

Agenda Item 3.A

MINUTES* SAN DIEGO CONVENTION CENTER CORPORATION THE BOARD OF DIRECTORS

BOARD MEETING OF APRIL 24, 2024

BOARD MEMBERS PRESENT: Chair Jeff Gattas and Directors Will Rodriguez-Kennedy, Shawn VanDiver, Sam Nejabat and Jaymie Bradford

BOARD MEMBER(S) ABSENT: Directors Alyssa Turowski and Gretchen Newsom

STAFF PRESENT: Rip Rippetoe, 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 12:02 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

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

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

All Directors were recorded as present except Director Alyssa Turowski and Director Gretchen Newsom. Chair Gattas noted that all votes taken during this meeting would be recorded via roll call vote.

2. **Non-Agenda Public Comment** – Chair Gattas 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:

A. Approval of Minutes of Board Meeting of March 27, 2024.

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 (3.A). No members of the public responded to the request for comment.

After request for public comment and for Director discussion, Directors VanDiver and Nejabat moved and seconded, respectively, to approve the Consent Agenda as set forth hereinabove.

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

Vote: Unanimous

AYES: 4

NAYS: 0

ABSTENTIONS: 0

Action Item(s):

B. Budget Committee (Will Rodriguez-Kennedy)

(1) Chief Financial Officer Update

CFO Mardeen Mattix was absent from this meeting and Controller Shannon Teem reported the following in Ms. Mattix’s absence:

- Ms. Teem reported that the Corporation has had one of its strongest months this year.
- Year to date, through March, the Corporation’s revenues surpassed budget by approximately \$1.5 million and this success was mainly attributable to a few significant medical shows that really exceeded expectations.
- \$973,000 of the surplus occurred in the month of March and that was despite having a cancelled technology event during the month of March.

- The Center hosted five city-wide events and they all had favorable variances mainly due to higher-than-expected ancillary revenues, event services and utility commissions.
- Most expense categories are trailing budget with the exception of personnel and utilities. The personnel line item is slightly above budget year-to-date.
- General expenses are trailing budget by approximately \$927,000 mainly due to supply chain demands and the Corporation is starting to manage expenditures with the mindset of potential City funding cuts next year.
- Repairs and maintenance are also trailing budget by approximately \$2.1 million year-to-date. That is caused by general building repairs taking longer than expected, increased event activity, scheduling delays and some projects require further planning and are being deferred.
- Electrical utilities are under budget this month, but the year-to-date overage is declining because staff has seen a favorable trend the last few months with utilities. If that trend continues, we will end up closer to budget rather than the overages we have experienced in the past. Staff believes we may have an opportunity to improve the manner in which the monthly spread is completed within the budget so staff will be reviewing that matter more closely.
- Non-operating revenue continues to outperform budget with interest and investment income and that is mainly due to the higher cash reserves that the Corporation has had.
- The Corporation budgeted for an overall year-to-date net operating loss of \$3.3 million but the actual year-to-date has a net operating income of \$932,000 so the Corporation is seeing a favorable variance to budget of \$4.26 million.
- The Corporation continues to meet its required debt service payments and have spent \$4.1 million year-to-date from the Corporation's reserve fund on capital assets.
- The Corporation is expecting some planned FY2024 capital asset expenditures to roll into FY2025 due to extended lead times.
- As of March, the unrestricted reserves balance remains at approximately \$27.8 million so the Corporation is finishing March in a very strong position.

Chair Gattas inquired if any member of the public wished to comment on Agenda Item (3.B.1). No members of the public responded to the request for comment.

Chair Gattas noted this item requires no vote since it is an informational item.

(2) Authorization to Approve Placement of Property and Casualty Insurance through the Brokerage Services of Marsh & McLennan, LLC.

Chair Gattas called for a staff report regarding this item. Michael Milligan, H.R. Executive Director, presented this staff report in Ms. Mattix's absence. After staff submitted its report, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (3.B.2). No members of the public responded to the request for comment.

After presentations by Staff, Directors Rodriguez-Kennedy and VanDiver moved and seconded, respectively, to Approve Placement of Property and Casualty Insurance through the Brokerage Services of Marsh & McClennan, LLC at a cost of \$1,616,846.

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

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

C. Sales & Marketing Committee (Shawn VanDiver)

Director VanDiver reported the Sales & Marketing Committee met this month and they reviewed the long- and short-term sales updates and discussed the status of the SDTA Program of Work. Things are going well between the entities.

Andy Mikschl, Executive VP-Sales, provided the following short-term sales update:

- The short-term sales team booked six events in March, and they are still adhering to the sales strategy of focusing on events that are going to drive significant revenues and room nights.
- The Festival of Biologics just rebooked a future event after recently holding an event at the Center. This was a great first-time event which staff is attempting to renew on a regular rotation basis.
- Advanced Therapies Week is a new event for February of 2026. This event will focus on gene therapies, and it is also a first-time event for San Diego. This event is based in the United Kingdom.
- The booking of these two events is a part of the sales team’s strategy to find relatively smaller events that can be “grown” and turned into annual events that will eventually create a larger impact.
- The short-term team is on track to reach its annual budget goals.
- The Live Well Event, brokered through the County of San Diego, is also returning to the Center later this year for its third consecutive year. This is an event which drives local community attendance into the building.

Mr. Mikschl provided the following report on behalf of SDTA:

- The SDTA team booked three significant events this month. Two years of a “confidential” medical event were booked. This event has been in San Diego before, but they do not wish to divulge the booking at this time.
- Over 275,00 room nights will be generated by those two events.
- The American Academy of Orthopedic Surgeons just rebooked with the Center for 2028. This is a very impactful event to book less than four years out and the event

should generate close to 60,000 room nights. This event was booked at another location and requested dates in San Diego. The local team collaborated with current clients to move events around and secure this very significant event. This event will also be in San Diego in 2025.

- Closing those three events enabled SDTA to reach their annual room night goal.
- There are many more events in the “funnel” that should generate great future bookings.
- The events that have been booked have been doing exceptionally well. The Dermatology event had record attendance and the Association for Cancer Research also achieved record attendance (over 23,000 attendees). Cancer Research will return to San Diego in 2026.
- The event that is in the process of moving in, Tableau Sales Force, is a first-time event that is also doing very well. Food and beverage and other ancillaries are exceeding expectations.
- The “Program of Work” is in its final revision stages and will be presented at the June Sales Committee meeting and June Board meeting. This document is the roadmap for future sales goals and functions in FY 2025.

After staff submitted its reports, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (3.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.

4. President’s Report (Rip Rippetoe)

- Mr. Rippetoe commented on the amount of “truss” work associated with the Tableau event and the impact that amount of truss work has on revenues.
- Smart City Networks has enhanced the Corporation’s “6G” capabilities for WIFI which places the Center technologically ahead of many venues.
- A peaceful demonstration occurred at the Exponential show on Monday. The demonstration had no impact on the event and our in-house security team did a great job overseeing the activity.
- Staff is preparing to present the SDCCC budget to the full City Council on May 7, 2024, during the afternoon session. Staff has held individual meetings with Council staff in advance of the meeting with full Council.
- The Center will be celebrating its 35th anniversary later this year (November). Staff will keep the Board updated on related activities.

5. Chair’s Report (Jeff Gattas)

- Chair Gattas reported that the SDCCC team will have met with every Council office and the Mayor’s Office prior to budget presentation to the full Council on May 7th. Staff is reminding the City about the importance of the Convention Center as it relates to revenue and as it relates to keeping up with our CIP.
- The Council offices have been fairly receptive to the message that staff is delivering; however, there have been no formal commitments of support.
- Chair Gattas, Budget Chair Rodriguez-Kennedy and staff will continue to advocate and meet with the rest of City offices, and they will keep everyone posted if additional support is needed from Directors.
- The next Board meeting is tentatively scheduled for June 26, 2024, at Noon.

- Director Rodriguez-Kennedy commended staff for putting together the presentation for Council and also for helping to frame the reality of the Corporation’s current financial situation and the disproportionate impact budget cuts will have on the Center. Director Rodriguez-Kennedy also commended Chair Gattas for his effectiveness as a “closer” at the Council presentations.
- Director Gattas noted that given the current climate vis-à-vis public protests, staff should be a little more vigilant with regards to who our guests are in the building over the coming months. The goal is to maintain a safe environment for our guests and visitors. Mr. Rippetoe discussed some of the measures staff take to ensure safety of guests.

After Chair Gattas submitted his report, he 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. **Board Comment** [Govt. Code § 54954.2(a) (2)] – Director Rodriguez-Kennedy commented on a pending union measure to increase the minimum wage salaries of hospitality workers to \$25 per hour. Director Rodriguez-Kennedy would like to hold future discussions regarding the impact that initiative may have on the Center should it pass City Council.
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 12:39 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 April 24, 2024, and that said minutes were approved by the Board of Directors on June 26, 2024.

[Approved at Board Meeting of June 26, 2024]
Alyssa Turowski, Secretary