

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

**WEDNESDAY, OCTOBER 26, 2022, NOON  
111 W. Harbor Drive, 2<sup>nd</sup> Floor, Executive Boardroom  
San Diego, California 92101**

**AGENDA**

Pursuant to Government Code section 54953(e)(1)(B), City of San Diego City Council Resolution R-2022-396, and San Diego Convention Center Corporation Resolution No. 2022-15 approved on October 21, 2022, members of the San Diego Convention Center Corporation Board and all of its legislative bodies may participate in public meetings via teleconference or video conference. In the interest of reducing the spread of COVID-19, in-person public participation is prohibited at this time. Board meetings are held live via teleconference at the number indicated at the top of the agenda. Members of the public may participate live in the Board meeting and submit comments live on this teleconference line.

**Telephone number for members of the public  
to observe, listen, and address the meeting telephonically:  
1(888) 251-2909 – Access code is 6724115#**

**1. Call to Order – Carol Kim, Chair**

**2. Non-Agenda Public Comments**

This portion of the agenda provides an opportunity for members of the public to address the Board on items of interest within the jurisdiction of the Board that are not on the posted agenda. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.

**3. Board Committee Reports and Board Action Items**

**Consent Agenda:**

- A. Approval of Minutes of Board Meetings of September 28, 2022 and “Special” Board Meeting of October 21, 2022**

**Action Item(s):**

**B. Budget Committee (Jeff Gattas)**

- (1) Authorize Contract for Electrical Panel Repair Project**

- (2) Ratification of Soffit Repairs and Authorization to Contract for Soffit Removal**

**C. Audit Committee (Jaymie Bradford)**

- (1) Authorize Acceptance of Audited Annual Financial Report for the Fiscal Year Ended June 30, 2022**

**(2) Authorize the Addition of June 19<sup>th</sup> (“Juneteenth”) to Current SDCCC Employee Holidays**

**D. Sales & Marketing Committee (Carlos Cota)**

4. **President’s Report** (Rip Rippetoe)
5. **Chair’s Report** (Carol Kim)
6. **Board Comment** [Govt. Code § 54954.2(a)(2)]
7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2)

**Adjournment**

This information is available in alternative formats upon request. To request an agenda in an alternative format, or to request a sign language, oral interpreter, an Assistive Listening Device (“ALD”), or other reasonable accommodation for the meeting, please call Pat Evans at (619) 525-5131 at least two working days prior to the meeting to ensure availability. **Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto:pat.evans@visitsandiego.com) to request a copy.**

In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting online at [visitsandiego.com](http://visitsandiego.com). Materials distributed to the board after the posting of this agenda also will be available. Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto:pat.evans@visitsandiego.com) if you would like to receive a copy of any material related to an item on this agenda.

Action items on this agenda may be consolidated for voting purposes into a single vote of the Board, to the extent they are routine or otherwise do not require further deliberation. A Board member may comment on an action item before it is voted upon as part of the consolidated vote; however, if a Board member wishes to discuss an action item, that item will not be included in the consolidated vote. If a member of the public wishes to comment upon an action item, they should so advise the Board chair at or before the public comment portion of the meeting, in which case that item will not be included in any consolidated vote.

### **Agenda Item 3.A**

## **MINUTES\* SAN DIEGO CONVENTION CENTER CORPORATION THE BOARD OF DIRECTORS**

### **BOARD MEETING OF SEPTEMBER 28, 2022 Via Teleconference**

**BOARD MEMBERS PRESENT:** Vice-Chair Carlos Cota, Shawn VanDiver, Jaymie Bradford, and Will Rodriguez-Kennedy  
**BOARD MEMBER(S) ABSENT:** Chair Carol Kim and Directors Jeff Gattas and Elvin Lai

**STAFF PRESENT:** Rip Rippetoe, Mardeen Mattix, Corey Albright, Andy Mikschl and Pat Evans (Recorder)

**ALSO PRESENT:** Jennifer Lyon, General Counsel; Kavin Schieferdecker, SDTA Chief Sales Officer

\*Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto:pat.evans@visitsandiego.com) to request a copy.

#### **1. Call to Order**

Vice-Chair Carlos Cota called the Board Meeting to order at 12:00 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

Vice-Chair Cota then called roll to determine which Directors were present on the teleconference:

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

All Directors were recorded as present except Directors Gattas and VanDiver. Director Kim is attempting to participate in the meeting; however, she is experiencing log-on issues. Vice-Chair Cota noted that all votes taken during this meeting would be recorded via roll call vote.

2. **Non-Agenda Public Comment** – Vice-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.

3. **Board Committee Reports and Board Action Items:**

**Consent Agenda:**

Vice-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, Vice-Chair Cota then inquired if any member of the public wished to comment on Agenda Items (3.A) or (3.B). No members of the public responded to the request for comment.

A. **Approval of Minutes of Board Meetings of August 24, 2022, and “Special” Board Meeting of September 23, 2022**

B. **Approval of Revisions to SDCCC Conflict of Interest Code**

**Directors Bradford and Rodriguez-Kennedy moved and seconded, respectively, to approve the Consent Agenda set forth hereinabove.**

**Director Kim – Absent**

**Director Cota – Aye**

**Director Gattas – Absent**

**Director VanDiver – Absent**

**Director Bradford – Aye**

**Director Rodriguez-Kennedy – Aye**

**Director Lai – Aye**

**Vote: Unanimous**

**AYES: 4**

**NAYS: 0**

**ABSTENTIONS: 0**

**Action Item(s):**

C. **Executive Committee (Carol Kim)**

Vice-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.

**(1) Strategic Plan Update – Discussion Item**

Mr. Rippetoe directed Directors to the copy of the updated Strategic Plan included in their Board packets and he provided a brief overview of some of new components of the Plan including initiating a “Lunch & Learn” program for staff and “Coffees with the CEO.”

Mr. Milligan, Executive Director of Human Resources, provided an update regarding staffing challenges and initiatives H.R. will be pursuing to help alleviate the staffing shortage.



Mr. Mikschl discussed the sales team’s booking strategy to limit short-term bookings over the next 18 months given the facility’s very full calendar. Mr. Mikschl reported the team will be mindful of allowing for building maintenance opportunities when booking events. The Team will carefully review sales leads and will only book events that meet certain criterion (significant room nights, revenue, F&B, or ancillary services fees) in an attempt to preserve open calendar dates to allow for building maintenance projects. The Team will still book events that enhance community involvement within the facility.

The Communications team is on track with all of the KPIs contained within the “Engage the Community” initiative. Ms. Dougherty discussed the efforts the Center has made to collaborate with its community partners regarding participation in community events.

**D. Budget Committee (Jeff Gattas)**

Vice-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.

**(1) Authorization to Approve Meeting Room Carpet Installation Costs**

**Directors Rodriguez-Kennedy and Bradford moved and seconded, respectively, to Approve Meeting Room Carpet Installation Costs of \$229,376 and to award a contract to ProSpectra Contract Flooring for the carpet installation. The amended total project costs, including materials, installation and contingency costs shall not exceed \$971,600.**

**Director Kim – Absent**

**Director Cota – Aye**

**Director Gattas – Absent**

**Director VanDiver – Absent**

**Director Bradford – Aye**

**Director Rodriguez-Kennedy – Aye**

**Director Lai – Aye**

**Vote: Unanimous**

**AYES: 4**

**NAYS: 0**

**ABSTENTIONS: 0**

Vice-Chair Cota inquired if any member of the public wished to comment on Agenda Item (3.D.2). No members of the public responded to the request for comment.

**(2) Authorization to Contract for Elevator Door Replacement**

Director Kim joined the meeting at 12:20 p.m.

**Directors Bradford and Rodriguez-Kennedy moved and seconded, respectively, to Authorize a Contract to KONE to Replace Elevator Doors “N” and “O” with a budget of \$200,000.**

**Director Kim – Aye**

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

**Vote: Unanimous**

**AYES: 5      NAYS: 0      ABSTENTIONS: 0**

Vice-Chair Cota inquired if any member of the public wished to comment on Agenda Item (3.D.3). No members of the public responded to the request for comment.

**(3) Authorization to Contract for East Building Fire Door Project**

**Directors Lai and Bradford moved and seconded, respectively, to Authorize a Contract to Sygnal Systems for the East Building Door Project with a budget of \$211,000.**

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

**Vote: Unanimous**

**AYES: 5      NAYS: 0      ABSTENTIONS: 0**

**E. Sales & Marketing Committee (Carlos Cota):** Director Cota reported that both SDCCC and SDTA have implemented revisions to their sales teams' sales philosophies as memorialized in the recently enacted SDTA Program of Work. The teams will focus on increasing returns on booked events' ancillary services fees. Director Cota also discussed the emphasis the teams will place on booking more lucrative events while attempting to preserve open spaces on the calendar in order to allow for capital maintenance projects. Mr. Mikschl provided an overview of the sales teams' Sales Activity Reports. He noted that although international attendance is still lagging, current shows are meeting or exceeding 2019 pre-COVID attendance and room night levels and it appears the FY 2025 may break revenue records.

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

- Mr. Rippetoe reported on staff efforts to recruit and retain talent.
- There are several large events coming up in the next three months and staff will focus on ensuring we are connecting with our clients.
- Mr. Rippetoe requested that Directors make sure the upcoming Board meetings, Board Retreat and annual Board Dinner are on their calendars.

- North County Transit Authority will present its plans for a new Gaslamp station to the Board's Executive Committee next month. Staff will relay our customer and attendee concerns regarding the station to our Downtown partners.
- Mr. Rippetoe will be on vacation for two weeks commencing October 7, 2022, but he will be accessible for scheduled meetings.

**5. Chair's Report (Carol Kim)**

- The next Board meeting is scheduled for October 26, 2022, at Noon.
- The Board Retreat is scheduled for November 17, 2022, at 8:30 a.m. in Room 23.
- This year's Board Dinner will take place on Thursday November 10, 2022, at 5:30 p.m. Further details will follow.
- An Ad Hoc Nominating Committee has been appointed to consider nominations for 2023 Board Officers. The Committee will consist of Chair Kim, Director Lai, and Director Bradford.

**6. Board Comment [Govt. Code § 54954.2(a) (2)] – Director Bradford reported that she is Chairing the Downtown Civic Center Revitalization Committee and if Directors have any input, please contact her.**

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

There being no further business, the meeting adjourned at 12:59 p.m.

I, Jeff Gattas, 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 September 28, 2022, and that said minutes were approved by the Board of Directors on October 26, 2022.

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Jeff Gattas, Secretary

**Agenda Item 3.A**

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

***SPECIAL BOARD MEETING OF OCTOBER 21, 2022***

**BOARD MEMBERS** Directors Elvin Lai, Shawn VanDiver, Jaymie Bradford and Will  
**PRESENT:** Rodriguez-Kennedy

**BOARD MEMBER(S)**  
**ABSENT:** Directors Carol Kim, Carlos Cota, and Jeff Gattas

**STAFF PRESENT:** Mardeen Mattix, Pat Evans (Recorder)

**ALSO PRESENT:**

**\*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**

Director Elvin Lai called the Board Meeting to order at 11:00 a.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101. Director Lai then called roll to determine which Directors were present on the teleconference:

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

All Directors were recorded as present except Director Kim, Director Cota, and Director Gattas.

Director Lai noted that all votes taken during this meeting would be recorded via roll call vote.

Director Lai then called for a motion to ratify his designation as acting Chair for this meeting in the absence of both the Chair and the Vice-Chair.

**Directors VanDiver and Bradford moved and seconded, respectively, to ratify Director Lai's designation as acting Chair for this meeting.**

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

**Vote: Unanimous**

**AYES: 4                      NAYS: 0                      ABSTENTIONS: 0**

- 2.      Non-Agenda Public Comments: – Director Lai inquired if any member of the public wished to comment on any non-Agenda item. No members of the public responded to the request for comment.**
- 3.      Board Committee Reports and Action Items:**

Director Lai 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.

**Consent Agenda:**

**A.      A Resolution (2022-15) of the San Diego Convention Center Corporation, Inc. Extending the Authorization for all or Partial Remote Teleconference Meetings of all Legislative Bodies as Needed During the COVID-19 Local and State Emergency Through November 18, 2022 Pursuant to *Brown Act* Provisions.**

**Directors VanDiver and Rodriguez-Kennedy moved and seconded, respectively, to approve the Resolution set forth hereinabove.**

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

**Vote: Unanimous**

**AYES: 4                      NAYS: 0                      ABSTENTIONS: 0**

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

There being no further business, the meeting adjourned at 11:04 a.m.

**CERTIFICATION**

I, Jeff Gattas, 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 21, 2022, and that said minutes were approved by the Board of Directors on October 26, 2022.

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Jeff Gattas, Secretary

**Agenda Item 3.B.1**

**SAN DIEGO CONVENTION CENTER CORPORATION  
M E M O R A N D U M**

**TO: Board of Directors**

**FROM: Jeff Gattas, Audit Committee Chair**

**DATE: For the Agenda of October 26, 2022**

**RE: Authorization to Contract for Electrical Repairs**

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**BACKGROUND**

In May 2022, Corporation Staff contracted with Chula Vista Electric to complete an arc flash analysis of the electrical infrastructure throughout the facility. Chula Vista Electric collaborated with an electrical engineering firm, Applied Engineering Concepts, to review our electrical infrastructure and ensure compliance with applicable codes and regulations.

**DISCUSSION**

Chula Vista Electric and Applied Engineering Concepts presented their findings to Staff outlining a series of immediate corrective actions required and additional proactive recommendations for future improvements with an estimated total cost of \$1,276,438.83.

Staff engaged in thorough discussions with Chula Vista Electric and Applied Engineering Concepts and determined it is necessary to proceed with the corrective actions at an unbudgeted cost of \$654,775.92 to ensure fire and life safety and regain compliance with applicable building codes.

Staff assesses Chula Vista Electric's proposal as fair and reasonable with 84% of the estimate allocated to materials and 16% as a not to exceed labor allowance. Staff recommends awarding an unbudgeted contract for the corrective electrical repairs prioritizing fire and life safety to Chula Vista Electric for \$654,775.92 with an additional 5% (\$32,738.80) in contingency for unforeseen conditions for a total budget not to exceed \$687,514.72.

**STAFF RECOMMENDATION**

Recommend Board authorize contract award to Chula Vista Electric for corrective electrical repairs not to exceed \$687,514.72.

\_\_\_\_\_/s/  
Jeff Gattas,  
Audit Committee Chair

**Agenda Item 3.B.2**

**SAN DIEGO CONVENTION CENTER CORPORATION  
M E M O R A N D U M**

**TO: Board of Directors**

**FROM: Corey Albright, Chief Operating Officer**

**DATE: For the Agenda of October 26, 2022**

**RE: Ratification of Soffit Repairs and Authorization to Contract for Soffit Removal**

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**BACKGROUND**

In September 2022, the ceiling soffit located in Hall C buckled and deflected. Due to safety concerns, the area underneath the structure was cordoned off and Coffman Engineers was retained to conduct a structural investigation and provide recommendations.

**DISCUSSION**

Staff reviewed the short-term and long-term recommendations provided by Coffman Engineers and conducted a contractor site walk to proceed with an interim repair to minimize the impact to events. Staff contracted with Built Pacific for \$69,980 to structurally repair the soffit in Hall C and they successfully completed the work prior to the start of TwitchCon.

After a thorough review of long-term options and discussions with Staff, it was determined the safest course of action is to remove the soffit structure in Hall C and a similar soffit in Hall A. The soffits enclose HVAC and plumbing utilities that maintenance personnel routinely need to access. The removal of the soffit structures would allow for easier and safer access with these utilities now being exposed and painted to match the existing adjacent ceiling.

Staff engaged directly with Built Pacific and obtained a proposal of \$247,000 for the removal of the soffits in Hall A and Hall C. In order to appropriately prioritize our employee's safety, Staff is recommending the ratification of interim soffit repairs in Hall C and authorization to contract for soffit removal in Halls A and C with Built Pacific with a not to exceed contract value of \$400,000.

**STAFF RECOMMENDATION**

Approve ratification of soffit repairs and authorization to contract with Built Pacific with a not to exceed contract value of \$400,000.



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Corey Albright,  
Chief Operating Officer



**Agenda Item 3.C.1**

**SAN DIEGO CONVENTION CENTER CORPORATION  
M E M O R A N D U M**

TO: Audit Committee

FROM: Mardeen Mattix, Chief Financial Officer

DATE: For the Agenda of October 26, 2022

RE: Review Draft FY 2022 Audited Annual Financial Report

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**BACKGROUND**

The City Charter requires an annual independent audit of all accounts and books of the City of San Diego and its related entities, including the San Diego Convention Center Corporation. By agreement with the City, the Corporation is required to present its audited financial statements annually to its Board of Directors.

San Diego City Council awarded a contract for FY2019 – FY2023 financial audit services to Macias Gini & O’Connell, LLP (MGO). To maintain consistency of reporting and to piggyback on the City of San Diego contract, SDCC also engaged in a single source contract for the period May 1, 2019 – April 30, 2024 (FY2019 – FY2023).

**DISCUSSION**

MGO is in the final review stages of the audit for the year ended June 30, 2022. The draft FY2022 Audited Financial Report is included with this communication. A draft of the supplemental SAS 114 “Communication to the Board” Letter is also included for Director review. The audit engagement partner, Peter George, is scheduled to attend the Board Meeting (via videoconference).

**RECOMMENDATION:**

Board of Directors acceptance of the FY2022 Audited Financial Report.



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Mardeen Mattix  
Chief Financial Officer

October 26, 2022

Macias Gini & O'Connell LLP  
12264 El Camino Real, Suite 402  
San Diego, CA 92130

This representation letter is provided in connection with your audit of the financial statements of the San Diego Convention Center Corporation (the Corporation), a component unit of the City of San Diego, California (the City) as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date above:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit contract agreement dated on August 25, 2019, for the preparation and fair presentation of the financial statements of the referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations, if any.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events, if any, subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- We are not aware of any adjustments or disclosures or any events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- We are not aware of any actual or possible litigation, claims or assessments that are required to be accounted for and disclosed in accordance with U.S. GAAP.
- We are not aware of any component units, joint ventures with an equity interest, or other joint ventures and related organizations that should be included and disclosed in the financial statements.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the Corporation's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the Corporation and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Corporation's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We are not aware of any guarantees, whether written or oral, under which the Corporation is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

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Clifford "Rip" Rippetoe  
 President & CEO

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Mardeen Mattix  
 Chief Financial Officer

## **Agenda Item 3.C.1**

October 26, 2022

Macias Gini & O'Connell LLP  
12264 El Camino Real, Suite 402  
San Diego, CA 92130

This representation letter is provided in connection with your audit of the financial statements of the San Diego Convention Center Corporation (the Corporation), a component unit of the City of San Diego, California (the City) as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date above:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit contract agreement dated on August 25, 2019, for the preparation and fair presentation of the financial statements of the referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations, if any.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events, if any, subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

### **Agenda Item 3.C.1**

- We are not aware of any adjustments or disclosures or any events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- We are not aware of any actual or possible litigation, claims or assessments that are required to be accounted for and disclosed in accordance with U.S. GAAP.
- We are not aware of any component units, joint ventures with an equity interest, or other joint ventures and related organizations that should be included and disclosed in the financial statements.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

#### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the Corporation's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the Corporation and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.



### Agenda Item 3.C.1

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Corporation's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We are not aware of any guarantees, whether written or oral, under which the Corporation is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

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Clifford "Rip" Rippetoe  
Presidnet & CEO

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Mardeen Mattix  
Chief Financial Officer

## Agenda Item 3.C.1

### **SAN DIEGO CONVENTION CENTER CORPORATION**

(A Component Unit of the City of San Diego,  
California)

Annual Financial Report

As of and for the Year Ended June 30, 2022



**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Annual Financial Report  
As of and for the Year Ended June 30, 2022

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Independent Auditor's Report**

To the Board of Directors  
San Diego Convention Center Corporation  
City of San Diego, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the San Diego Convention Center Corporation (SDCCC), a component unit of the City of San Diego, California (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the SDCCC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SDCCC as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SDCCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SDCCC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDCCC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SDCCC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 on our consideration of SDCCC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDCCC's internal control over financial reporting and compliance.

San Diego, California  
October 26, 2022

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022  
(Unaudited)

As management of the San Diego Convention Center Corporation ("SDCCC"), we offer readers of SDCCC's financial statements this narrative overview and analysis of the financial activities of SDCCC for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those statements appearing in this report.

**Overview of the Financial Statements**

This discussion and analysis is to serve as the introduction to SDCCC's basic financial statements. We report our financial information using accounting methods similar to those used by private-sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Position presents information on all of SDCCC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2022. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of SDCCC is improving or deteriorating. SDCCC did not have any deferred outflows or deferred inflows of resources as of June 30, 2022.

The Statement of Revenues, Expenses and Change in Net Position presents information showing changes in SDCCC's net position during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused paid time off).

The Statement of Cash Flows presents information showing cash receipts and cash payments during the fiscal year, a reconciliation of operating income to net cash provided by operating activities, investing activities, and financing activities.

**Highlights to Financial Results**

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. The outbreak of COVID-19 resulted in government actions including the State of California issuing mandated shelter in place executive orders limiting social gatherings, and have had an unprecedented and significantly negative impact on SDCCC's financial position for the fiscal years ended June 30, 2021 and June 30, 2020. By August 2021, restrictions were reduced to the extent that SDCCC was able to reopen for event activity – although at reduced volume and attendance at first. Core business has substantially returned to near pre-pandemic levels as of June 30, 2022. SDCCC continues to re-build staffing levels to support the activity that has been renewed.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2022  
(Unaudited)

**Management Financial Statement Analysis**

The following is a summary of SDCCC's assets, liabilities and net position as of June 30, 2022 and 2021.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Increase (Decrease)</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,929,634	\$ 2,860,730	177%
Investments	16,466,808	11,132,294	48%
Accounts receivable, net	6,721,602	3,642,804	85%
Intergovernmental receivable, net	10,196,440	21,974,904	-54%
Prepaid expenses	942,608	789,832	19%
Deposits with others	194,548	177,893	9%
Inventory	55,176	55,176	0%
Note receivable	374,556	374,556	0%
Capital assets, net	33,230,671	35,386,904	-6%
Total assets	<u>\$ 76,112,043</u>	<u>\$ 76,395,093</u>	0%
<b>Liabilities</b>			
Accounts payable	\$ 1,140,413	\$ 1,270,343	-10%
Accrued liabilities and compensated absences	2,499,360	2,487,874	0%
Accrued I-Bank interest and loan administrative fees	411,264	425,173	-3%
Loan payable: PPP	-	6,387,000	-100%
Retention payable	27,300	9,245	195%
Unearned income	4,777,261	5,559,733	-14%
Current portion of long-term debt	815,318	787,669	4%
Long-term portion of unearned income	3,192,384	3,499,305	-9%
Long-term debt	22,410,635	23,225,953	-4%
Total liabilities	<u>35,273,936</u>	<u>43,652,295</u>	-19%
<b>Net position</b>			
Net investment in capital assets	11,503,488	12,871,129	-11%
Unrestricted	29,334,619	19,871,669	48%
Total net position	<u>40,838,107</u>	<u>32,742,798</u>	25%
<b>Total liabilities and net position</b>	<u>\$ 76,112,043</u>	<u>\$ 76,395,093</u>	0%

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2022  
(Unaudited)

Assets

Total assets for fiscal year 2022 remained unchanged with a nominal decrease of \$0.3 million, to \$76.1 million from \$76.4 million in fiscal year 2021, due to offsetting category fluctuations. Combined increases in cash and cash equivalents as well as investments totaled \$10.4 million, or 225% related to payments received in fiscal year 2022 for Emergency Intake Shelter services from the prior year. Directly offsetting that increase was a decrease in accounts receivable of \$8.7 million, or 31%, as well as decreased net capital assets of \$2.2 million - primarily the result of current year depreciation.

Liabilities

Total liabilities for fiscal year 2022 decreased by \$8.4 million, or 19%, to \$35.3 million as compared to \$43.7 million for fiscal year 2021. The decrease in liabilities was primarily due to the Paycheck Protection Program (PPP) loan forgiveness totaling \$6.4 million (see note 5). In addition, total unearned income decreased by \$1.1 million, or 23%, and total long-term debt decreased by \$0.8 million, or 3% related to a principal payment made in July of 2022.

Net Position

Total net position for fiscal year 2022 increased by \$8.1 million, or 25%, to \$40.8 million as compared to \$32.7 million for fiscal year 2021. Unrestricted net position increased due to reduction of liabilities, \$6.4 million of PPP loan forgiveness and \$0.8 million of principal payments to long-term debt .



**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2022  
(Unaudited)

The following table summarizes SDCCC's changes in net position for the years ended June 30, 2022 and 2021.

	Year ended June 30, 2022	Year ended June 30, 2021	Percentage Increase (Decrease)
<b>Operating revenues</b>			
Rental	\$ 8,192,149	\$ 1,261,614	549%
Food and beverage	5,418,998	730,445	642%
Ancillary services	11,690,987	1,061,045	1002%
Contributions from the City of San Diego	10,196,440	20,333,943	-50%
HHS Emergency Intake	2,452,255	19,703,136	-88%
TMD - San Diego Tourism Authority	99,075	-	100%
Business development and sponsorship	501,182	168,747	197%
Other revenues	8,402	30,675	-73%
Total operating revenues	<u>38,559,488</u>	<u>43,289,605</u>	-11%
<b>Operating expenses</b>			
Salaries and wages	16,122,495	11,043,566	46%
Fringe benefits	3,771,856	4,534,346	-17%
Utilities	4,394,250	3,496,151	26%
Services and supplies	6,407,954	4,872,127	32%
Depreciation	2,801,304	3,110,448	-10%
Marketing contract	1,900,000	1,500,000	27%
Total operating expenses	<u>35,397,859</u>	<u>28,556,638</u>	24%
<b>Operating income</b>	<u>3,161,629</u>	<u>14,732,967</u>	-79%
<b>Non-operating revenues (expenses)</b>			
Forgiveness of Debt - PPP Loan	6,387,000	-	100%
Investment asset depreciation	(773,967)	(9,401)	8133%
Interest expense	(836,102)	(864,219)	-3%
Loan administrative fees	(69,869)	(72,219)	-3%
Other income	226,618	324,631	-30%
Total non-operating revenue (expenses), net	<u>4,933,680</u>	<u>(621,208)</u>	-894%
Change in net position	8,095,309	14,111,759	-43%
Net position - beginning of year	32,742,798	18,631,039	76%
Net position - end of year	<u>\$ 40,838,107</u>	<u>\$ 32,742,798</u>	25%

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2022  
(Unaudited)

Operating Revenue

Total operating revenues generated in fiscal year 2022 amounted to \$38.6 million as compared to \$43.3 million for fiscal year 2021, a decrease of \$4.7 million, or 11%. The change was the result of a gradual return to core business practices (with lower volumes and attendance at first) replacing prior year revenue generated for hosting Operation Shelter to Home and the Emergency Intake Center for unaccompanied minors.

Operating Expenses

Total operating expenses incurred during fiscal year 2022 amounted to \$35.4 million, as compared to \$28.6 million for fiscal year 2021, an increase of \$6.8 million, or 24%. The change was primarily the result of increased salary and wage expenses of \$5.1 million, or 46%, due to re-staffing for core business needs - along with other expense increases related to a return to hosting events.

Non-operating Revenue and Expenses, net

Non-operating revenue, net for fiscal year 2022 was \$4.9 million as compared to expenses of \$0.6 million for fiscal year 2021, an increase of \$5.6 million. The change was due to forgiveness of \$6.4 million in debt for the loans received under the Paycheck Protection Program.

**Capital Assets Analysis**

As of June 30, 2022, SDCCC had a net capital asset book value of \$33.2 million, as compared to \$35.4 million as of June 30, 2021, a decrease of \$2.2 million, or 6%. Capital assets are spread across a broad range of computer, office and operating equipment, telecommunications, and leasehold improvements. Net capital assets decreased due to depreciation of \$2.8 million, with nominal purchases made in fiscal year 2022 totaling \$0.6 million.

**Debt Analysis**

Effective December 6, 2016, SDCCC and the City of San Diego, as co-lessees entered into a financing lease agreement with the I-Bank to finance capital infrastructure improvement projects valued at \$25.5 million ("Facility Fund"). The agreement calls for the Facility Fund to be amortized over 25 years at a 3.59% interest rate and 0.3% loan administrative fee of the outstanding principal balance. As of June 30, 2022, SDCCC had an outstanding balance of \$23.2 million, of which a total of \$1.7 million (including principal, interest, and loan administrative fee) was repaid in July 2022.

## **SAN DIEGO CONVENTION CENTER CORPORATION**

(A Component Unit of the City of San Diego, California)

Management's Discussion and Analysis (Continued)

For the Year Ended June 30, 2022

*(Unaudited)*

Effective April 15, 2013, SDCCC entered into a commercial lease agreement with CG 7600, LLC to finance a warehouse capital improvement for SDCCC valued at \$21,972 with an option to extend. The agreement calls for the loan to be amortized over 10 years at zero percent interest. SDCCC exercised its option to extend for an additional five years effective April 1, 2018. For the year ended June 30, 2022, SDCCC paid \$2,197 in principal payments on the warehouse loan. The note is due to be paid in full by March 2023.

In April 2020, SDCCC was approved for a \$4.4 million loan through the PPP to assist with expenses resulting from the COVID-19 pandemic. An additional \$2.0 million was received in February 2021. SDCCC has received full forgiveness for these loans as of June 2022.

### **Economic Factors and Next Year's Budget**

Operational contributions from the City for fiscal year 2022 were \$10.2 million as compared to \$20.3 million for fiscal year 2021, a decrease of \$10.1 million.

Effective July 1, 2012, the San Diego City Council approved for the long-term sales, marketing and promotional activities of the convention center to be transferred to a third-party contractor, the San Diego Tourist Authority ("SDTA"). Effective July 1, 2017, SDCCC entered into a marketing and sales contract with SDTA. The marketing and sales contract was renegotiated and approved by City Council detailing the terms set forth by the City. The City budgeted \$2.655 million of contribution to SDCCC for the fiscal year 2023. SDCCC budgeted \$2.655 million to pay SDTA for its fiscal year 2023 marketing and sales contract.

### **Request for Information**

This financial report is designed to provide a general overview of SDCCC's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the CFO at the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

## **BASIC FINANCIAL STATEMENTS**

SAN DIEGO CONVENTION CENTER CORPORATION  
(A Component Unit of the City of San Diego, California)  
Statement of Net Position  
June 30, 2022

**Assets**

Current assets:

Cash and cash equivalents	\$ 7,929,634
Investments	16,466,808
Accounts receivable, net	5,721,602
Intergovernmental receivable, net	10,196,440
Note receivable	374,556
Prepaid expenses	942,608
Deposits with others	194,548
Inventory	55,176
Total current assets	<u>41,881,372</u>

Noncurrent assets:

Accounts receivable	1,000,000
Capital assets:	
Construction in progress	609,726
Furniture, equipment and software	6,186,389
Leasehold improvements	64,816,402
Less: Accumulated depreciation	<u>(38,381,846)</u>
Total capital assets, net	<u>33,230,671</u>
Total non-current assets	<u>34,230,671</u>

**Total assets**

76,112,043

**Liabilities**

Current liabilities:

Accounts payable	1,140,199
Accrued liabilities	1,335,481
Accrued I-Bank interest and loan administrative fee	411,264
Retention payable	27,300
Unearned income	4,777,261
Compensated employee absences	1,164,094
Current portion of long-term debt	815,318
Total current liabilities	<u>9,670,917</u>

Noncurrent liabilities:

Long-term debt	22,410,635
Long-term portion of unearned income	3,192,384
Total noncurrent liabilities	<u>25,603,019</u>

Total liabilities

35,273,936

**Net position**

Net investment in capital assets	11,503,488
Unrestricted	<u>29,334,619</u>
Total net position	<u><u>\$ 40,838,107</u></u>

See accompanying notes to the basic financial statements.

SAN DIEGO CONVENTION CENTER CORPORATION  
(A Component Unit of the City of San Diego, California)  
Statement of Revenues, Expenses and Change in Net Position  
For the Year Ended June 30, 2022

**Operating revenues**

Rental revenue:	
Convention and trade shows	\$ 6,292,237
Corporate/incentive events	41,550
Consumer shows	223,798
Meetings and seminars	187,872
Cancelled events	1,092,873
Community events	197,296
Local trade shows	156,523
Food and beverage revenue	5,418,998
Ancillary service revenue:	
Utilities	4,248,997
Telecommunications	3,954,029
Event and cleaning services	2,625,871
Audio visual	862,090
Contributions:	
City of San Diego	10,196,440
Business development and sponsorship	501,182
HHS Emergency Intake	2,452,255
TMD - San Diego Tourism Authority	99,075
Other revenue	8,402
Total operating revenues	<u>38,559,488</u>

**Operating expenses**

Salaries and benefits	19,894,351
Utilities	4,394,250
Repairs and maintenance	3,492,913
General expenses	1,182,055
Depreciation	2,801,304
Contractual marketing and sales	1,900,000
Contracted services	696,032
Supplies	415,240
Insurance	543,856
Sales and marketing	16,924
Travel and transportation	24,826
Telecommunications	36,108
Total operating expenses	<u>35,397,859</u>

**Operating income**

3,161,629

**Non-operating revenues (expenses)**

Forgiveness of Debt - PPP Loan	6,387,000
Investment loss	(773,967)
Interest expense	(836,102)
Loan administrative fee	(69,869)
Other income	226,618
Total non-operating revenues, net	<u>4,933,680</u>

Change in net position 8,095,309

Net position - beginning of year 32,742,798

**Net position - end of year** \$ 40,838,107

See accompanying notes to the basic financial statements

SAN DIEGO CONVENTION CENTER CORPORATION  
(A Component Unit of the City of San Diego, California)  
Statement of Cash Flows  
For the Year Ended June 30, 2022

**Cash flows from operating activities**

Receipts from customers	\$ 36,199,939
Payments to suppliers for goods and services	(13,748,614)
Payments to employees for services	(19,131,669)
Contributions received from the City of San Diego	10,097,365
Other contributions	99,075
Net cash provided by operating activities	<u>13,516,096</u>

**Cash flows from capital and related financing activities**

Acquisition and construction of capital assets	(645,071)
Repayment of long-term debt	(787,669)
Interest and loan administrative fees paid on long-term debt	(905,971)
Net cash used in capital and related financing activities	<u>(2,338,711)</u>

**Cash flows from investing activities**

Purchases of short term investments	(5,334,516)
Investment loss	(773,967)
Net cash used in investing activities	<u>(6,108,483)</u>

Net increase in cash and cash equivalents	5,068,902
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<b>Cash and cash equivalents - beginning of year</b>	<u>2,860,730</u>
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<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 7,929,634</u></u>
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See accompanying notes to the basic financial statements.

SAN DIEGO CONVENTION CENTER CORPORATION  
(A Component Unit of the City of San Diego, California)  
Statement of Cash Flows (Continued)  
For the Year Ended June 30, 2022

**Reconciliation of operating income to net cash provided by operating activities**

Operating income	\$ 3,161,629
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,801,304
Other income (expense)	226,618
Changes in operating assets and liabilities:	
Decrease in receivables	8,699,666
Increase in prepaid expenses	(152,776)
Increase in deposits with others	(16,655)
Decrease in accounts payable	(130,144)
Increase in compensated employee absences	(354,703)
Decrease in accrued liabilities	(13,909)
Increase in retention payable	18,055
Decrease in unearned income	(1,089,393)
Changes in long-term assets and liabilities	366,404
Net cash provided by operating activities	<u>\$ 13,516,096</u>

**Noncash capital and financing activities**

Forgiveness of debt	\$ 6,387,000
Acquisition of capital assets included in accounts payable and accrued liabilities	111,453

See accompanying notes to the basic financial statements.



**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

**NOTE 1. REPORTING ENTITY**

San Diego Convention Center Corporation (SDCCC) is a not-for-profit public benefit corporation originally organized to market, operate and maintain the San Diego Convention Center (Convention Center).

SDCCC acts in accordance with its By-Laws, the City of San Diego's (City) Charter, and the City's Municipal Code. The City is the sole member of SDCCC and appoints seven voting members to the Board of Directors of SDCCC. Since the City appoints the voting members of the Board of Directors of SDCCC and is able to impose its will on the SDCCC, the City, as the primary government, is financially accountable for SDCCC. In accordance with accounting principles generally accepted in the United States, SDCCC is a blended component unit of the City.

The Convention Center was constructed by the San Diego Unified Port District (District) on land owned by the District. Construction was completed in the fall of 1989 and the Convention Center opened in November 1989. An expansion of the Convention Center that roughly doubled the size of the facility was constructed by the City and completed in September 2001. The City has an agreement with the District to manage the Convention Center.

SDCCC has a management agreement with the City to provide sales and marketing, operating and maintenance services for the Convention Center. The agreement provides that the City will allocate to SDCCC approved budgetary amounts for marketing, promotion and capital projects for the Convention Center (refer to Note 7).

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting and Measurement Focus***

The financial transactions of SDCCC are reported using the economic resources measurement focus and the full accrual basis accounting under which revenues are recognized as earned and expenses are recognized as incurred. SDCCC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing event meeting space, goods and services in connection with SDCCC's principal ongoing operations. SDCCC's principal operating revenues include event meeting space rental revenues, food and beverage commissions, event and cleaning service revenues, other ancillary service revenues and contributions from the City that are used to fund marketing, promotion and capital projects. SDCCC's principal operating expenses includes salaries and wages, fringe benefits, utilities, repairs & maintenance, contractual marketing & sales, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is SDCCC's policy to use restricted resources first, then unrestricted resources as they are needed.

**B. *Cash and Cash Equivalents***

SDCCC's cash and cash equivalents for purposes of the statement of cash flows are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. *Accounts Receivable***

Accounts receivable is reported net of an allowance for estimated uncollectible amounts. Management estimates no uncollectible amounts at June 30, 2022, using its allowance calculation methodology based on historical write-off rates and comparable industry standards.

Long-term receivables in the amount of \$1,000,000 represent incentive payments to be received by SDCCC in equal installments of \$500,000 on July 1, 2024 and July 1, 2026 from Centerplate in consideration of the SDCCC's extension of Centerplate's exclusive food and beverage contract through June 30, 2026. This agreement was amended on October 2, 2020 to further extend the remaining incentive payment amortization period to June 30, 2028.

**D. *Intergovernmental Receivable***

Intergovernmental receivable in the amount of \$10,196,440 represents outstanding payment from the City, which is one-time transfer for operational support. Also refer to Note 7.

**E. *Note Receivable***

In January 2018, SDCCC entered into a non-interest-bearing agreement with Centerplate for SDCCC to fund the purchase of food service equipment in the principal amount of \$574,556. The remaining principal balance of \$374,556 as of June 30, 2022 is due and payable in full by Centerplate no later than June 30, 2023, unless the contract is terminated prior to the due date. Centerplate has the right to fully pay the principal amount owed to SDCCC prior to the due date with no prepayment penalty. If the contract is terminated prior to the due date, the remaining principal amount owed to SDCCC becomes due and payable within 30 days from the date of termination.

**F. *Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**G. *Inventory***

Inventory consists of spare parts that will be used and capitalized or expensed (according to capitalization policy thresholds) when the assets are placed into service.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Capital Assets**

Capital assets are reported at cost. Capital assets are defined as assets with an initial cost of more than \$15,000 per item and a useful life of greater than one year. Recurring normal maintenance and repair costs are charged to operation, whereas major repairs, improvements and replacements that extend the asset's useful life or service utility are capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Data processing equipment and software	3-10
Telecommunication equipment	5
Office furniture and operating equipment	7 – 15
Leasehold improvements	10 – 30

**I. *Unearned Income***

Unearned income represents funds received from customers that pertain to enforceable future contractual obligations. Building rent deposits, revenue contract incentive payments and advertising payments are recognized once the event has occurred, or the contractual obligation has been fulfilled. The future events scheduled after June 30, 2023 are reported as noncurrent unearned income.

**J. *Compensated Employee Absences***

Accumulated annual leave (PTO) is compensated time off for eligible employees who are absent from work and is recorded in the Statement of Net Position. The amount recorded is expected to be used in accordance with SDCCC's personnel guidelines for vacation, illness, and personal business, with a maximum accumulation of 480 hours per employee. Until March 31, 2020, full-time employees were allowed up to 120 hours paid compensation in lieu of annual leave provided they maintained a minimum balance of 40 hours and had taken a minimum of 80 hours of paid leave during the prior twelve-month period. This program was subsequently suspended for expense reduction purposes, with occasional time-restricted windows having taken place for payouts for balances meeting certain criteria (typically to reduce risk of accrual cap outs for employees with higher balances).

Represented part-time employees are paid their annual leave balance within 30 days of fiscal year-end.

**K. *Components of Net Position***

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets, net of any unspent loan proceeds, which as of June 30, 2022 was \$11,503,488.

Restricted – This amount consists of restricted assets which are reduced by liabilities related to those assets. As of June 30, 2022, there were no restricted amounts.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Components of Net Position (Continued)**

Unrestricted – This amount is the portion of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

**L. Income Taxes**

SDCCC has received notice from the Internal Revenue Service that it is exempt from federal income taxes pursuant to Section 501 (c) (3) of the Internal Revenue Code. SDCCC is also exempt from state franchise taxes on related income pursuant to California Revenue and Taxation Code Section 23701(d). However, the Corporation is subject to income taxes on any net income that is derived from a trade or business carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the accompanying financial statements.

**M. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management believes that the estimates made are reasonable.

**N. New accounting pronouncements**

The following GASB Statements were implemented for the year ended June 30, 2022 and resulted in no significant impacts to the basic financial statements:

- GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes receivables and inflows of resources for leasing of owned assets, based on the payment/receipt provisions of the contract.
- GASB Statement No. 92, *Omnibus 2020*, effective upon issuance for the requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.
- GASB Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. New accounting pronouncements (continued)**

The following GASB Statements have been issued but are not yet effective for the year ended June 30, 2022. SDCCC is assessing what financial statement impact, if any, these Statements will have:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, effective for the fiscal year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ending June 30, 2025.

**NOTE 3. CASH AND INVESTMENTS**

Cash and investments as reported in the statement of net position are categorized as follows at June 30, 2022:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Cash on hand	\$ 6,217	\$ -
Bank checking and savings deposits	3,730,509	-
Bank money market account deposits	22,338	-
Fixed income investments	<u>4,170,570</u>	<u>16,466,808</u>
Total	<u>\$ 7,929,634</u>	<u>\$ 16,466,808</u>

At June 30, 2022, the book balance of SDCCC's cash on hand and deposits was \$3,759,064 and the bank balance was \$3,966,326. Of the bank balance, \$250,000 was covered by Federal depository insurance. The remaining uninsured balance is collateralized, with the collateral held by an affiliate of the counterparty's financial institution.

A formal deposit and investment policy was approved in August 2010 and amended in December 2017 by SDCCC's Board of Directors, which addresses custodial credit risk, interest rate risk, credit quality risk and allowable investments. SDCCC is provided a broad spectrum of eligible investments under California Government Code (CGC) 53600 which includes: obligations of the U.S. government, its agencies and instrumentalities; investment grade state and local government securities; certificates of deposit; bankers' acceptances; commercial paper; repurchase agreements; and money market mutual funds whose portfolios consist only of domestic securities.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 3. CASH AND INVESTMENTS (Continued)**

SDCCC's Investment Policy is governed by the California Government Code (CGC), 56000 et seq. The following table represents the authorized investments, requirements and restrictions per the CGC and the SDCCC investment policy:

Investment Type	Maximum Maturity		Maximum % of Portfolio		Minimum Rating	
	CGC	SDCCC Policy <sup>1</sup>	CGC	SDCCC Policy	CGC	SDCCC Policy
Local Agency Bonds	5 years	5 years	None	None	None	None
U.S. Treasury Obligations (bills, notes, or bonds)	5 years	5 years	None	None	None	None
State Obligations – CA and Others	5 years	5 years	None	None	None	None
CA Local Agency Obligations	5 years	5 years	None	None	None	None
U.S. Agency Obligations	5 years	5 years	None	None	None	None
Bankers' Acceptances	180 days	180 days	40%	40%	None	None
Commercial Paper – Non-Pooled Funds	270 days	270 days	25%	25%	Highest letter and number rating	Highest letter and number rating
Negotiable Certificates of Deposit	5 years	5 years	30%	30%	None	None
Non-Negotiable Certificates of Deposit	5 years	5 years	None	None	None	None
CD Placement Service	5 years	5 years	30%	30%	None	None
Repurchase Agreements	1 year	1 year	None	None	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	20%	None	None
Medium-Term Notes	5 years	5 years	30%	30%	A	A
Money Market Mutual Funds	None	None	20%	20%	AAA	AAA
Collateralized Bank Deposits	5 years	5 years	None	None	None	None
Mortgage Pass-Through Securities	5 years	5 years	20%	20%	AA	AA
Local Agency Investment Fund	None	None	None	None	None	None
Supranational Obligations	5 years	5 years	30%	30%	AA	AA
Insured Savings & Bank Money Market Accounts	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> In the absence of a specified maximum, the maximum is 5 years.

Investments as reported in the statement of net position are categorized as follows at June 30, 2022:

*Fair Value Measurements*

GASB Statement No. 72 requires that investments be categorized within a fair value hierarchy based upon fair value measurements. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: Inputs are quoted prices in an active market that are accessible at the measurement date for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are either directly or indirectly observable; and
- Level 3: Significant unobservable inputs are used when little or not market activity is available.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 3. CASH AND INVESTMENTS (Continued)**

Fair value is defined as the quoted market value on the last trading day of the period, obtained from various pricing sources by our custodian bank. SDCCC does not value any of its investments using Level 1 and Level 3 inputs. Investment in repurchase agreements are valued at amortized cost and is exempt from the fair value hierarchy. Investments that are measured at fair value using the net asset value per share (or its equivalent) are not classified in the fair value hierarchy. SDCCC values investments in government money market mutual funds at NAV, and therefore are not subject to the fair value hierarchy.

The table below represents SDCCC's fair value hierarchy for reporting its investments as of June 30, 2022:

	<u>Fair Value</u>	<u>Level 2</u>
<b>Investments at fair value level</b>		
U.S. Treasury Bills	\$ 1,449,732	\$ 1,449,732
U.S. Agency Bonds	4,983,223	4,983,223
Corporate Bonds	6,527,714	6,527,714
Commercial Paper	839,792	839,792
Negotiable Certificates of Deposit	2,666,347	2,666,347
<b>Total investments at fair value</b>	<u>16,466,808</u>	<u>16,466,808</u>
 <b>Investments measured at amortized cost</b>		
Cash equivalent investment contracts	3,295,570	
Repurchase Agreements	875,000	
Total investments measured at amortized cost	<u>4,170,570</u>	
 <b>Investments measured at the net asset value (NAV)</b>		
Bank money market funds	<u>22,338</u>	
 <b>Total investments</b>	<u><u>\$ 20,659,716</u></u>	<u><u>\$ 16,466,808</u></u>

GASB Statement No. 40 requires that risks for deposits and investments with fair values as it relates to credit risk, concentration of credit risk, and interest rate risk be disclosed. SDCCC minimizes exposure by limiting investments to short-term, safe securities such as mutual funds or similar investment pools to ensure preservation of capital as well as pre-qualifying brokers and diversification of the investment portfolio. In order to maintain proper cash flow requirements, funds are continuously invested in readily available securities to ensure appropriate liquidity is maintained.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 3. CASH AND INVESTMENTS (Continued)**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SDCCC mitigates this risk by investing a portion of funds in short-term securities of less than a year in order to meet operational cash requirements, and structuring the investment portfolio to allow securities to mature to avoid selling on the open market. As of June 30, 2022, SDCCC's investment interest rate risk by maturity is as follows:

	Investment Maturity in Months				Fair Value
	Under 1	1 - 6	6 - 12	> 1 year	
U.S. Treasury Bills	\$ -	\$ -	\$ -	\$ 1,449,732	1,449,732
U.S. Agency Bonds	-	-	-	4,983,223	4,983,223
Commercial Paper	-	-	839,792	-	839,792
Corporate Bonds	-	-	495,198	6,032,516	6,527,714
Negotiable Certificates of Deposit	-	2,045,234	621,113	-	2,666,347
Bank Money Market Funds	22,338	-	-	-	22,338
Cash equivalent investment contracts	1,647,253	1,648,317	-	-	3,295,570
Repurchase Agreements	875,000	-	-	-	875,000
	<u>\$ 2,544,591</u>	<u>\$ 3,693,551</u>	<u>\$ 1,956,103</u>	<u>\$ 12,465,471</u>	<u>\$ 20,659,716</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill their obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). SDCCC mitigates credit risk through its Investment Policy. Section I of the Investment Policy outlines the authorized investments, requirements, and investment restrictions. As of June 30, 2022, SDCCC's investment and corresponding credit ratings are follows:

	<u>Fair Value</u>	<u>Credit Rating</u>
Commercial Paper	\$ 839,792	A-1
Corporate Bonds	923,135	A
Corporate Bonds	3,277,946	A-
Corporate Bonds	929,810	A+
Corporate Bonds	461,633	AA+
Corporate Bonds	935,190	BBB-
Bank Money Market Funds	22,338	N/A
Negotiable Certificates of Deposit	2,666,347	A-1
Cash equivalent investment contracts	2,472,632	A-1
Cash equivalent investment contracts	822,938	A-1+
Repurchase Agreements	875,000	N/A
U.S. Agency Bonds	4,983,223	AA+
U.S. Treasury Bills	1,449,732	AA+
	<u>\$ 20,659,716</u>	



**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 3. CASH AND INVESTMENTS (Continued)**

Concentration of Credit Risk

GASB Statement No. 40 also requires disclosure of investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments. For the fiscal year ended June 30, 2022, SDCCC invested more than 5% of total investments in two issuers of U.S. Agencies, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SDCCC's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure SDCCC deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	<b>Beginning Balance June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers In/Out</b>	<b>Ending Balance June 30, 2022</b>
Non-Depreciable Capital Assets:					
Construction in Progress	\$ 173,073	\$ 645,071	\$ -	\$ (208,418)	\$ 609,726
Depreciable Capital Assets					
Furniture, Equipment and Software	6,010,689	-	-	175,700	6,186,389
Leasehold Improvements	64,783,684	-	-	32,718	64,816,402
Total Depreciable Capital Assets	70,794,373	-	-	208,418	71,002,791
Less Accumulated Depreciation:					
Furniture, Equipment and Software	(3,807,097)	(444,818)	-	-	(4,251,915)
Leasehold Improvements	(31,773,445)	(2,356,485)	-	-	(34,129,930)
Total Accumulated Depreciation	(35,580,542)	(2,801,304)	-	-	(38,381,846)
Total Depreciable Capital Assets, Net	35,213,831	-	-	-	35,213,831
Capital Assets, Net	\$ 35,386,904	\$ (2,156,233)	\$ -	\$ -	\$ 33,230,671

Depreciation expense for the year ended June 30, 2022 was \$2,801,304.

**NOTE 5. FORGIVENESS OF DEBT – PPP LOAN**

SDCCC applied for a United States Small Business Administration Loan and was approved for the Paycheck Protection Program (PPP) in April 2020 to pursue funding for payroll costs. SDCCC received loan proceeds in the amount of \$4,387,000 in May 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of qualifying business. An additional loan of \$2,000,000 was obtained in February 2021 as part of the PPP second draw opportunity. Both loan installments have since been confirmed as fully forgiven.

**NOTE 6. LONG-TERM LIABILITIES**

**A. Compensated Employee Absences**

A summary of changes in accrued compensated employee absences for the year ended June 30, 2022 is as follows:

	<b>Balance June 30, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2022</b>	<b>Current Portion</b>
Compensated Employee Absences	\$ 797,689	\$ 1,390,095	\$ (1,023,690)	\$ 1,164,094	\$ 1,164,094

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 6. LONG-TERM LIABILITIES (Continued)**

**B. Notes Payable and Financing Lease**

**Notes Payable**

On April 15, 2013, SDCCC entered into a commercial lease agreement with CG 7600, LP (lessor) in which the lessor financed a warehouse capital improvement for SDCCC valued at \$21,972. The agreement calls for the loan to be amortized as part of SDCCC's monthly rent over 10 years at a zero percent per annum rate.

**Financing Lease**

On December 6, 2016, SDCCC (lessee) and the City, as co-lessees entered into a Financing Lease agreement with the California Infrastructure and Economic Development Bank (I-Bank), as the lessor for a loan amount of \$25,500,000 (the "Facility Funds"). Under the Financing Lease agreement, the Facility Funds were used to pay the convention center building (the "Leased Asset") improvement costs. The City and SDCCC are jointly and severally liable for all rental payment obligations under the Financing Lease agreement. The Facility Funds are secured by the Leased Asset. In addition, the Financing Lease agreement contains certain customary representations and warranties, affirmative covenants, and events of default. If such an event of default were to occur, the lessor under the Financing Lease agreement would be entitled to take various actions, including without termination of the Financing Lease, collect all amounts owing under the Financing Lease until maturity.

The Facility Funds bear a 3.59% annual interest rate and a .3% loan administrative fee based upon the outstanding principal balance. The Financing Lease requires annual principal repayment commencing on August 1, 2019 and ending on August 1, 2041. Per agreement with the City, SDCCC has budgeted for and made payments on the full amount due under the Financing Lease beginning on August 1, 2019. In any given year, to the extent that rental payment obligations, infrastructure capital, and operations and maintenance expenditures exceed SDCCC's available funding, SDCCC will seek further budgetary allocation from the City.

A summary of changes in notes payable and the financing lease for the year ended June 30, 2022, is as follows:

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>June 30, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2022</b>	<b>Portion</b>
CG 7600 LP	\$ 3,846	\$ -	\$ (2,197)	\$ 1,649	\$ 1,649
iBank Financing Lease	24,009,776	-	(785,472)	23,224,304	813,669
	<u>\$ 24,013,622</u>	<u>\$ -</u>	<u>\$ (787,669)</u>	<u>\$ 23,225,953</u>	<u>\$ 815,318</u>

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 6. LONG-TERM LIABILITIES (Continued)**

**B. Notes Payable and Financing Lease**

Annual requirements to amortize the notes payable and financing lease as of June 30, 2022, including interest payments to maturity, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Fee</b>	<b>Total</b>
2023	\$ 815,318	\$ 819,147	\$ 69,673	\$ 1,704,138
2024	842,881	789,412	67,232	1,699,525
2025	873,140	758,610	64,703	1,696,453
2026	904,486	726,701	62,084	1,693,271
2027	936,957	693,647	59,370	1,689,974
2028-2032	5,214,148	2,929,372	252,616	8,396,136
2033-2037	6,219,744	1,905,725	168,582	8,294,051
2038-2042	7,419,279	684,659	68,343	8,172,281
	<u>\$ 23,225,953</u>	<u>\$ 9,307,273</u>	<u>\$ 812,603</u>	<u>\$ 33,345,829</u>

**NOTE 7. ECONOMIC DEPENDENCY**

SDCCC receives contributions from the City as specified in a management agreement between SDCCC and the City. The agreement provides that the City will allocate to SDCCC approved budgetary amounts for marketing, promotion and capital projects for the Convention Center. During the year ended June 30, 2022, SDCCC recognized \$10,196,440 from the City as unrestricted funding to support operations.

**NOTE 8. DEFINED CONTRIBUTION PLAN**

The San Diego Convention Center Corporation's Money Purchase Pension Plan (Plan) is a governmental plan under section 414(d) of the Internal Revenue Code, which was established effective January 1, 1986, by SDCCC's Board of Directors. The Plan is administered by SDCCC through a Defined Contribution Committee, represented by the SDCCC Board and staff, who act by a majority of its members in office to carry out the general administration of the Plan. Any recommended Plan amendments are subject to the approval and adoption by SDCCC's Board of Directors. As part of the Plan, SDCCC through Board action selected Wells Fargo & Company as Trustee, to hold and administer Plan assets subject to the terms of the Plan. The Plan is a qualified defined contribution plan and, as such, benefits depend on amounts contributed to the Plan plus investment earnings less allowable plan expenses. The Plan covers all employees who have completed at least 1,000 hours of service in one year and are not covered through a union retirement plan. Full time employees are eligible to participate in the plan on the first day of the month after completing 1,000 hours of service and receive contributions on a bi-weekly basis thereafter.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 8. DEFINED CONTRIBUTION PLAN (Continued)**

Part-time employees are eligible to participate in the plan after completion of 1,000 hours and receive contributions annually once they meet the 1,000 hours threshold requirement each year. For each Plan year, SDCCC contributes 10% of compensation paid after the employee becomes an eligible participant, which is transferred to the trustee on behalf of each qualifying individual.

A Plan year is defined as a calendar year. The balance in the Plan for each eligible employee is vested gradually over five years of continuing service, with an eligible employee becoming fully vested after five years. Forfeitures and Plan expenses are allocated in accordance with Plan provisions.

For the year ended June 30, 2022, pension expense amounted to \$1,120,988 with no employee contributions made to the Plan. Included in pension expense were forfeitures in the amount of \$85,944. SDCCC records pension expense during the fiscal year based upon employee compensation that is included in qualified gross compensation.

During fiscal year 2022, a non-qualified supplemental catch-up contribution of \$6,775 was made to the 457b plan for CEO Clifford Rippetoe. This was to make up pension shortfalls for calendar year 2021. This catch-up contribution was part of the pension expense amount described above.

**NOTE 9. COMMITMENTS**

**SDCCC as Lessor**

Effective March 22, 2013, SDCCC entered into a sublease agreement for truck marshal yard space for an initial term of 60 months, from April 1, 2013 through March 31, 2018 and exercised its option to extend for an additional five years effective April 1, 2018 – March 31, 2023. Future minimum annual rental lease revenue for the remaining nine months at June 30, 2022 is as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	<u><u>\$ 120,369</u></u>

Rental income related to the sublease was \$168,993 for the year ended June 30, 2022.

**SDCCC as Lessee**

SDCCC has a lease for the truck marshal yard and warehouse space. The lease term is through March 31, 2023. The remaining lease commitment at June 30, 2022 is for nine months, as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	<u><u>\$ 181,631</u></u>

Lease expense for the year ended June 30, 2022 was \$235,794.

**SAN DIEGO CONVENTION CENTER CORPORATION**  
(A Component Unit of the City of San Diego, California)  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2022

**NOTE 9. COMMITMENTS**

**Construction Commitments**

As of June 30, 2022, SDCCC has begun work for roof replacement and carpet modernization projects. For the roof replacement, only the discover and design has been contracted to date (for a total project cost estimated at \$5 million). This has been committed for \$213,310. Milliken has been engaged for the carpet modernization with a contracted amount of \$534,190.

**NOTE 10. CONTINGENT LIABILITIES**

SDCCC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

SDCCC is subject to various lawsuits as well as grievances by labor unions. SDCCC's management believes, based upon consultation with SDCCC attorneys, that any unasserted claims, in the aggregate, will not result in a material adverse financial impact on SDCCC.

SDCCC is covered by various insurance policies, the largest of which include property, liability and workers' compensation, with deductibles that vary from \$5,000 to \$250,000. SDCCC management believes that SDCCC's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize. There have been no insurance claim settlements that exceeded insurance coverage during the past five fiscal years.

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**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Audit Standards***

To the Board of Directors  
San Diego Convention Center Corporation  
City of San Diego, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Diego Convention Center Corporation (SDCCC), a component unit of the City of San Diego, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SDCCC's basic financial statements, and have issued our report thereon dated October 26, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered SDCCC's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SDCCC's internal control. Accordingly, we do not express an opinion on the effectiveness of SDCCC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether SDCCC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California  
October 26, 2022

**Agenda Item 3.C.2**

**SAN DIEGO CONVENTION CENTER CORPORATION  
M E M O R A N D U M**

TO: Board of Directors

FROM: Jaymie Bradford, Audit Committee Chair

DATE: For the Agenda of October 26, 2022

RE: Addition of Juneteenth Holiday to Employee Handbook

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**BACKGROUND**

The Corporation offers ten (10) paid holidays as part of the full-time employee benefit package. The Federal government observes twelve (12) holidays, including the most recent addition in 2021 of “Juneteenth” which celebrates the end of slavery in the United States. California recognizes twelve (12) holidays as state-paid holidays, including the most recently enacted Assembly Bill 1655 to adopt Juneteenth as a state-paid holiday on September 29, 2022 to join the other 21 states that have already enacted this holiday.

**DISCUSSION**

Corporation does not offer all twelve (12) federally observed holiday’s as paid days off (excludes Veteran’s Day, Columbus Day and Inauguration Day every 4 years). California does not recognize the same twelve (12) holidays as the Federal government (eliminates Columbus Day but observes Cesar Chavez Day). The Corporation offers a blend of some state and federal paid holidays:

New Year’s Day  
Martin Luther King Day  
President’s Day  
Cesar Chavez Day  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Day after Thanksgiving Day  
Christmas Day

Corporation requests to add Juneteenth to the list of paid holiday’s beginning in 2023 for full-time staff benefits only, for a total of eleven (11) paid holidays. The additional cost of adding this benefit is estimated at \$55,000 annually.

RECOMMENDATION:

That the Board of Directors adopt “Juneteenth” (June 19<sup>th</sup>) as a recognized paid holiday as an update to the SDCCC Employee Handbook.

\_\_\_\_\_/s/\_\_\_\_\_  
Jaymie Bradford,  
Audit Committee Chair

## Agenda Item 3.D



**CONTACT:** Andy Mikschl, *Executive Vice President, Sales, San Diego Convention Center*  
 Andy.mikschl@visitsandiego.com | 111 West Harbor Dr., San Diego, CA 92101  
 619.525.5282

### SHORT TERM BOOKING ACTIVITY

*Conventions, Corporate Events, Consumer Shows, Community Events, & Local Meetings*

DEFINITE		FY23 AUGUST 22	FY22 AUGUST 21	CUMULATIVE FYTD 2023	CUMULATIVE FYTD 2022
	EVENTS	4	5	15	13
	ATTENDANCE	11,400	5,360	36,514	31,660
	ROOM NIGHTS	450	310	5,385	1,910
	RENTAL REVENUE	\$92,100	\$81,100	\$417,950	\$204,720

### FY23 PERCENT TO GOAL

*Convention Center Rental Revenue*

	GOAL	YTD	PERCENT TO GOAL
CONTRACTED RENTAL REVENUE	\$1,500,000	\$417,950	27.8%

## San Diego Convention Center Short Term Sales October 2022 Sales Activity Report

### CONTRACTED SHORT TERM EVENTS/ SEPT 2022

EVENT NAME	EVENT DATES	PROJECTED ATTENDANCE	PEAK ROOMS	ROOM NIGHTS	RENTAL
Poway Gymnastics	03/31/23	6,000	0	0	\$31,200
X-Stem San Diego 2023	04/18/23	2,400	0	0	\$9,300
San Diego Zoo Wildlife Alliance Meeting	04/19/23	2,000	0	0	\$11,400
IR Show Fall 2023	07/28/23	1,000	150	450	\$40,200
<b>TOTAL</b>		<b>11,400</b>	<b>150</b>	<b>450</b>	<b>\$92,100</b>



## San Diego Convention Center Short Term Sales October 2022 Sales Activity Report

### CONTRACTED SHORT TERM EVENTS/ FY23 YTD

EVENT NAME	EVENT DATES	PROJECTED ATTENDANCE	PEAK ROOMS	ROOM NIGHTS	RENTAL
CalStart Annual Symposium	12/07/22	300	10	10	\$15,950
Hot Chocolate Run Expo / Ventures Endurance	03/18/23	10,000	0	0	\$9,600
Starpower Talent Competition / Star Dance	05/12/23	2,000	0	0	\$25,500
Anyscale / Ray Summit 2023	05/15/23	1,600	1,160	3,110	\$76,650
AIMED Global Summit 2023	06/06/23	1,000	220	615	\$36,200
U:NOS / HyperFMI - ICW/ Transplant Games	08/02/22	14	0	0	\$2,550
Digimon and Dragon Ball Super	09/24/22	500	0	0	\$5,100
International Council of Shopping Centers	09/28/22	2,300	450	1,000	\$79,600
Live Well Advance & School Summit /	12/07/22	2,500	0	0	\$22,000
Jurassic Empire	01/07/23	3,600	0	0	\$33,500
San Diego Pokemon Regional Championships	01/07/23	1,300	100	200	\$19,200
Poway Gymnastics	03/31/23	6,000	0	0	\$31,200
X-Stem San Diego 2023	04/18/23	2,400	0	0	\$9,300
San Diego Zoo Wildlife Alliance Meeting	04/19/23	2,000	0	0	\$11,400
IR Show Fall 2023	07/28/23	1,000	150	450	\$40,200
<b>TOTAL</b>		<b>36,514</b>		<b>5,385</b>	<b>\$417,950</b>

## Agenda Item 3.D



### SAN DIEGO CITYWIDE SALES SEPTEMBER 2022 SALES ACTIVITY REPORT

#### PRIMARY MARKET

*Conventions, Trade Shows, Corporate & Incentive Events*

DEFINITE	FUTURE YR BOOKINGS	SEPTEMBER 2022	SEPTEMBER 2021	CUMULATIVE FY2023	CUMULATIVE FY2022	CUMULATIVE FY2019
	CONVENTIONS	4	1	7	3	9
	ATTENDANCE	17,500	18,500	35,500	40,500	58,900
	ROOM NIGHTS	39,961	51,204	66,691	112,136	102,463

TENTATIVE	FUTURE YR BOOKINGS	SEPTEMBER 2022	SEPTEMBER 2021	CUMULATIVE FY2023	CUMULATIVE FY2022	CUMULATIVE FY2019
	BOOKINGS	9	6	17	17	23
	ATTENDANCE	42,531	23,700	114,431	115,570	176,900
	ROOM NIGHTS	33,114	35,262	188,642	198,425	338,630

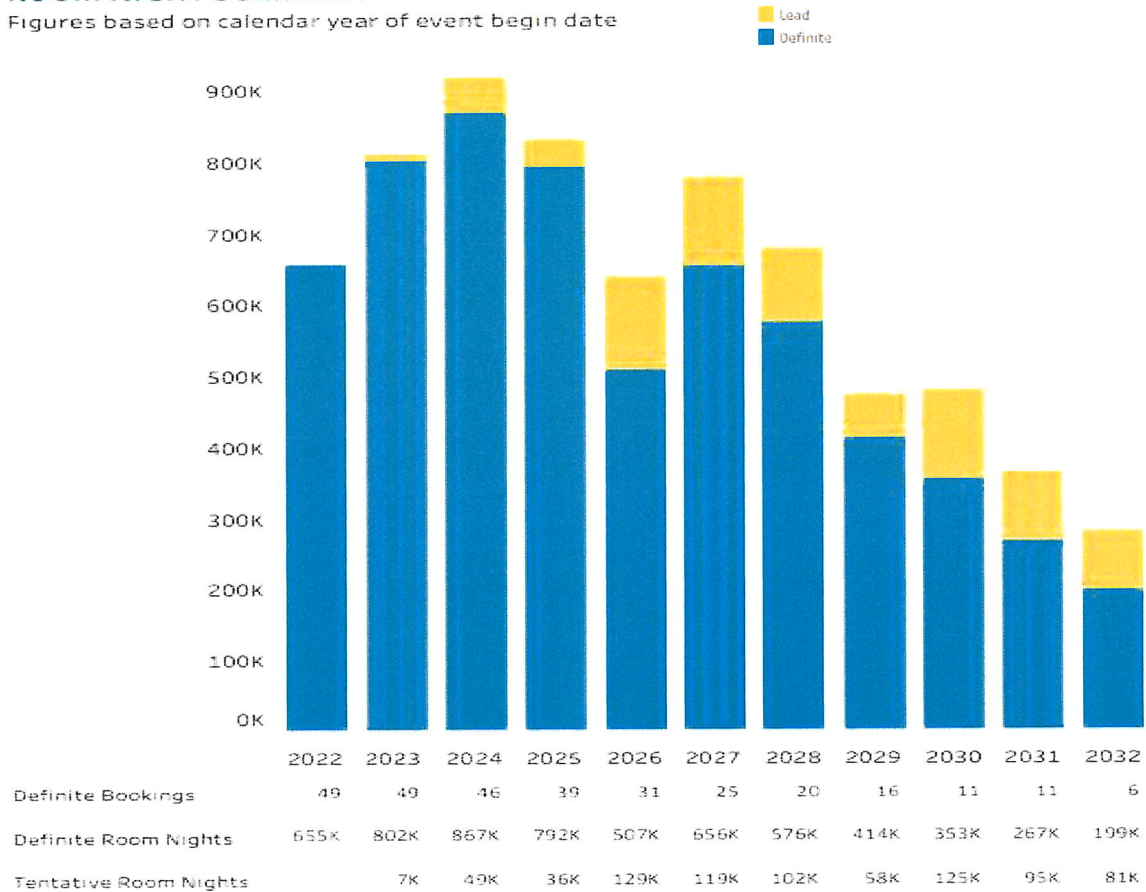
#### FY2023 TOTAL ROOM NIGHTS FOR FUTURE BUSINESS

	CUMULATIVE FY2023	CUMULATIVE FY2022	CUMULATIVE FY2019
DEFINITE TOTAL ROOM NIGHTS	66,691	112,136	102,463
VARIANCE COMPARED TO FY2019	-65%	+9%	
TENTATIVE TOTAL ROOM NIGHTS	198,425	198,425	338,630
VARIANCE COMPARED TO FY2019	-59%	-41%	



**ROOM NIGHT SUMMARY**

Figures based on calendar year of event begin date

**DEFINITE EVENTS BREAKDOWN***Conventions, Trade Shows, Corporate & Incentive Events booked in September 2022*

Account Name	Event Begin Date	Event End Date	Peak Room Nights	Estimated Attendance	Definite Room Nights
Drug Information Association, Inc.	6/27/2027	6/30/2027	4,282	7,500	18,740
SPIE	8/21/2026	8/28/2026	1,200	3,000	5,796
International Association for Dental Research	3/25/2026	3/27/2026	2,500	3,000	7,425
Simulation in Healthcare	1/21/2032	1/28/2032	1,750	4,000	8,000
<b>Total</b>			<b>97,32</b>	<b>17,500</b>	<b>39,961</b>