

Agenda Item 3.A

MINUTES* SAN DIEGO CONVENTION CENTER CORPORATION THE BOARD OF DIRECTORS

BOARD MEETING OF JUNE 26, 2024

BOARD MEMBERS PRESENT: Vice-Chair Shawn VanDiver and Directors Will Rodriguez-Kennedy, Jaymie Bradford, Alyssa Turowski and Gretchen Newsom

BOARD MEMBER(S) ABSENT: Chair Jeff Gattas and Director Sam Nejabat

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

Vice-Chair Shawn VanDiver 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 VanDiver then called roll to determine which Directors were present:

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

All Directors were recorded as present except Chair Jeff Gattas and Director Will Rodriguez-Kennedy and Director Sam Nejabat. Vice-Chair VanDiver noted that all votes taken during this meeting would be recorded via roll call vote.

2. **Non-Agenda Public Comment** – Vice-Chair VanDiver 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 April 24, 2024, and “Special” Board Meeting of May 22, 2024**

B. **Approval to Set Additional Regular Board of Director Meetings in July and August of 2024 and Authorization for Process to Cancel Regular Board Meetings When Needed**

Vice-Chair VanDiver 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 VanDiver 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 Newsom and Bradford moved and seconded, respectively, to approve the Consent Agenda as set forth hereinabove.

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

Vote: Unanimous

AYES: 4

NAYS: 0

ABSTENTIONS: 0

4. **Closed Session:** The Board entered into closed session at 12:03 p.m. to discuss the items set forth below.

A. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

- Property: 825 Energy Way, Chula Vista, CA 91911**
- Agency negotiator: (President & CEO/CFO/COO/General Counsel)**
- Negotiating parties: Ecology Auto Parts, Inc.**
- Under negotiation: Price and Terms of Payment**

The Board returned to open session at 12:36 p.m.

Reporting out of closed session, General Counsel Lyon reported that the Board discussed item “4.A,” and no reportable action was taken. General Counsel Lyon also reported the following:

- Director Will Rodriguez-Kennedy arrived at the meeting at 12:05 p.m. and participated in the Closed Session.
- The Board approved the business purpose for the negotiations on a lease with the property as listed on the Board Agenda and the parties as listed on the Board Agenda for a marshaling yard for Convention Center purposes.
- Direction was given to negotiators.

5. Action Item(s):

A. Budget Committee (Will Rodriguez-Kennedy)

(1) Chief Financial Officer Update

CFO Mardeen Mattix reported:

- Financial statements were not submitted to the Board this month because they had not been finalized by staff; however, Ms. Mattix does have a draft of the financial statements and would like to report on the following items:
- Through May, the Corporation’s revenues are continuing to surpass budgetary expectations.
- There was a slight set-back from a Food & Beverage commissions standpoint. One of the events that was contracted a few years ago ended up being purchased by a different company which subsequently changed their business model. The event was a corporate event which should have yielded great revenues to the bottom-line and although it still yielded good revenues to the bottom line, the event was not as lucrative as it could have been or what the team planned on compared to the type of event it was in the past.
- The culinary Food & Beverage team continued to negotiate along with SDTA and the Corporations Sales team to see what the team could do in the future to try to win back some of that potential business; however, you will notice that when we produce these financials next month at the next Board meeting, that there was a loss for the month for Food & Beverage compared to what was budgeted.
- The Corporation is still \$2.5 million better than budget year-to date.
- The Corporation is on target with expenses with the exception of utilities. We believe that our utilities will end up being \$400,000 over budget. We have already accounted for this overage in the projections, but that figure is still better than where we thought we were going to be at the beginning of the year when the expenses looked wildly out of sync. We believe we have also budgeted appropriately for next year as well.
- Regarding capital, since we took an approach to start scaling back and addressing only critical items, we have delayed or slowed down some of the items that we were working on into next year, so you might see a variance with four days left in the fiscal year – some items are pending delivery and we don’t know if they are going to be received in early July versus arriving within the next four days (prior to the end of the fiscal year). The arrival times of the items will impact what gets booked this year. Overall, we still

have a commitment for these items to come in as a reserve and we are now targeting ending fiscal year 2024 with a reserve balance of \$23.3 million which is \$2.2 million better than the Corporation had budgeted.

Vice-Chair VanDiver inquired if any member of the public wished to comment on Agenda Item (5.A.1). No members of the public responded to the request for comment. There was no Board discussion on this item and Vice-Chair VanDiver noted that no vote was required on this item since it is an informational item only.

(2) Authorization to Approve Revised FY 2025 Budget

Vice-Chair VanDiver called for a staff report regarding this item. After staff submitted its report, Vice-Chair VanDiver inquired if any member of the public wished to comment on Agenda Item (5.A.2). No members of the public responded to the request for comment.

Director Bradford left the meeting at 12:40 p.m.

After presentations by Staff, request for public comment, and for Director discussion, Directors Newsom and Rodriguez-Kennedy moved and seconded, respectively, to Approve the Revised FY 2025 Budget.

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

Vote: Unanimous

AYES: 4

NAYS: 0

ABSTENTIONS: 0

(3) Authorization to Approve Contract for Temporary Labor

Vice-Chair VanDiver called for a staff report regarding this item. After staff submitted its report, Vice-Chair VanDiver inquired if any member of the public wished to comment on Agenda Item (5.A.3). No members of the public responded to the request for comment.

After presentations by Staff, request for public comment, and for Director discussion, Directors Rodriguez-Kennedy and Turowski moved and seconded, respectively, to Approve the Contract for Temporary Labor staffing with People Ready for a not-to-exceed value of \$180,000 as included in the Revised FY2025 Budget.

**Director Gattas – Absent
Director VanDiver – Aye
Director Bradford – Absent**

Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Nejabat – Absent
Director Newsom - Aye

Vote: Unanimous

AYES: 4

NAYS: 0

ABSTENTIONS: 0

B. Audit Committee (Alyssa Turowski)

(1) Authorization to Accept Pension Audit

Vice-Chair VanDiver called for a staff report regarding this item. After staff submitted its report, Vice-Chair VanDiver inquired if any member of the public wished to comment on Agenda Item (5.B.1). No members of the public responded to the request for comment.

After presentations by Staff, request for public comment, and for Director discussion, Directors Newsom and Turowski moved and seconded, respectively, to Authorize Acceptance of the Pension Audit.

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

Vote: Unanimous

AYES: 4

NAYS: 0

ABSTENTIONS: 0

C. Sales & Marketing Committee (Shawn VanDiver)

(1) Authorization to Approve the San Diego Tourism Authority Program of Work

Vice-Chair VanDiver called for a staff report regarding this item. After staff submitted its report, Vice-Chair VanDiver inquired if any member of the public wished to comment on Agenda Item (5.C.1). No members of the public responded to the request for comment.

After presentations by Staff, request for public comment, and for Director discussion, Vice-Chair VanDiver and Director Newsom moved and seconded, respectively, to Approve the San Diego Tourism Authority Program of Work.

Director Gattas – Absent
Director VanDiver – Aye

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

Vote: Unanimous

AYES: 4

NAYS: 0

ABSTENTIONS: 0

D. Executive Committee (Shawn VanDiver)

(1) Strategic Plan Update: Vice-Chair VanDiver invited Mr. Rippetoe to introduce this item.

Mr. Rippetoe reported that staff continues to provide the Board with quarterly updates regarding progress on the Strategic Plan. Since the last update, staff has added milestones and KPIs through the next fiscal year (2025) which will be further refined at the November Board Retreat. The traditional dashboard, which the Board is familiar with, is included in the Board packet. In addition to providing the dashboard, staff will present key highlights of the Plan.

Mr. Rippetoe reminded the Board that the Convention Center’s purpose is to serve as the regions premiere gathering place, hosting conventions that create economic benefit and jobs for the San Diego region paid for by outside visitors to the destination. The imperatives of the Strategic Plan are to Grow and Nurture Culture, Develop a Facility Maintenance and Improvement Program, Refine our Business Model to Ensure Viability, and to Engage the Community.

- **Grow and Nurture Culture – Michael Milligan**

Michael Milligan, Executive Director of Human Resources, reported:

- Our mission is to provide high quality jobs in the community, and we ultimately want to be worthy of a top workplace award nomination. We are striving towards that, and I believe we have made good progress.
- In terms of how we will accomplish this goal, we want to provide a great employee experience by way of offering competitive compensation as well as promotional opportunities, a safe work environment and living our values.
- Starting in fiscal year 2023, we needed to rebuild the H.R. Department, and, from a staffing standpoint, we were operating at 50% capacity. We have progressed from a department of four employees to a fully staffed department of eight employees.
- We also reorganized the functions of staff members in the department. We developed a SWOT analysis, a multi-year strategic roadmap and we worked with communications to

create the new H.R. tagline (“People Focused, Purpose Driven”) and we also relocated the department to a more accessible yet more private area of the building.

- In the current fiscal year, we developed programs on how to hire better staff, how to onboard employees, and how to manage employee relations issues that arise from time to time. We also clarified our “leave of absence” policies so that employees are aware of all leave related options available to them.
- In fiscal year 2025, we plan to complete the performance appraisal program (annual and onboarding reviews for employees). We also plan to develop an employee engagement and DEI program. We are also developing a robust leadership program for all supervisors and above, executive coaching for the C-Suite and succession planning.
- For fiscal year 2026, we will build out our benefits, compensation, and wellness programs.
- Our overall goal is to achieve continuous improvement with all of the initiatives that are enacted over the years.
- KPIs:
 - We currently have 27 vacancies which we hope to reduce to 10 vacancies by July 8.
 - Our time to fill vacancies has been reduced from 63 days in 2022 to 39 days in 2024. We are outperforming benchmark, which is 51 days.
 - Our turnover rate has been reduced by 11% from 36% to 25%.

- **Develop a Facility Maintenance and Improvement Program – Corey Albright**

Corey Albright, Chief Operating Officer, reported:

- Our goals were to (1) reduce reactive repairs and maintenance, (2) increase our engineering and planning efforts and oversee the significant amount of capital renewal that is on the horizon, and (3) to develop a long-term funding strategy to support capital repairs.
- The Engineering and Capital Projects Department was formulated after discussions with the City of San Diego wherein the Corporation agreed to take on the projects and planning related to capital renewal.
- We projected it would take approximately five years to build an internal team and the slide show our successful hires and program implementations to date.
 - FY 2022 – Initial Planning & Vision
 - 12-21: Hired Victoria Mitchell as Director of Planning and Development
 - 4-22: Promoted Corey Albright to COO
 - 4-22 Hired Project Engineer (Civil)
 - 5-22: Facility Condition Assessment Completed

- 10-22: Formally created Engineering and Capital Projects Department
 - FY 2023 – Core Team Recruitment and Formation
 - 3-23: Hired 3 Maintenance Supervisors
 - 3-23: Hired Procurement Analyst (to support increase in volume/complexity of projects)
 - 6-23: Hired Mechanical Engineer
 - 6-23: Hired Procurement Analyst (to support increase in volume/complexity of projects)
 - 7-23: Hired Electrical Engineer
 - 12-23 Hired Project Administrator
 - 12-23: Contracted for Digitizing of Building Drawings (Ongoing)
 - FY 2024 – Foundational Initiatives & Procedural Development
 - 2-24: Hired Project Control Analyst
 - 3-24: Implemented New Work Order System (CMMS)
 - 6-24: Hired Engineering Manager
 - FY 2025 our next steps are to ensure that we have the right processes and internal control mechanisms in place as well as team expansion and process optimization indicated on the slide. We also plan to establish a Change Control Board to address change orders and an Emergency Project Control Board.
 - 1-25: Audit building assets and establish replacement priorities
 - 3-25: Update and enforce building regulations and procedures to reduce asset damage
 - 5-25: Establish comprehensive procedures for asset maintenance activities, including preventative and reactive measures, to strategically prepare for future asset retirements
- **Refine Business Model to Ensure Financial Viability** – Mardeen Mattix an Andy Mikschl

Andy Mikschl, Executive VP Sales, reported:

- Sales objectives are to: (1) optimize occupancy, (2) generate more revenue for in-house partners, (3) increase gross rental revenue by 20% by changing internal negotiation policies and (4) to optimize allocation of direct event labor.
- Mr. Mikschl showed a slide which compared event booking practices for previous years versus current event booking practices.
- The sales team is focusing on booking business within a five-year period (25%). Past practices only booked 5% of business within a five-year period and booked 20% of business as many as 15+ years into the future. The team is optimizing booking

business in the short-term, which is five to seven years into the future and booking no business outside of thirteen years.

- Ms. Mattix showed a comparison between two types of events (convention-trade and corporate) and how the economic impact of the two types of events ultimately impact the Corporation's bottom line in terms of profitability.

- **Engage the Community** – Maren Dougherty and Juan Reyes

Maren Dougherty, Executive Director of Marketing and Communications, reported:

- The final imperative focuses on strengthening relationships within the community and communicating the Center's purpose and value.
- The Corporation's Communications Department has a five-person communications and design team that advances these objectives along with supporting internal and client communications.
- For FY 2024, the team has increased its focus on video content to tell the stories of our team, our building and the events that are hosted in the Center. The Center is one of, if not the only, buildings across the country that has a commercial, unmanned pilot on our team (drone operator) to really capture the scale of the events that we host as well as the beauty of our location. Having that footage has been extremely helpful for us as well as providing the footage to clients and our partners at SDTA.
- Our social and visual outreach has seen the greatest engagement in views via platforms like LinkedIn, and Instagram, and we are doing more collaboration posts on Instagram which helped to increase our reach on that platform.
- One of our most significant initiatives over the past year was the implementation of our Digital Asset Management System which helps us to easily share photos, videos and files with our clients and partners and colleagues across the organization because sometimes the best and most meaningful way to tell your story is to position others to do so.
- Media highlights included repeatedly telling the story of Comic-Con's economic impact last year because of the interest in the subject due to the Hollywood strike at the time, the lack of celebrity presence and the potential decrease of attendees due to the strike. The event was sold out and the economic impact remained quite significant.
- When the Wall Street Journal named the Center as one of the top five convention centers in the country, that generated significant regional and national subsequent coverage knowing that the ranking was from a reputable paper versus a "pay-to-play" publication. The Center was extremely proud to be included on that list.
- Hosting the PCMA Convening Leaders event in January was another opportunity for the Center to engage industry media as

well as local outlets like the UT. We worked closely with the Tourism Authority on a number of media tours and events as well as a press conference with SDCC and SDTA leaders speaking about what was happening now at the Center and plans for the future.

- On the community relations front, we continue to participate in volunteer activities and lighting our Sails Pavilion in support of “awareness days” and local moments and to support our clients’ community relations efforts. One of the most recent events was for the American Thoracic Society’s tree planting effort in partnership with the Port of San Diego. The Port had already identified an area near Seaport Village that needed tree replenishment due to the winter storms in San Diego and the Thoracic Society’s interest in a tree planning project, with the Society donating materials and labor, aligned with the Port’s needs. It was a successful event, and you can see the results along Embarcadero’s Moreno Park North.
- For FY 2025, the communication team would like to build on what they have been doing in terms of community partnerships. The team plans to increase its targets for quantifiable communication efforts and the team will also work on fine-tuning its efforts to keep clients informed regarding various upcoming capital projects throughout the building and mitigating the impact of those capital projects on events for the clients.
- In response to client interest, the team is also looking into the possibility of incorporating aerial photography and videography into a revenue generating service since we have developed the staff expertise and understand how to obtain the appropriate authorizations from the FAA and the Port.
- The department will also continue to support our internal team with their involvement in industry organizations so we can stay on top of trends and best practices and remain that premiere gathering place. Although we welcome and international audience to those events that we host, quite deliberately so in order to generate that sizeable tax revenue and regional economic impact, we truly want to continue to communicate that we are of San Diego and for San Diego in everything that we do.

After completion of the Strategic Plan Update, Vice-Chair VanDiver inquired if any member of the public wished to comment on Agenda Item 5.D.1. No members of the public responded to the request for comment. This item requires no vote as it was in informational update.

6. President’s Report (Rip Rippetoe)

- Staff has been engaging with the Port of San Diego to get permits needed for the upcoming ESRI and Comic-Con events.
- This industry has become more complex post-pandemic. Almost 70% of people who are leaders of the exhibits that are installed during events are brand new to

their jobs and our staff is constantly reinforcing policy and retraining them to be able to function in a high-quality convention center.

- The Center for Exhibition Industry Research has noted that the amount of net square footage taken up by exhibitor booths is up 3% since the pandemic. Event attendance is 3% below average and although the number of exhibitors are smaller, they are taking up more exhibition space and real revenues for show producers are down.
- The Center appears to be bucking that trend and we continue to be unique. We are aware that we need to continue to create economic impact and we need to continue to try to be able to pay for our capital expenses as much as possible.

After staff submitted their report, Vice-Chair VanDiver 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. Vice-Chair's Report (Shawn VanDiver)

- Vice-Chair VanDiver thanked staff for the Strategic Plan update.
- The next Board meeting is tentatively scheduled for July 9, 2024, at Noon.

After Vice-Chair VanDiver 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)] – Mr. Rippetoe extended an invitation for Board members to join staff at the upcoming Pride Parade.

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 1:30 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 June 26, 2024, and that said minutes were approved by the Board of Directors on August 28, 2024.

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