

Agenda Item 3.A

MINUTES*
SAN DIEGO CONVENTION CENTER CORPORATION
THE BOARD OF DIRECTORS

BOARD MEETING OF FEBRUARY 23, 2022
Via Teleconference

BOARD MEMBERS PRESENT: Chair Carol Kim and Directors Carlos Cota, Jeff Gattas, Shawn VanDiver and Jaymie Bradford

BOARD MEMBER(S) ABSENT: Directors Will Rodriguez-Kennedy and Elvin Lai

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

ALSO PRESENT: Jennifer Lyon, General Counsel, Julie Coker, SDTA President & CEO

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

1. Call to Order

Chair Carol Kim called the Board Meeting to order at 12:05 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101. Chair Kim then called roll to determine which Directors were present on the teleconference:

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

All Directors were recorded as present except Director Rodriguez-Kennedy and Director Lai. Chair Kim noted that all votes taken during this meeting would be recorded via roll call vote.

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

3. Board Committee Reports and Board Action Items:

Consent Agenda:

- A. Approval of Minutes of Board Meetings of January 26, 2022**
- B. Authorization to Approve a Resolution of the San Diego Convention Center Corporation, Inc., Extending the Authorization of All or Partial Remote Teleconference Meetings of All Legislative Bodies as Needed During the Covid-19 Local and State Emergency through March 25, 2022 Pursuant to Brown Act Provisions.**

Directors Gattas and Cota moved and seconded, respectively, to approve the Consent Agenda set forth hereinabove.

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

Vote: Unanimous

AYES: 5 NAYS: 0 ABSTENTIONS: 0

Action Item(s):

Chair Kim 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.

C. Budget Committee (Jeff Gattas)

(1) Acceptance of January Financial Reports from Chief Financial Officer

Director Lai joined the meeting at 12:14 p.m.

CFO Mardeen Mattix issued the following report:

- Through January, the Corporation performed a little bit better than projected last month.
- Through January, the Corporation is running a deficit of \$5.7 million dollars and that is without any support from the City from the operational subsidy at this point. Staff is pleased with the \$5.7 million figure since Staff had anticipated the deficit would be closer to \$7 million. Staff will be meeting with City staff this week to discuss our current financial position and the needs for our deficit funding.

- Staff anticipates that we will receive a subsidy of \$6 million from the City for this fiscal year; however, we will review what our future needs look like before the City makes the subsidy commitment. Staff is also waiting to find out when we will present our year-to-date results and the budget for the upcoming year to the full City Council.
- Due to the difference in timing between when the Budget Committee meeting was scheduled compared to when the Corporation's financial month ended, Staff was unable to complete financial reports in time to present at the Budget Committee meeting.
- Staff did complete our ERP conversion, unfortunately some functions had to be completed manually and there were some issues with the program's consultant. Staff will get the monthly financials distributed in time for Directors to review prior to the Board meeting.
- Next month, there will also be a bit of a challenge distributing financial information because the Budget Committee is again scheduled early in the month compared to when Staff closes the books for the month.
- Staff will bring the fiscal year 2023 budget, along with the CIP, to next month's Board meeting and Budget Committee for review. Staff will provide Directors with an update regarding the FY 2023 budget over the next few days.
- Staff will also be speaking with the City to assess our financial status since we aren't likely to use the full subsidy the City had allocated to the Corporation even though we have many needs coming up in the near future.
- The reserve balance is approximately \$17 million and Staff projects a balance of \$19 million by the end of the year.
- The Corporation made the I-bank debt payment and expects full PPP loan forgiveness. Those payments will impact decisions on how the City decides to provide funding to the Corporation.
- Staff has reviewed the draft Facility Condition Report, but it has not yet been issued. During Budget review next month, the Committee will see that Staff has included some of the items that have come out of that Facility Condition Report. The Committee will have an opportunity to review the report thoroughly once it's actually published. The report will probably be presented at the April Board meeting. As you may recall, the report was originally delayed by approximately five months because the consultant could not access the facility during Operation Artemis.
- Staff is thrilled to be on a new ERP system and we'll be very happy in the next couple of months when we are able to produce more automated.
- Our IT department is also moving all of our systems over to Teams and Cloud based functions so our collaborations and similar functions should get easier as we continue to move forward with improving our technology.

Directors Gattas and Cota moved and seconded, respectively, to authorize Acceptance of January Financial Reports from Chief Financial Officer.

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

Vote: Unanimous

AYES: 6 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.C.2. No members of the public responded to the request for comment.

(2) Authorization to Approve Contract for East Building Fire Alarm Improvements

Directors Gattas and Lai moved and seconded, respectively, to authorize Approval of Contract for East Building Fire Alarm Improvements at a cost of \$542,480 with an additional 7% contingency for unforeseen conditions.

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

Vote: Unanimous

AYES: 6 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.C.3. No members of the public responded to the request for comment.

(3) Authorization to Approve Contract for Replacement of Dewatering Pumps in Remain Three Pump Stations

Directors Gattas and VanDiver moved and seconded, respectively, to authorize Approval of Contract for Replacement of Dewatering Pumps in Remain Three Pump Stations at a cost of \$96,840.17.

Director Kim – Aye
Director Cota – Aye
Director Gattas – Aye
Director VanDiver –Aye
Director Bradford – Aye

Director Rodriguez-Kennedy – Absent
Director Lai – Aye

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

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

- Mr. Rippetoe will be participating in a six-hour IAVM Executive Committee meeting today followed by an all-day meeting tomorrow. Mr. Rippetoe may also be tasked with representing the North American IAVM contingent at an international conference within the next few months.
- As you may recall, the Corporation co-founded the California Convention Center Coalition. Mr. Rippetoe will make a presentation on that subject tonight in Oceanside at the CalTravel Board meeting.
- Regarding the SDCCC Strategic Plan imperative update:
 - Grow and Nurture Culture:
 - The interim compensation philosophy has been established.
 - Staff continues to look at every position where we hire. We have a process where we look at the current market value so that we can support retention. Recruitment continues to be a big issue. We have close to 40 open positions and, in fact, are having to subsidize our public safety officers and even housekeeping at some shows with outside contractors because we don't have enough full or part-time employees to cover those positions.
 - SDCCC has not had a service failure, but recruitment is a challenge and probably will continue to be for the foreseeable future. So, we're still reviewing what we need to do with retention and recruitment.
 - The Corporation is down to our final two candidates for our Director of People and Culture. We had three candidates two days ago; however, one of them has already accepted another position, Job applicants accepting other offers continues to be one of the challenges. And so, one of our topics is: how can we recruit more quickly? During our current process, we tend to lose people. This is twice that a manager or above candidate has taken another job while we were in the middle of our interview process. That being said, we also don't want to make a mistake and hire someone that isn't compatible with our values and our strategic direction.
 - Develop a Facility Maintenance Improvement Program
 - We have hired our Director of Planning and Development.
 - We've been able to get the facility condition assessment draft so that we can review the information. Our team is in the midst of developing a preventative maintenance program. Sometime by the upcoming fiscal year, we hope to be able to have our CIP and the major Maintenance Program

laid out so that we can begin implementing the program. You'll begin seeing maintenance improvement figures incorporated within the budget that Mardeen discussed.

- Build Confidence for a Safe and Effective Reopening

- The Staff is compliant with vaccination and/or testing requirements. We met that requirement with the standards that we had established and we just received additional information on Friday that will help us look at what we want to do as we move forward.
- Staff needs to continue to adjust and be able to pivot as we address what's happening with the new variant and the different kinds of guidelines that come from the State with regard to mega events.
- Staff also committed to maintaining 80% of our current book citywide conventions. Between January and June of 2022, we've only lost two events along the way, which puts us well over 90%. In terms of that, although, from our perspective, losing one event is bad, but at least we're maintaining that KPI.

- Refine Business Model to Ensure Financial Viability

- Our fourth imperative required that we have a cost analysis completed on at least 10 events. Staff has built a procedure to perform that task over the past few months. Even before the strategic plan that was completed, Staff was working to complete those guidelines. Staff has had in depth discussions about how the Corporations should book more financially viable events rather than booking by bulk.
- This philosophy means our sales staff may be looking at a strategy that doesn't book events as far out into the future on the calendar. They may also be looking at the way we book the local consumer and smaller shows by establishing a criteria that if they're not economically beneficial, either for us, the community, or fill some kind of community need, then those shows may not be what we want in the building. Booking unprofitable shows also creates a problem for finding time to perform building maintenance within the next couple of years. Those maintenance windows are going to continue to be important to identify as the building fills with events.

- Engage the Community

- As Staff engages the community, we have been recognized by several community organizations. SDCCC has been nominated for a couple of recognizable community awards for the team's efforts and we are doing more with social media engagement and growth than ever before. SDCCC has received a lot of great positive media coverage.
- While engaging in the community, Staff is looking at opportunities to volunteer and participate in community functions. The SDCCC team has been instructed to complete our registration for the "Pride" event so that we can participate in the parade again. Staff is also looking at how we can bring together SDCCC, the Tourism authority, and others, so that we can have an

even bigger impact going forward as a hospitality community as we support the community. All of those initiatives are going well.

- In the future, Staff will be implementing a KPI type of scorecard. We'll complete that process within the next couple of months as we're going to be focused a great deal on budget in the upcoming weeks and months.
- Staff is scheduled to appear before the Council's ED and IR Committee at the beginning of March to provide an update on the industry and to review the pending Sales and Marketing Services agreement between SDCCC and SDTA that requires City approval.

At the conclusion of Mr. Rippetoe's report, Chair Kim stated: "This is a very challenging labor market, as everybody is aware, in terms of trying to attract talent and recruit talent onto our team. So, to the extent that we can, obviously, we need to go through our process of hiring, interviewing, and selecting, and being careful and thoughtful about who is looping onto our teams.

However, to the extent that we can, we also really need work hard to accommodate a tighter timeline, meaning, fewer days and gaps between interviews, or whatever has to happen, so that we don't lose talent or the opportunity to hire talent into our team. I think that would be beneficial for all of us to think about. So, if, to the extent that that's something that we can adopt as part of our process, I think that would be great."

5. Chair's Report (Carol Kim)

- The next Board meeting is March 23rd, 2022 at noon

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

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

8. Closed Session: The Board entered into closed session at 12:58 p.m. to discuss:

**A. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code section 54956.9(d)(4)
(1 case)**

**B. EMPLOYEE PERFORMANCE EVALUATION
Government Code Section 54957
Title: President & CEO**

The Board returned to open session at 1:23 p.m.

Reporting out of closed session, General Counsel Lyon stated that the Board discussed items “8A” and “8B, “ direction was given but no reportable action was taken.

There being no further business, the meeting adjourned at 1:24 p.m.

I, Shawn VanDiver, 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 February 23, 2022 and that said minutes were approved by the Board of Directors on March 23, 2022.

[Approved at Board Meeting of March 23, 2022]

Jeff Gattas, Secretary