public wished to comment on Agenda Item (3.E). No members of the public responded to the request for

comment. No vote was required on this item as it is a Sales & Marketing Committee update.

4. Chief Operating Officer's Report (Corey Albright)

- Mr. Albright thanked Ms. Mitchell and her team for all of their behind-the-scenes infrastructure work.
- The team has made significant progress with where it needs to be in terms of engineering and capital projects. Mr. Albright will share the vision for the future at the upcoming Board Retreat.
- The team has made good strides working with the City regarding the roof replacement discussion. The staff is working with the City Attorney's office on the content of the proposed agreement. The agreement is in the "red-line" phase and an actionable agreement should be ready by January.
- The kitchen project is moving along well. The project is through 90% of the demolition phase, with a flooring selection pending. The estimated completion date of the project is early February.

After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item (4). No members of the public responded to the request for comment.

5. President's Report (Rip Rippetoe) – Mr. Rippetoe reported:

- Last Friday the Convention Center was named one of the 25 Convention Centers of Excellence by Exhibitor Magazine.
- Some staff members have been attending training at the National Conflict Resolution Center to determine if it is an appropriate venue for staff leadership training.
- Please review e-mails pertaining to the PCMA event as they will contain important information about the event.
- Mr. Rippetoe will participate in a presentation next Tuesday at the University Club about the impact of tourism in San Diego. Julie Coker and the San Diego Airport's information officer will also be a part of the discussion panel.
- "InterPride" started its 40th anniversary event today at the Westin and Westgate Hotels. Representatives from twenty countries will be in attendance.
- Freeman Company is hosting webinar calls educating new exhibitors about convention centers. Key takeaways from the latest call:
 - Attendees are getting younger and faster.
 - Hybrid-remote works – events are a solution for the disconnected worker.
 - Events are experiencing higher attendance because it is the one time a year teams can gather together.
 - "Bleisure" (the combination of business and leisure) demand has increased.
 - There is a rise in first-time exhibit managers.
 - Exhibitor dissatisfaction is growing along with the changes in management – every venue and every contractor needs to address that issue.
 - Marketing departments are now in charge of events, and they want to see measurable results.

- Staff needs to be able to respond to trends and help educate and influence clients.

After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item (5). No members of the public responded to the request for comment.

6. Chair's Report (Carlos Cota) – Chair Cota reported:

- There is no Board meeting in November – everyone enjoy your Thanksgiving holiday safely.
- The Board Retreat is scheduled for Monday, November 27, 2023, at 8:00 a.m. in Room 24.
- The next Board meeting is scheduled for December 13, 2023, at Noon.

After Chair Cota submitted his report, he inquired if any member of the public wished to comment on Agenda Item (6). No members of the public responded to the request for comment.

7. Board Comment [Govt. Code § 54954.2(a) (2)] – None

8. Urgent non-agenda items (must meet the requirements of Government Code, Section 54954.2): None

There being no further business, the meeting adjourned at 1:26 p.m.

I, Will Rodriguez-Kennedy, Secretary of the Board of Directors of the San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Board of Directors of the San Diego Convention Center Corporation, Inc., at a duly noticed meeting held on October 25, 2023, and that said minutes were approved by the Board of Directors on December 13, 2023.

[Approved at the Board Meeting of December 13, 2023]
Will Rodriguez-Kennedy, Secretary