

Agenda Item 4.A

MINUTES*
SAN DIEGO CONVENTION CENTER CORPORATION
THE BOARD OF DIRECTORS

BOARD MEETING OF FEBRUARY 1, 2023
Via Teleconference

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

BOARD MEMBER(S) ABSENT: Director Will Rodriguez-Kennedy

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

ALSO PRESENT: Jennifer Lyon, General Counsel

*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 12:10 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:

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

All Directors were recorded as present except Director Rodriguez-Kennedy. 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 non-Agenda items. No members of the public responded to the request for comment.

3. **Passing the Gavel:** Chair Kim commented on her many positive experiences serving as the Convention Center’s 2022 Board Chair. Chair Kim then passed the gavel to Chair-Elect Carlos Cota. Chair-Elect Cota thanked Chair Kim for her service and presented her with “Chair gift” from the Board. Chair Cota then resumed the Board meeting.

Director Rodriguez-Kennedy joined the meeting at 12:16 p.m.

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

Consent Agenda:

Chair Cota inquired if any Director would like to pull a Consent Agenda item for discussion. Hearing no request to pull a Consent Agenda item, Chair Cota then inquired if any member of the public wished to comment on Agenda Item (4.A). No members of the public responded to the request for comment.

A. **Approval of Minutes of Board Meeting December 14, 2022.**

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

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

Vote: Unanimous

AYES: 6 NAYS: 0 ABSTENTIONS: 1

Chair Cota received a request from Staff to remove Agenda Item 4.B.2, “Authorization to Renew Marshalling Yard Lease,” from the agenda. Staff cited a “change in circumstances regarding the request which entailed additional vetting of the item” as the reason for the request for removal of item 4.B.2 from the agenda.

Directors VanDiver and Turowski moved and seconded, respectively, to remove Agenda Item 4.B.2. from the agenda.

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

Director Rodriguez-Kennedy – Aye
Director Turowski – Aye

Vote: Unanimous

AYES: 7 NAYS: 0 ABSTENTIONS: 0

Action Item(s):

B. Budget Committee (Shawn VanDiver)

Chair Cota inquired if any member of the public wished to comment on Agenda Item (4.B.1). No members of the public responded to the request for comment.

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

Ms. Mattix, Chief Financial Officer, reported that the Corporation is halfway through the fiscal year and the Corporation’s financials are progressing better than budget.

Revenues, particularly Food & Beverage, are doing very well. The better-than-expected Food & Beverage spend by the Deloitte event in December helped increase revenues. Revenues are expected to continue to tick up for the rest of the year.

Expenses are a little behind partially because of supply chain issues and partially because of a delay in getting started on some scheduled projects. Staff anticipates the delayed projects will get started soon and the expenses will be reflected accordingly in the budget.

Operationally, staff had originally anticipated the Corporation would be nearing a deficit of approximately \$3 million by this time of the year. The deficit may be closer to \$1 million and, depending upon business, it may even be zero. That figure would be prior to debt management payments and capital.

Staff will review anticipated fiscal year 2024 and 2025 figures in the next few weeks, but so far, the figures look positive. There will be additional expenses as the maintenance team is staffed and there is more capital planning. Moving forward, revenues also continue to look very healthy. Event attendance is improving better than expected and staff is excited that the overall financial outlook is good.

Directors Kim and Bradford moved and seconded, respectively, to Accept the December Financial Reports from the Chief Financial Officer.

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

Vote: Unanimous

AYES: 7 NAYS: 0 ABSTENTIONS: 0

(2) Authorization to Renew Marshalling Yard Lease

This item was removed from the Agenda.

Chair Cota inquired if any member of the public wished to comment on Agenda Item (4.B.3). No members of the public responded to the request for comment.

(3) Authorization to Contract for Window Sealant Replacement

Directors Vandiver and Kim moved and seconded, respectively, to award a Contract for Window Sealant Replacement to Coast Waterproofing with a project budget of \$290,000.

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

Vote: Unanimous

AYES: 7 NAYS: 0 ABSTENTIONS: 0

C. Audit Committee (Will Rodriguez-Kennedy)

Chair Cota inquired if any member of the public wished to comment on Agenda Item (4.C.1). No members of the public responded to the request for comment.

(1) Approve Resolution 2023-01 Adopting the San Diego Convention Center Corporation, Inc., 403b Retirement Plan

Directors Rodriguez-Kennedy and VanDiver moved and seconded, respectively, to Approve Resolution 2023-01 Adopting the San Diego Convention Center Corporation, Inc., 403b Retirement Plan.

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

Vote: Unanimous

AYES: 7

NAYS: 0

ABSTENTIONS: 0

D. Sales Committee (Jeff Gattas): Mr. Mikschl referred Directors to the Sales report contained within the Board packet and he reported that the sales teams continue to be selective regarding the types of business they are booking over the next twelve to fourteen months. Since the Corporation is looking at beginning several capital maintenance projects, the sales team is looking at leaving open windows on the calendar for those projects to be performed.

Three short-term events booked for the month of December. The team is continuing to focus on community events that bring the public into the facility and book short-term room nights for the hotel community or drive significant incremental revenue to the building. “Art San Diego” is an example of the type of community event the sales team is booking. This will be the third year the center has hosted this event.

The short-term team is also working on booking a pharmaceutical event which will hopefully appear on next month’s report. Staff anticipates this event will generate 2,000 room nights for the hotel community.

The recent Auto Show event, although limited in size this year, was very successful. The event had great attendance. The event’s meeting planners were very happy and are already meeting with internal representatives to plan next year’s event.

The long-term sales team has also had a strong month in terms of booking activity. Two events booked by the long-term sales team are high profile corporate events which will take place in April of 2024 and April 2025. Each of those events will generate approximately \$4 million in Food & Beverage for the Corporation. Overall, event attendance and Food & Beverage revenues are up. From an industry perspective, the Corporation is in good shape.

Ms. Coker reported that the long-term sales team’s tentative business funnel currently has approximately 515,000 room nights compared with 1 million room nights in 2019. However, this is a 160,000-room night increase over 2022. From a booking standpoint, the team had a very good December.

One of the strategies the sales team discussed regarding booking business was to level-out how business was booked; i.e., instead of turning everything in May or June, the team is attempting to level booked business throughout the entire year. For example, in December of 2019, the team had booked 156,000 room nights. Year-to-date, the team has booked 313,000 room nights. Essentially, more definite business is being booked more evenly throughout the year instead of slamming it all towards the end of the fiscal year. For further perspective, in 2022, the team had turned 252,000 room nights. The team is excited about the improvements in booking.

The team has acquired a new employee, Allie Asuncion, to oversee site experiences including supervising the Convention Services Department. Allie was previously employed by Petco Park and the team has a vested interest in making sure her replacement understands the relationship between Petco Park and the local tourism industry. Allie will be starting in February.

The Chicago-Midwest position is still open, but the team is exploring a strong lead. The SDTA team will ensure that Andy has an opportunity to interview the Chicago sales candidate before a decision is made.

SDTA has also hired a Revenue Director who will work closely with the Chicago office and Andy to evaluate the pieces of business that we are considering. The goal is to maximize revenue for the existing calendar holes. The Director's role will be to objectively examine attendance, ancillary spend, food & beverage revenue and room nights before making a booking decision.

Mr. Mikschl also reported that the sales teams will be reviewing the Program of Work for the next fiscal year in the coming months. The March Sales Committee meeting will be reviewing a summary of goals for the coming year and should finalize revisions to the Program of Work by the end of June.

Chair Cota briefly reported on the incredible experience he had attending the PCMA conference in Columbus, Ohio, especially since the event will be held in San Diego next year. The California contingent hosted a brunch that attracted a large amount of interest and clients appeared to be very excited about attending the meeting in San Diego next year. Our sales staff did an excellent job representing our interests.

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

- The PCMA event in Columbus was incredible and the SDCCC-SDTA “Top Gun” themed presentation for next year’s event was well received. Mr. Rippetoe provided an overview of the presentation content.
- PCMA is an organization that represents over 86% of SDCCC’s client base. The event has not been held in San Diego since 2012 and having the event in San Diego in 2024 is an opportunity for the vast majority of the center’s clients to see San Diego as a destination. Staff will keep the Board updated and provide calendar updates regarding the event.
- Ms. Coker added that a great many attendees in Columbus indicated they couldn’t wait to attend PCMA in San Diego next year. The goal is to exceed San Francisco’s PCMA event attendance of 4,800.
- Chair Cota noted that there are 250 major association events that all convention centers are vying to attract and, even though SDCC is 24th in size, it is either 4th or 5th ranked in having hosted top tier events.
- The new CEO from Sodexo Live! – Centerplate and other company representatives will attend the next Board meeting. Mr. Ramirez provided some background information regarding the new CEO and the visit.
- The Chick Fillet “Next” event was very successful. Kudos to SDTA and Sodexo Live! for working together to achieve this success.
- The recent Town Halls went well. Staff discussed the strategic plan and other leadership engagement meetings related to the plan are being scheduled.
- Mr. Rippetoe has been named Chair of the Jacobs-Cushman Food Bank.
- Mr. Rippetoe also noted that it’s been 2 years, 11 months and 26 days since this team has had an in-person meeting.

6. Chair's Report (Carlos Cota)

- Chair Cota reported that his goals and focus for this year will be supporting the Sales team's Program of Work" and the leadership team and staff.
- He will also continue to oversee the implementation of the imperatives in the Strategic Plan.
- Since he wishes to be respectful of Directors time, there will be no meetings simply for the sake of meeting and many of the scheduled Executive Committee meetings will probably be cancelled.
- Continuing to highlight the success of the Center through scheduled meetings with City officials is also a priority. We will emphasize the number of good careers (and benefits) and the number of counsel district constituents who work at the Center.
- Chair Cota also intends to champion capital improvements at the Center, funding for capital projects and working with the City to determine a funding source.

7. Board Comment [Govt. Code § 54954.2(a) (2)] – Director Bradford reported that there may be a Court date regarding expansion by May, 2023. Ms. Coker reported that SDTA will be sending in its TMD application on February 10th and they will present to TMD on February 17th. She will forward a copy of the application to the Board. Director VanDiver stated that as Budget Committee Chair, he is very supportive of Board Chair Cota's vision for finding creative funding sources for capital improvement projects. Director VanDiver is willing to initiate hard conversations regarding funding and he will be looking to State and Federal colleagues to find funding mechanisms for the Center. Director Rodriguez-Kennedy stated that he was excited about Chairing the Audit Committee and he looked forward to working with the Board to ensure that the Corporation's policies and processes are straight. He also lauded Director Kim's leadership as Chair and her focus on the Strategic Plan and how operational the Plan is. He further stated that it was refreshing to see how directly the Strategic Plan is tied to the operations of the facility.

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

9. Closed Session: The Board entered into closed session at 1:10 p.m. to discuss the items set forth hereinbelow.

A. CONFERENCECONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION

Govt Code section 54956.9 (d)(1)- 2 cases
Case No. 37-2020-00008163-CU-OE-CTL
Case No. 37-2020-00008111-CU-WT-CTL

The Board returned to open session at 1:29 p.m.

Reporting out of closed session, General Counsel Lyon stated that the Board discussed item “9.A,” and direction was given but no reportable action was taken.

There being no further business, the meeting adjourned at 1:30 p.m.

I, Will Rodriguez-Kennedy, Secretary of the Board of Directors of the San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Board of Directors of the San Diego Convention Center Corporation, Inc., at a duly noticed meeting held on February 1, 2022, and that said minutes were approved by the Board of Directors on February 22, 2023.

[Approved at the Board Meeting of February 22, 2023]
Will Rodriguez-Kennedy, Secretary