

Agenda Item 4.A

MINUTES* SAN DIEGO CONVENTION CENTER CORPORATION THE BOARD OF DIRECTORS

BOARD MEETING OF JANUARY 31, 2024

BOARD MEMBERS PRESENT: Chair Jeff Gattas and Directors Will Rodriguez-Kennedy, Alyssa Turowski, Sam Nejabat and Gretchen Newsom

BOARD MEMBER(S) ABSENT: Directors Shawn VanDiver and Jaymie Bradford

STAFF PRESENT: Rip Rippetoe, Mardeen Mattix, Corey Albright, Andy Mikschl, Maren Dougherty, Michael Milligan, Victoria Mitchell, and Pat Evans (Recorder)

ALSO PRESENT: Jennifer Lyon, General Counsel

*Meeting Minutes memorialize votes on "Action Items" and Staff Reports and are not a verbatim transcript of regular Board meetings. 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 Jeff Gattas called the Board Meeting to order at 12:04 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

Chair Gattas introduced and welcomed new Board Directors Sam Nejabat and Gretchen Newsom.

Chair Gattas then called roll to determine which Directors were present:

Director Gattas – Present
Director VanDiver - Absent
Director Bradford – Absent
Director Rodriguez-Kennedy – Present
Director Turowski – Present
Director Nejabat – Present
Director Newsom - Present

All Directors were recorded as present except Director Shawn VanDiver and Director Jaymie Bradford. Chair Gattas noted that all votes taken during this meeting would be recorded via roll call vote.

2. **Passing the Gavel:** Former Chair Cota was unable to attend the “Passing the Gavel” portion of the agenda.
3. **Non-Agenda Public Comment** – Chair Gattas inquired if any member of the public wished to comment on any non-Agenda items.

Ms. Kelly Lyndon submitted a speaker’s slip requesting an opportunity to address the Board regarding Agenda Item (2), and she was granted an opportunity to address her comments to the Board wherein she proposed that the Corporation consider electrification of systems of future Corporation capital projects.

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

Consent Agenda:

A. Approval of Minutes of Board Meeting of December 13, 2023.

Chair Gattas inquired if any Director would like to pull a Consent Agenda item for discussion. Hearing no request to pull a Consent Agenda item, Chair Gattas 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.

After request for Director discussion and for public comment, Directors Turowski and Rodriguez-Kennedy moved and seconded, respectively, to approve the Consent Agenda as set forth hereinabove.

**Director Gattas – Aye
Director VanDiver – Absent
Director Bradford – Absent
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Nejabat – Aye
Director Newsom - Aye**

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

Action Item(s):

B. Budget Committee (Will Rodriguez-Kennedy)

(1) Acceptance of Financial Report from Chief Financial Officer

Ms. Mattix reported the following:

- The Corporation is halfway through its fiscal year and financials are looking a little better than expected.
- In December, the Corporation surpassed budgetary expectations and that was attributable to a significant event held that month, the American Society

of Hematology (ASH). ASH is a very sought-after event and San Diego is excited to welcome them back again later this year.

- During December, the Center hosted three City-wide events and one local consumer show. Revenues are back to where they were originally budgeted.
- Expenses are trailing budget slightly in some categories. There are a couple of categories that are over budget: utilities, which we have addressed every month, and wages, salaries and overall personnel expenses were also slightly over budget at this point because the Corporation expedited hiring a few positions that needed to be filled earlier than planned.
- Net operating results: At this point in the year, we were expecting to be at a loss of \$2.6 million overall, and we are at a slight gain. We have a \$3 million favorable result mostly attributable to trailing expenses.
- We monitor our performance based on a comprehensive strategy of reviewing all building operations, debt, and non-operating income (interest, etc.).
- Our reserves have maintained a balance of approximately \$29 million and we are projecting to end the year with approximately \$20 million in reserves.
- Overall, the Corporation is performing better than planned.

After Ms. Mattix submitted her report, Chair Gattas 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.

After presentation by Staff, Directors Rodriguez-Kennedy and Newsom moved and seconded, respectively, to Accept the CFO Financial Report from the Chief Financial Officer.

Director Gattas – Aye
Director VanDiver – Absent
Director Bradford – Absent
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Nejabat – Aye
Director Newsom - Aye

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

(2) Authorization to Ratify Contract for ERP (Momentum Elite) Software Subscription Renewal

Chair Gattas called for a staff report regarding this item. After staff submitted its report, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (4.B.2). No members of the public responded to the request for comment.

After presentations by Staff, Directors Rodriguez-Kennedy and Newsom moved and seconded, respectively, to Authorize Ratification of the Contract for ERP (Momentum

Elite) Software Subscription Renewal for a final cost of \$600,000 over the period of January 1, 2024, through December 31, 2028.

**Director Gattas – Aye
Director VanDiver – Absent
Director Bradford – Absent
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Nejabat – Aye
Director Newsom - Aye**

Vote: Unanimous

AYES: 5 NAYS: 0 ABSTENTIONS: 0

(3) Authorization to Ratify Design Consulting Contract

Chair Gattas called for a staff report regarding this item. After staff submitted its report, Chair Gattas 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.

After presentations by Staff, Directors Rodriguez-Kennedy and Turowski moved and seconded, respectively, to Authorize Ratification of the Design Consulting Contract with Costa Azul Contracting Group for a total cost of \$116,204.

**Director Gattas – Aye
Director VanDiver – Absent
Director Bradford – Absent
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Nejabat – Aye
Director Newsom - Aye**

Vote: Unanimous

AYES: 5 NAYS: 0 ABSTENTIONS: 0

Director Bradford arrived at the meeting at 12:20 p.m.

C. Sales & Marketing Committee (Shawn VanDiver)

In Director VanDiver’s absence, Andy Mikschl, Executive VP-Sales, provided the following short-term sales update:

- Short-term sales are booked within eighteen months and are managed by the Corporation’s in-house sales team. The December sales report shows the team booked three events which is consistent with the sales strategy of being very selective regarding events booked to allow for maintenance projects in the building.

- Year to date, the short-term team has booked twenty events. That number is five fewer than events booked this time last year; however, those twenty events represent significantly higher revenues for the building.
- With a continuing strategy of being very selective when booking events, the short-term team is still booking some great community events such as the Auto Show, which was very successful, the Bridal Bazaar, the Home Show, the MLK Dignity Breakfast, which we hope to host again next year, and the team is also looking at any event that can drive revenue on a short-term basis. The Center has a great corporate event in a couple of weeks that was booked very short term, and that event will generate approximately \$200,000 in food and beverage for a two-day event. Those are the type of events that the team is focusing on – they want to be open to the community while still maximizing revenues when booking space.

Ms. Julie Coker, SDTA President & CEO, reported on the following:

- The long-term sales team books events outside of eighteen months and coming out of the pandemic, the team consciously ensures that they are no longer booking events twenty to thirty years into the future. Booking within a ten-year window gives the team the opportunity to make sure they are more selective about what is placed in the building.
- That strategy appears to be working, From a “definite” standpoint, year-to-date, the team has booked 304,000 room nights as compared to fiscal year 2023 at which time 307,000 room nights were booked. The team still has five months left to reach its goal and they are at fifty percent of the goal year-to-date.
- The team continues to keep an eye on the business “funnel” because you need to have business in the funnel to convert the business into room nights. There are currently 1.5 million tentative room nights for future years on the books compared to 521,000 for 2023 and during pre-Covid times, the number was 980,000.
- PCMA was a fantastic event; however, the San Diego team went into the event with a strategy. The goal was to come out of the event with business. From a sales standpoint, the national Sales Managers had 80 appointments over those three days, which was 133 customers that they touched one-on-one, and those customers represented 550,000 room nights. The sales team had a FAM prior to PCMA starting (Thursday, Friday, and Saturday) and 25 customers participated and that represented approximately 20,000 room nights. That is a combination of hotel room nights as well as City-wide. Six media publishers came to San Diego to experience and write about this destination and two of those articles have already been published. Paul partnered with Maren to deliver this earned media (the destination did not have to pay for that placement).
- The San Diego team held a collective gate-way city brunch, an idea that came out of Covid. San Francisco, Los Angeles, Anaheim, and San Diego collaborated to stretch their dollars to attract approximately 50 customers. This concept appears to be working well. The customers that attended this event represented 1.4 million room nights.
- The San Diego booth in the “District” attracted 350 people (scanned badges) over the event days. The San Diego team completed 14 post event tours and site experiences after PCMA related to the Convention Center and then, mimicking ASH, the team had a “surprise and delight” program which supplied amenities to 205 attendees at their hotels. While San Diego did not have the same amenity budget as ASH, attendees received amenities that included Starbuck cards, donated hotel restaurant gift certificates, upgrades, and other items. The sales team will continue to work with Convention Services on the amenity program.

- In calendar year 2023, San Diego had the third highest hotel occupancy rate in the nation 73.5% (behind New York – 81.6% and Oahu – 79.6%). From a group standpoint, the market share of groups rose to 25.9% and that made San Diego number one in the West and number five in the nation. It is a combination of hotels and the Convention Center that help generate those successful results.
- The team anticipates they will finish fiscal year 2024 strong.
- Chair Gattas and Director Turowski discussed their positive impressions of the PCMA event.

After staff submitted its reports, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (4.C). No members of the public responded to the request for comment. No vote was required on this item as it is a Sales & Marketing Committee update.

5. Chief Operating Officer’s Report (Corey Albright)

- Mr. Albright commended the Convention Center team’s response to the recent rain event. The in-house event continued despite the circumstances and staff did a fantastic job in response. The client was very pleased with the outcome of staff efforts. Staff are very seasoned at dealing with unusual situations, so they were unphased by the highly unusual weather event.

After staff submitted its report, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (5). No members of the public responded to the request for comment.

6. President’s Report (Rip Rippetoe)

- Mr. Rippetoe thanked the entire San Diego team for the successful PCMA event and reported on his recent appointment to the PCMA Board.
- Mr. Rippetoe also reported on the recent positive customer service reviews staff received from recent clients (Association of Financial Planners, Rheumatology, American Society of Hematology and Equine Practitioners). The recent surveys ranged in scale from 4.45 to 4.9 out of 5 for customer service.
- Mr. Rippetoe discussed the impact the recent storms had on the facility (water intrusion issues).
- Mr. Rippetoe reported on upcoming staff Town Halls, CEO Coffees with staff and Lunch-and-Learn internal mini-seminars for Center management. Directors are invited to attend any of these events. The Town Halls are generally scheduled for 10:30 a.m., 3:30 p.m. and 11:00 p.m. Staff will notify Directors of dates once they are scheduled.
- CFO Mardeen Mattix was a panel member for the Progressive Labor Alliance meeting which took place in Sacramento this month.
- The events moving into the Center this week are Shopper’s Drug Mart and American Traffic Safety.
- As a PCMA Board member, Mr. Rippetoe will receive periodic briefings regarding industry trends which he is willing to pass along if Directors would like to receive this information.

After staff submitted its report, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (6). No members of the public responded to the request for comment.

7. **Chair's Report (Jeff Gattas)**

- Chair Gattas announced the formulation of a short-term, limited Ad Hoc Committee to review the issue of CIP Future Funding and Project Planning. The Committee will be staffed by Director Rodriguez-Kennedy and Director Turowski and the Committee will report recommendations to the Board in six months.
- The next Board meeting is tentatively scheduled for February 28, 2024, at Noon.

After Chair Gattas submitted his report, he inquired if any member of the public wished to comment on Agenda Item (7). No members of the public responded to the request for comment.

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

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

There being no further business, the meeting adjourned at 12:37 p.m.

I, Alyssa Turowski, 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 January 31, 2024, and that said minutes were approved by the Board of Directors on February 28, 2024.

[Approved at Board Meeting of February 28, 2024]
Alyssa Turowski, Secretary