

Agenda Item 5.a

MINUTES

**SAN DIEGO CONVENTION CENTER CORPORATION  
THE BOARD OF DIRECTORS**

**BOARD MEETING OF NOVEMBER 17, 2009**

**BOARD MEMBERS PRESENT:** Chair Chris Cramer, Vice-Chair Bob Nelson and Directors Cheryl Kendrick, Alexis Gutierrez, and Nikki Clay

**BOARD MEMBERS ABSENT:** Bryan Min, Duke Sobek and Mick Musella

**STAFF PRESENT:** Carol Wallace, Theresa McAteer, Brad Gessner, Mark Emch, Steven Johnson, Tom Mazzocco, Sandra Moreno, Ben Calmes and Pat Evans (Recorder)

**ALSO PRESENT:** Perry Dealy

**1. CALL TO ORDER**

Chair Chris Cramer called the meeting to order at 8:35 a.m. in the Executive Boardroom of the San Diego Convention Center Corporation, San Diego, California.

**2. COMMENTS FROM THE AUDIENCE – None**

**3. PRESENTATIONS**

**a. Employees of the Month**

Jacqueline Bryce Grounds Worker (September) was presented by Arlow Moreland, Assistant Facility Services Manager

Marit Hill, Administrative Assistant Public Affairs (November) was presented by Steven Johnson, Vice President Public Affairs

**b. Laurie Peters, Restaurant/Concierge Services Manager, received recognition for being named the 2009 recipient of the Gaslamp Merchant's Association "Lifetime Achievement Award."**

4. **ACTION ITEMS**

a. **Approval of minutes of Board Meeting of October 30, 2009**

**Directors Gutierrez and Clay moved and seconded, respectively, approval of minutes of the October 30, 2009 Board Meeting. Vote:**

**AYES: 5**

**NAYS: 0**

b. **Acceptance of Audited Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2009**

Mark Emch, VP-Finance, submitted a memorandum that detailed the Corporation's obligation to perform an annual audit of its books pursuant to the City of San Diego Charter and to present the audited financial statements to its Board of Directors. The accounting firm of Macias Gini & O'Connell completed an audit of the Corporation's financial statements for the year ended June 30, 2009. The completed Audited Financial Statements and Independent Auditor's Report to the Board (submitted herewith) were reviewed and discussed by the Audit Committee of the Board and audit team management at the Audit Committee meeting of October 29.

Director Clay advised the Board that the Audit Committee spent two hours thoroughly vetting the audit process. They reviewed documents and requested clarifications and revisions. The committee also submitted twenty-five questions to the auditors regarding the process.

The Audit Committee recommends that Board accept the Audited Financial Statements and Independent's Auditor's Report for fiscal year ended June 30, 2009.

**Directors Clay and Gutierrez moved and seconded, respectively, that the Board accept the Audited Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2009. Vote:**

**AYES: 5**

**NAYS: 0**

Chair Cramer commended Audit Committee Chair Clay for her leadership on the committee throughout the year.

c. **Authorization to Award a Contract to SPG Solar, Inc. & Alternative Energy Capital for a Solar Power Purchase Agreement**

Brad Gessner, General Manager, presented a memorandum that detailed the Corporation's desire to enter into a twenty-year Solar Power Purchase Agreement with Alternative Energy Capital, an associate of SPG Solar, Inc. ("AEC"). Under the terms of the Agreement, AEC would install, operate and maintain a 538 KW solar photovoltaic system at no capital or ongoing cost to the Corporation. The installation would also include reroofing the West Building of the facility, which would otherwise have been slated as a capital repair project for the Corporation. The Corporation, in turn, would

agree to purchase all solar electric power produced at a fixed rate of 18.8¢ per kilowatt-hour with a zero percent (0%) escalation over the life of the Agreement. The memorandum further outlined the Request for Proposal ("RFP"), staff evaluation/assessment, and vendor selection process.

During discussion, Mr. Gessner noted that the Corporation would derive approximately 1.7 million dollars in electrical cost savings over the life of the contract and inclusion of the re-roofing in the installation process would save the Corporation an additional \$527,000. The project would have no impact on the proposed expansion and any new technology would be implemented during the installation process.

Staff recommends that Corporation enter into a twenty-year Solar Purchase Agreement with Alternative Energy Capital, an associate of SPG Solar, Inc., to reroof the West Building and install, operate, and maintain a 538 KW solar PV system at no capital or ongoing cost to the Corporation in return for the purchase of solar electric power produced at a fixed rate of 18.8¢ (cents) per KW hour with 0% escalation over the life of the Agreement.

**Directors Nelson and Clay moved and seconded, respectively, that the Corporation enter into a Solar Purchase Agreement with Alternative Energy Capital, an associate of SPG Solar, Inc., under the terms set forth hereinabove. Vote:**

**AYES: 5**

**NAYS: 0**

Carol Wallace commended the Corporation's "Green Team" for its leadership in corporate environmental issues. The Corporation will also be promoting its sustainability and environmental outreach initiatives.

**d. Election of Officers**

Chair Cramer submitted a memorandum that set forth the Board's slate of officers to serve of the Corporation's Board of Directors for 2010. The proposed slate was selected by the Board's Nominating Committee during their November 3, 2009 meeting via teleconference:

Board Chair – Robert Nelson  
Vice-Chair – Alexis Gutierrez  
Secretary/Treasurer: Nikki Clay

It is recommended that the Board elect the slate of officers as set forth above.

**Directors Cramer and Clay moved and seconded, respectively, that slate of officers proposed by the Nominating Committee be elected to serve on the Corporation's Board of Directors for 2010. Vote:**

**AYES: 5**

**NAYS: 0**

It was noted that Ms. Clay, as an Officer of the Board, can no longer serve as a member of the Audit Committee.

5. **REPORTS**

a. **San Diego Theatres**

Don Telford reported on the following:

- The SDT Board met on November 16, 2009 and their sole action item was the approval of the 2010 Capital Budget.
- Lily Tomlin's show scheduled for the Balboa Theatre is fifty percent (50%) sold out and other shows are selling well.
- Scheduled public tours are also sold out.
- The Operating Agreement with the City expires on November 30, 2009 and SDT has received an offer from the City. Although negotiations are on going, it took two years to reach the last agreement. Faye Wilson is taking the lead in negotiating with the City and any agreement will eventually have to be approved by the SDCCC Board.
- The Balboa 4<sup>th</sup> floor build-out is completed at the Certificate of Occupancy has been issued.

b. **OSP –Director Nelson reported:**

- He has met with Cindy Olmstead, the Board retreat facilitator, and she will be contacting each Board Member seeking their input regarding the upcoming retreat. Mr. Nelson requested that each Member respond to Ms. Olmstead's inquiries as the responses would assist with the design of the retreat.
- Preparation of the "Mission, Vision and Values" statement is moving forward with staff participation.

Carol Wallace also noted that as a part of community outreach, which falls under OSP, a new website has been developed that distributes popular recipes by Jeff Leidy, Centerplate's Executive Chef.

c. **Nominating Committee** – Chair Cramer thanked Alexis Gutierrez and Duke Sobek for their participation in selecting the 2010 slate of Board Officers.

d. **Audit Committee** - Chair Clay reported on the following:

- The Corporation's financial statements were reviewed and they are in proper order.
- Review of the Conflict of Interest forms was completed and no conflicts exist.
- The Corporation's travel reimbursement policies were reviewed and they are being followed.
- The process for selecting an internal auditor is on going and will be completed soon.
- Financial Variances were reviewed and there were no irregularities.
- The revisions to the Electronic Technology Policy (513) submitted by General Counsel are acceptable and they will be brought before the full Board for approval.

- The New Audit Charter is approved and in place. General Counsel will review the charter periodically for compliance and compliance will be detailed to the Board.

e. **President's Report**

Carol Wallace reported the following:

- The Convention Center's performance continues to be a bright spot in the local economy. In October, Center events, including the American Academy of Head & Neck Physicians, the Gastroenterologists and the National Association of Realtors contributed approximately 77 million dollars in economic impact to the San Diego region. It took the Center ten years to attract the Realty event and the meeting planner and event Director were so impressed with the facility they will be back in 2015.
- The Corporation is participating in the following outreach efforts to assist the area hotels in attracting business in the near term:
  - Our Sales & Marketing Report is posted on our website and sent to hoteliers the second week of the month. The Report contains information regarding current and future business;
  - Ms. Wallace sits on the HMA Board and gives monthly reports regarding Convention Center business;
  - A new sales person has been hired in the Chicago office and she has been introduced to local hoteliers;
  - Staff attends quarterly meetings and has on-going communication with the headquarter hotels;
  - Staff review information with hotels regarding attendance and room block;
  - Placards regarding in-house conventions are delivered to restaurants, hotels and business owners;
  - The Corporation has partnered with ConVis on obtaining a TAP (Trends-Analysis-Projects) Report for the city. The report will show occupancy of the city for a five-year period and will give an overall picture of the destination.

Directors questioned the impact of a reduction in the City's subsidy to the Center on attracting business. Ms. Wallace responded that the hotels are helping offset the loss and assistance is being sought from the TMD. Directors requested that the City be made aware that current subsidy monies are being committed to attract future business.

f. **Chair's Report**

Chair Cramer reported on the following:

- He will give a presentation regarding the proposed expansion to Rotary Club 33 this month;
- There is no new information regarding the appointment to fill the Board Member vacancy;
- Chair Cramer thanked all of the Board Members for their commitment and dedication noting that the Corporation had a very engaged and well-informed slate of members this year.

6: **Closed Session:** At 9:47 a.m., the meeting entered into closed session to discuss:

a. **Conference with Legal Counsel – Existing Litigation [Govt. Code § 54956.9(8)]**

United National Maintenance, Inc. V. SDCCC – Case No. 07-CV-2172 BEN  
U.S. District Court, Southern District, California

b. **Conference with Real Property Negotiator [Govt. Code § 54956.8]**

Property: Approximately 221,000 square feet of tideland area leased to Fifth Avenue Landing, LLC; approximately 86,000 square feet of land comprising the northerly portion of the tideland area and the adjacent District-owned roadway, all bayward of the San Diego Convention Center.

Negotiating Parties: Carol Wallace, President & CEO  
San Diego Convention Center Corporation

Unified Port of San Diego

Under Negotiation: Instruction to Negotiator will concern price and terms of payment.

c. **Public Employee Performance Evaluation [Govt. Code §54957]**

Title: President & CEO

There being no action taken that required disclosure, the meeting resumed open session at 11:23 a.m.

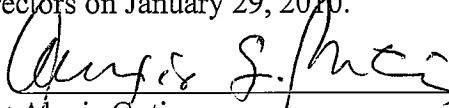
7. **URGENT NON-AGENDA ITEMS** (must meet the requirements of Government Code, Section 54954.2) –  
None

8. **BOARD COMMENTS** – N/A

There being no further business, the meeting adjourned at 11:30 a.m.

**CERTIFICATION**

I, Alexis Gutierrez, Secretary/Treasurer 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 November 17, 2009 and that said minutes were approved by the Board of Directors on January 29, 2010.

  
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Alexis Gutierrez  
Secretary-Treasurer