

Agenda Item 4.a

MINUTES

SAN DIEGO CONVENTION CENTER CORPORATION
THE BOARD OF DIRECTORS

BOARD MEETING OF JULY 24, 2009

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

BOARD MEMBERS ABSENT: Director Bryan Min

STAFF PRESENT: Carol Wallace, Theresa McAteer and Pat Evans (Recorder)

ALSO PRESENT: Don Telford

1. **CALL TO ORDER**

Chair Chris Cramer called the meeting to order at 8:40 a.m. in the 26th Floor Boardroom of Higgs, Fletcher & Mack, at 401 West "A" Street, San Diego, California.

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

3. **PRESENTATIONS**

a. **Employees of the Month** - The July Board Meeting was moved from the SDCCC Boardroom to an off-site location due to traffic congestion associated with the Comicon event. Therefore, the "Employee of the Month" presentations were deferred to the September Board Meeting.

Chair Cramer welcomed Matthew "Mick" Musella of The Zoological Society of San Diego as the new Ex-Officio Board representative from CONVIS.

4. **Action Items**

a. **Approval of minutes of Board Meeting of June 17, 2009**

It was requested that the Minutes be amended as follows:

(1) Audit Committee Report – Language be inserted that reflects a copy of SDCCC's Auditor's Engagement Letter with Macias, Gini & O'Connell, LLP was distributed to Audit Committee members for review.

(2) Board Comments – Language be inserted reflecting a request was made that the Executive Committee consider whether the Corporation requires a formal labor relations policy.

The Directors also discussed the merits of reformatting the minutes to include additional notations/references from the underlying reports.

Directors Clay and Nelson moved and seconded, respectively, approval of minutes of the June 17, 2009 Board Meeting as amended. Vote:

AYES: 4

NAYS: 0

ABSTENTIONS: 1

b. Authorization to Award a Contract for Janitorial Supplies

Carol Wallace, President & CEO, directed the Board Members to the supporting staff memorandum that outlined the Request for Quotation (RFQ) and selection process for selecting a janitorial supply contractor. Based on 1) its best overall prices meeting Corporation's specifications and 2) demonstrated understanding of the service requirements of the Corporation in terms of delivery and ease of ordering, staff recommends that Waxie Sanitary Supply, Inc. be awarded a pricing agreement with the Corporation. The pricing agreement shall have no guarantee in total dollar value or quantity for a period of three years. The agreement shall also include an optional renewal clause for two, one-year periods. After the three-year period has elapsed, Contractor may request a selective increase, on an item-by-item basis, not to exceed eight percent (8%) per year. Corporation anticipates an annual expenditure of \$200,000 per year based on its estimated annual usage.

Directors Nelson and Gutierrez moved and seconded, respectively, to authorize the award of a janitorial supplies pricing agreement to Waxie Sanitary Supply, Inc. which incorporates terms as set forth hereinabove. Vote:

AYES: 5

NAYS: 0

c. Authorization to Award a Contract for Uniform Dry Cleaning and Laundry Services

Carol Wallace, President & CEO, directed the Board Members to the attendant staff memorandum that outlined the Request for Quotation (RFQ) and selection process for a uniform dry cleaning and laundry services provider. Staff recommends Continental Cleaners be awarded a pricing agreement for as-needed dry cleaning and laundry services for a period of three years with an option to renew the agreement for two additional one-year terms. The recommendation is based on Continental Cleaners' proven past services including complete adaptability with the Center's demanding schedule, its demonstrated high quality dry cleaning and laundry services and its best-value quoted prices for services. Corporation estimates the total expenditures for the initial contract period will be \$160,000.

Directors Clay and Gutierrez moved and seconded, respectively, to authorize the award of a dry cleaning and laundry services pricing agreement to Continental Cleaners, Inc. The term of the agreement shall be three years with an option to renew the agreement for two additional one-year terms. Vote:

AYES: 5

NAYS: 0

d. Acceptance of Money Purchase Pension Plan Audited Financial Statements and Auditor's Report for Plan Year Ended December 31, 2008

The State of California requires an annual audit regarding certain audit procedures for Corporate pension plan financial statements. Mark Emch, VP-Finance submitted a Board Memorandum, Audited Financial Statements and an Auditor's Report for SDCCC's Money Purchase Pension Plan prepared by the firm of Considine & Considine for the Plan Year ended December 31, 2008. The Audit Committee of the Board reviewed the documents at its July 15, 2009 meeting and recommended that they be forwarded to the Board for acceptance. The Audit Committee Chair also noted that retention of a new auditor will be under review in two years. Staff recommends acceptance of the Money Purchase Pension Plan, Audited Financial Statements and the Auditor's Report for the Plan Year ended December 31, 2008.

Directors Clay and Gutierrez moved and seconded, respectively, to accept the Money Purchase Pension Plan, Audited Financial Statements and the Auditor's Report for the Plan Year ended December 31, 2008. Vote:

AYES: 5

NAYS: 0

5. REPORTS

a. San Diego Theatres

Don Telford reported on the following:

- The Mainly Mozart Festival had a successful run at the Balboa Theatre;
- The Board of Education presented IVIE Awards which recognize excellence in student films. 2009 was going to be the last year the awards were presented; however, the school Superintendent was so impressed with the students' work product that he is renewing the program.
- *Fiddler on the Roof* was a very successful production – it earned \$10,000 more in concession sales and \$20,000 more in ticket sales than anticipated.
- The Civic Theatre is down 15% in average rental days, but average attendance remains unchanged.
- SDT is anticipating a better year based on the "*Wicked*" and "*The Lion King*" productions.
- Capital improvements include: (1) replacing the speaker system at the Civic Theatre, (2) a dressing room re-tiling project, (3) repainting the outside of the

Theatre, and (4) the fourth floor build-out at the Balboa Theatre. Elevator cab repair has been postponed until after the "*Wicked*" production.

b. Mayor's Citizen Task Force - Director Nelson updated the Board on the status of the Task Force process including: "next steps," financing, topics of upcoming meetings and the draft final report.

c. Audit Committee - Chair Clay reported on the following:

- The SDCCC Employee Handbook review by outside counsel should be complete soon.
- FY 2010 Goals & Objectives work plan was reviewed to insure that relevant audit charter information was incorporated.
- Regarding the Performance Audit, Board members will receive a copy of the Corporation's response to the proposed recommendations. The Corporation will be prepared to respond to inquiries once the Audit results are released to the public. We cannot publicly discuss the results of the Audit before they are released by the Mayor's office but the Board will be kept apprised of the status. Carol Wallace will brief the Mayor's office regarding the status of the Performance Audit.
- SDCCC's Control Matrix (a Sarbanes-Oxley requirement) has been updated for 2009.
- The Corporation is formulating a fraud policy for the Employee Handbook.
- The Audit Committee will be reviewing the Corporation's monthly financial statements for unusual variances.

d. President's Report

Carol Wallace referred the Board to the written President's report and further noted:

- Comicon has received great national news coverage. The Sales Team will be meeting with Comicon representatives after the current event to discuss booking for 2013. The Corporation would like to extend our thanks to the City's Special Events Department and the Police Department for their assistance in making this event a success.
- Since our "due diligence" period related to the proposed Expansion will end in December, we should consider moving the Board Meeting scheduled for December 4 to mid-November. We need to finalize several items prior to the Port's Board Meeting in early December. Consult your calendars and let us know availability on either November 13th or 17th.

e. Chair's Report

Chair Cramer reported on the following:

- Chair Cramer commended the staff on their performance during the Comicon event. The level of cleanliness, the food, the technology, etc. were all excellent. The entire Center put its best foot forward during this time of on-going expansion discussions.
- The Mayor's office hopes to make an appointment to our Board in mid to late August.

- The date of the Board Summer event is still being determined.
- If you have requested Comicon tickets, please complete and return a Form 802 which is a new FPPC requirement.

6. **Directors' Comments** – Director Sobek reported that the Sales Team has booked 955,000 room nights which exceeded their goal of 850,000 room nights. Despite the economic downturn, San Diego is doing better than most cities. Some of the bookings are directly attributable to the ASAE event SDCCC hosted last year. Director Nelson asked if there would be post-Comicon wrap-up features that reinforced the economic impact of the event.

7. **Urgent Non-Agenda Items** (must meet the requirements of Government Code, Section 54954.2) –
None

8. **Closed Session**: At 10:10 a.m., the meeting entered into closed session to discuss:

(a) **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.

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

Property: Balboa Theatre, 868 Fourth Avenue, San Diego, CA 92101

Negotiating Parties: San Diego Theatres, Inc.

City of San Diego Redevelopment Agency

(c) **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

There being no action taken that required disclosure, the meeting adjourned at 10:55 a.m.

CERTIFICATION

I, Robert Nelson, Vice-Chair of 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 July 24, 2009 and that said minutes were approved by the Board of Directors on September 25, 2009.

A handwritten signature in cursive script, appearing to read "Robert Nelson", written over a horizontal line.

Robert Nelson
Vice-Chair