

**SAN DIEGO CONVENTION CENTER CORPORATION
AUDIT COMMITTEE MEETING
OF THE BOARD OF DIRECTORS**

**Director Allan Farwell, Chair
Director Xema Jacobson
Director Jeff Gattas**

**MONDAY, OCTOBER 19, 2020, 10:00 A.M.
111 W. Harbor Drive, Executive Boardroom
San Diego, California 92101**

AGENDA

**(Meeting to be held via teleconference pursuant to
State of California Executive Order N-29-20)**

**Telephone number for members of the public
to observe, listen, and address the meeting telephonically:
1(888) 251-2909 – Access code is 6724115#**

1. Call to order: Allan Farwell, Chair

2. Non-Agenda Public Comment:

This portion of the agenda provides an opportunity for members of the public to address the Board on items of interest within the jurisdiction of the Board that have not previously been before the Board. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.

3. Approve minutes of September 14, 2020 Audit Committee Meeting

4. Chair's Report

5. Action Item:

**a. Recommendation to Authorize Acceptance of Audited Annual Financial Report
for the Fiscal Year Ended June 30, 2020**

6. Staff Updates:

a. Management Update – Rip Rippetoe

(1) Review Employment of Relative Policy (No. 215)

b. SDCCC Fraud/Complaints Update – Rip Rippetoe

c. Finance Update – Mardeen Mattix

(1) Review of Year- to-Date Financial Variances

7. **Audit Committee Comment** [Govt. Code §54954.2(a)(2)]

Adjournment

This information is available in alternative formats upon request. To request an agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device ("ALD") for the meeting, please call Pat Evans at (619) 525-5131 at least five working days prior to the meeting to ensure availability. **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.**

In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting at the corporation's offices at 111 West Harbor Drive, San Diego, CA. Materials distributed to the board after the posting of this agenda also will be available. Please contact Pat Evans at (619)525-5131 or pat.evans @ visitsandiego.com if you would like to pick up a copy of any material related to an item on this agenda.

Action items on this agenda may be consolidated for voting purposes into a single vote of the Board, to the extent they are routine or otherwise do not require further deliberation. A Board member may comment on an action item before it is voted upon as part of the consolidated vote; however, if a Board member wishes to discuss an action item, that item will not be included in the consolidated vote. If a member of the public wishes to comment upon an action item, they should so advise the Board chair at or before the public comment portion of the meeting, in which case that item will not be included in any consolidated vote.

Agenda Item 3

MINUTES

**SAN DIEGO CONVENTION CENTER CORPORATION
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

**MONDAY, SEPTEMBER 14, 2020, 1:00 P.M.
111 W. Harbor Drive, 2nd Floor, Executive Boardroom
San Diego, California 92101**

**Director Allan Farwell, Chair
Director Xema Jacobson
Director Jeff Gattas**

**BOARD MEMBERS
PRESENT:**

Chair Allan Farwell and Director Xema Jacobson

**BOARD MEMBERS
ABSENT:**

Director Jeff Gattas

STAFF PRESENT:

Rip Rippetoe, Mardeen Mattix, Karen Totaro, Anastasia Rollins
and Pat Evans (Recorder)

ALSO PRESENT:

Peter George and Miyuki Freeman of Macias, Gini & O'Connell,
LLP

1. Call to Order:

Chair Allan Farwell called the meeting to order at 1:06 p.m. in the Executive Conference Room of the San Diego Convention Center Corporation, San Diego, California. All of the Committee members were present except Director Gattas.

Chair Farwell announced that since this meeting is being conducted via teleconference, the first action is to perform a roll-call to determine which Board members are present on this call.

Director Jacobson - Present
Director Gattas - Absent
Director Farwell - Present

All votes taken at today's meeting will be recorded via roll-call vote.

2. **Non-Agenda Public Comment – None**

3. **Approve minutes of Audit Committee Meeting of June 15, 2020.**

Directors Jacobson and Farwell moved and seconded, respectively, to approve the minutes of the meeting of June 15, 2020.

Director Jacobson - Aye

Director Gattas - Absent

Director Farwell - Aye

Vote unanimous.

4. **Chairs Report: None**

5. **Discussion Item(s):**

a. **Financial Audit Timeline, New Partner Expectations and Scheduled Audit**

Mardeen Mattix, CFO, introduced the new audit partner from Macias, Gini & O'Connell ("MGO"), Peter George. Mr. George is replacing Kevin Starkey who served in that capacity for five years. Ms. Mattix also introduced Miyuki Freeman, staff contact for MGO and Anastasia Rollins, SDCCC Accounting Director. Ms. Rollins is responsible for overseeing completion of the annual audit with Mr. George and Ms. Freeman.

Mr. George provided an overview of his professional background within the industry and he also noted that California law required that audit partners be replaced every five years. Mr. George then reviewed the correspondence dated September 4, 2020 which was forwarded to the Audit Committee and the Board of Directors. The intent of the letter was to communicate certain matters related to the planned scope and timing of MGO's audit of SDCCC relating to basic financial statements for the year ended June 30, 2020.

Mr. George reported the following:

- **Timeline** – The timeline hasn't changed from years past. MGO staff is in the process of performing the audit field work. The field work started last week and as matters are progressing well with the SDCCC team, MGO staff anticipates completing the work either this week or early next week. Since the audit work is being performed virtually, Ms. Mattix and Ms. Rollins are working closely with the MGO team to ensure they have everything they need to complete the audit.
- The letter submitted to the Audit Committee and the Board is a standard communication that MGO is required to provide to all audit clients. The

letter establishes the audit approach and the audit planning so the Audit Committee is aware of the overall game plan on the audit. MGO would like to establish a dialogue with the Audit Committee regarding any concerns that the Committee may have (fraud, risk, etc.) as the audit gets underway.

- Mr. George asked if the Committee Directors had any concerns they would like to discuss; however, Mr. Rippetoe recommended that the concerns be addressed in private interviews with Directors in order to protect any confidential information.
- Director Jacobson asked how the audit would be performed since the Corporation was effectively shut down for six months. Mr. George replied that the Corporation's financial statements would be reviewed from July 1, 2019 through June 30, 2020. Since the advent of COVID in March, there will be fluctuations in revenues and expenses and MGO staff will be working closely with SDCCC management to ensure that they have the most accurate information available represented in the financials.

Since COVID has impacted SDCCC's ability to host events, MGO will assess the "going concern" status of SDCCC. MGO will assess any potential impact to SDCCC sustaining and continuing to be a going concern. If there is an impact, MGO is required under their professional standards to disclose that information in its audit opinion. It doesn't change the opinion MGO gives, and they anticipate giving SDCCC a "clean" opinion on the health and accuracy of the financial statements; however, MGO is required to add an additional paragraph emphasizing the potential doubt of a going concern status. MGO will make reference in a footnote that is going to be added to the financial statements, that they will work closely with Management on, that will address the Corporation's management plan on what SDCCC's goals are between now, and twelve months from now, to stay as a going concern. Discussions with Management have determined that there on ongoing discussions with the City for assistance. The Corporation also obtained PPP loans in May of last year which are being utilized this year and SDCCC is also receiving funds from the CARES Act to subsidize shelter operations. The footnote will contain information regarding how SDCCC will survive and maintain its core services until such time as events resume. This information will be the primary difference SDCCC will see with its financials this year.

6. Staff Updates:

- a. **SDCCC Fraud/Complaints Update** – Mr. Rippetoe reported that SDCCC received no fraud complaints; however, the complaint line did receive a call related to the theft of janitorial supplies. An investigation is pending but there doesn't appear to be any credence to the accusation. Contingency planning is continuing

and the planning entails more lay-offs and cost-cutting. More details will be provided at the next Board meeting.

b. Finance Update – Ms. Mattix reported the following:

- Staff is in the process of wrapping up the audit and it appears that SDCCC's ending reserve balance was \$3.4 million (slightly higher than the required minimum).
- Once the PPP loan is exhausted, SDCCC can apply for loan forgiveness. Once forgiveness is obtained, SDCCC will receive \$4.4 million to increase the reserves. The forgiveness will take place by the end of this month and SDCCC should be able to book the funds as a credit in either October or November. In the meantime, SDCCC is facing significant operational losses.
- SDCCC isn't expecting any event of significance until March, 2021. If the shelter closes as anticipated in October, SDCCC is facing a \$9 million operational loss. Staff will be working with auditors and the City regarding the "going concern" statement and Staff will formally be requesting funding from the City.
- For the first two months of this fiscal year, SDCCC is slightly over-budget due a timing issue with the delivery of chairs and trash cans. Those items were approved and budgeted for last year but hit this year's budget due to a supply chain slow-down.
- SDCCC has had a significant Workers' Compensation claim and unemployment is also much higher than anticipated. Staff has discovered that the CARES Act will cover one-half of SDCCC's unemployment claims.
- In response to Chair Farwell's inquiry regarding availability of additional funds, Ms. Mattix responded that if an additional stimulus bill is passed, SDCCC will apply for funds (after loan forgiveness).

7. Audit Committee Comment: Director Jacobson thanked the staff for their continued efforts.

There being no further business, the meeting adjourned at 1:27 p.m.

CERTIFICATION

I, Allan Farwell, Chair of the Audit Committee of the Board of Directors of 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 Audit Committee of the Board of Directors of the San Diego Convention Center Corporation, Inc. at a duly noticed meeting held on September 14, 2020.

Allan Farwell, Audit Committee Chair

Agenda Item 5.a

SAN DIEGO CONVENTION CENTER CORPORATION

(A Component Unit of the City of San Diego,
California)

2020 Annual Financial Report

As of and for the Year Ended June 30, 2020

SAN DIEGO CONVENTION CENTER CORPORATION
(A Component Unit of the City of San Diego, California)
2019 Annual Financial Report
As of and for the Year Ended June 30, 2020

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Independent Auditor's Report

To the Board of Directors
San Diego Convention Center Corporation
City of San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Diego Convention Center Corporation (SDCCC), a component unit of the City of San Diego, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the SDCC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Diego Convention Center Corporation as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, SDCCC has suffered recurring losses from operations due to the COVID-19 pandemic and resulting government actions including State of California mandated shelter in place executive orders limiting social gatherings. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 11. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of SDCCC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDCCC's internal control over financial reporting and compliance.

San Diego, California
October 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS



San Diego Convention Center Corporation
Management's Discussion and Analysis
(Unaudited)

As management of the San Diego Convention Center Corporation ("SDCCC"), we offer readers of SDCCC's financial statements this narrative overview and analysis of the financial activities of SDCCC for the years ended June 30, 2020 and 2019, respectively. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those statements appearing in this report.

Overview of the Financial Statements

This discussion and analysis is to serve as the introduction to SDCCC's basic financial statements. We report our financial information using accounting methods similar to those used by private-sector companies. These statements offer short-term and long-term financial information about its activities.

The Statement of Net Position presents information on all SDCCC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2020. The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of SDCCC is improving or deteriorating. SDCCC did not have any deferred outflows or deferred inflows of resources as of June 30, 2020.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing changes in SDCCC's net position during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused paid time off).

The Statement of Cash Flows presents information showing cash receipts and cash payments during the fiscal year, a reconciliation of operating income to net cash provided by operating activities, investing activities, and financing activities.

Highlights to Financial Results

In March 2020, the World Health Organization declared coronavirus COVID-19 (COVID-19) a global pandemic. The outbreak of COVID-19 resulted in government actions including the State of California issuing mandated shelter in place executive orders limiting social gatherings have had an unprecedented and significantly negative impact on SDCCC's financial position for the fiscal year ended June 30, 2020 and into fiscal year 2020-2021 including a decrease of operating revenue of \$13.4 mil for the year ended June 30, 2020 as compared to the year ended June 30, 2019. On April 1, 2020, the City of San Diego (the City) exercised its authority to use SDCCC as a temporary homeless shelter as a collective effort to alleviate the threat of illness caused by the outbreak. In addition to revenue generation being negatively impacted, certain expenses were reduced during closure, including payroll reductions through furloughs, layoffs and salary reductions and draw down of paid time off balances. However, where feasible, agreements were made with vendors to suspend contracts and services during the period of closure. In addition, to preserve cash during the closure period, SDCCC reduced capital project spending and slowed the payment of accounts payable and accrued expenses.

San Diego Convention Center Corporation
Management's Discussion and Analysis
(Unaudited)

Management Financial Statement Analysis

The following is a summary of SDCCC's assets, liabilities and net position as of June 30, 2020 and 2019.

| | June 30, 2020 | June 30, 2019 | Percentage Increase (Decrease) |
|---|----------------------|----------------------|--------------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 12,234,853 | \$ 13,431,435 | -9% |
| Investments | 4,839,943 | 5,192,973 | -7% |
| Accounts receivable, net | 3,909,084 | 10,042,653 | -61% |
| Prepaid expenses | 999,913 | 809,375 | 24% |
| Deposits with others | 181,393 | 182,688 | -1% |
| Inventory | 57,271 | 38,416 | 49% |
| Note receivable | 374,556 | 374,556 | 0% |
| Capital assets, net | 38,442,410 | 37,447,780 | 3% |
| Total assets | <u>\$ 61,039,423</u> | <u>\$ 67,519,876</u> | -10% |
| Liabilities | | | |
| Accounts payable | \$ 2,110,082 | \$ 1,637,584 | 29% |
| Accrued liabilities and compensated absences | 3,154,401 | 3,287,468 | -4% |
| Accrued I-Bank interest and loan administrative fee | 438,600 | 451,563 | -3% |
| Loan payable: PPP | 4,387,000 | - | -- |
| Retention payable | 260,777 | 455,549 | -43% |
| Unearned income | 4,188,487 | 5,071,266 | -17% |
| Current portion of long-term debt | 760,448 | 734,170 | 4% |
| Long-term portion of unearned income | 3,094,968 | 3,996,719 | -23% |
| Long-term debt | 24,013,621 | 24,774,070 | -3% |
| Total liabilities | <u>42,408,384</u> | <u>40,408,389</u> | 5% |
| Net position | | | |
| Net investment in capital assets | 15,166,171 | 13,437,410 | 13% |
| Unrestricted | 3,464,868 | 13,674,077 | -75% |
| Total net position | <u>18,631,039</u> | <u>27,111,487</u> | -31% |
| Total liabilities and net position | <u>\$ 61,039,423</u> | <u>\$ 67,519,876</u> | |

Assets

Total assets for fiscal year 2020 decreased by \$6.5 million, or 10%, to \$61 million as compared to \$67.5 million for fiscal year 2019. The decreases were primarily due to a decrease in accounts receivable, net of \$6.1 million, or 61%, along with a decrease in cash and cash equivalents of \$1.2 million or 9%. The net decrease in receivables was related to reduced billing as a result of suspension of core operations in mid-March due to the COVID-19 pandemic.

Liabilities

Total liabilities for fiscal year 2020 increased by \$2 million, or 5%, to \$42.4 million as compared to \$40.4 million for fiscal year 2019. The reason for the increase in liabilities was the receipt of a \$4.4 million loan as part of the Paycheck Protection Program (PPP) to fund eligible expenses (see note 5). The change was offset by decreases in unearned income (total of \$1.8 million or 25%) and long term debt (\$0.8 million or

San Diego Convention Center Corporation
Management's Discussion and Analysis
(Unaudited)

3%). The decrease in unearned income relates to decreased receipts for future dated events due to the temporary closure of the site for hosting events. The long-term debt decrease reflects the principal payment made in August of 2019.

Net Position

Total net position for fiscal year 2020 decreased by \$8.5 million, or 31%, to \$18.6 million as compared to \$27.1 million for fiscal year 2019.

San Diego Convention Center Corporation
Management's Discussion and Analysis
(Unaudited)

The following table summarizes SDCCC's changes in net position for the years ended June 30, 2020 and 2019.

| | Year ended 6/30/2020 | Year ended 6/30/2019 | Percentage Increase (Decrease) |
|---|-------------------------|-------------------------|--------------------------------------|
| Operating revenues | | | |
| Rental | \$ 6,816,666 | \$ 9,598,718 | -29% |
| Food and beverage | 9,110,975 | 12,582,126 | -28% |
| Ancillary services | 11,530,600 | 19,064,720 | -40% |
| Contributions from the City of San Diego | 2,641,237 | 2,133,025 | 24% |
| Business development and sponsorship | 249,979 | 394,650 | -37% |
| Other revenue | 20,638 | 21,695 | -5% |
| Total operating revenues | 30,370,095 | 43,794,934 | -31% |
| Operating expenses | | | |
| Salaries and wages | 17,694,181 | 18,247,837 | -3% |
| Fringe benefits | 4,772,451 | 5,731,579 | -17% |
| Utilities | 3,808,531 | 4,419,035 | -14% |
| Services and supplies | 7,440,153 | 7,433,082 | 0% |
| Depreciation | 3,020,892 | 2,668,843 | 13% |
| Marketing contract | 2,133,025 | 2,081,000 | 3% |
| Total operating expenses | 38,869,233 | 40,581,376 | -4% |
| Operating income | (8,499,138) | 3,213,558 | -364% |
| Non-operating revenues (expenses) | | | |
| Interest income | 228,199 | 279,158 | -18% |
| Interest expense | (891,362) | (900,623) | -1% |
| Loan administrative fee | (74,487) | (70,125) | 6% |
| Loss on sales of disposal of capital assets | - | (344,977) | -100% |
| Other income | 756,340 | 742,539 | 2% |
| Total non-operating revenue (expenses), net | 18,690 | (294,028) | -106% |
| Income before capital contributions | (8,480,448) | 2,919,530 | -390% |
| Capital contributions | - | 700,000 | -100% |
| Change in net position | (8,480,448) | 3,619,530 | -334% |
| Net position - beginning of year | 27,111,487 | 23,491,957 | 15% |
| Net position - end of year | \$ 18,631,039 | \$ 27,111,487 | -31% |

Operating Revenue

Total operating revenues generated in fiscal year 2020 amounted to \$30.4 million as compared to \$43.8 million for fiscal year 2019, a decrease of \$13.4 million, or 31%. The change was primarily the result of reduced event activity due to business suspension in mid-March as a result of COVID-19 precautions.

San Diego Convention Center Corporation
Management's Discussion and Analysis
(Unaudited)

Operating Expenses

Total operating expenses incurred during fiscal year 2020 amounted to \$38.9 million, as compared to \$40.6 million for fiscal year 2019, a decrease of \$1.7 million, or 4%. The change was primarily the result of salary and wages decreases of \$0.6 million, or 3%, due to reductions in staff to mitigate losses from the suspension of core business in mid-March. Additionally, related fringe benefits decreased by \$1 million, or 17%. Depreciation expense increased by \$0.4 million, or 13%, compared to prior year - due to additional capitalized projects placed in service in the prior year. Additionally, utility costs decreased by \$0.6 million, or 14% due to reduced usage with suspended event activity.

Non-operating Revenue and Expenses, net

Non-operating revenues, net for fiscal year 2020 were \$19 thousand as compared to non-operating expenses, net of \$0.3 million for fiscal year 2019, an increase of \$0.3 million. The change was due the lack of losses incurred from disposal of assets (write-offs resulting from a policy change) as compared to the prior year.

Capital Assets Analysis

As of June 30, 2020, SDCCC had a capital asset book value of \$38.4 million, net of accumulated depreciation of \$32.5 million as compared to \$37.4 million as of June 30, 2019, an increase of \$1 million, or 3%. Capital assets are spread across a broad range of computer, office and operating equipment, telecommunications and leasehold improvements. The gross value of capital purchases in fiscal year 2020 of approximately \$4 million was similar to fiscal year 2019 additions.

Major capital asset additions during fiscal year 2020 included:

- \$1.8 million for lobby and public area carpet modernization
- \$0.5 million for rooftop air handlers
- \$0.4 million for public space painting
- \$0.3 million for proximity lock replacement

Debt Analysis

Effective December 6, 2016, SDCCC and the City of San Diego, as co-lessees entered into a financing lease agreement with the I-Bank to finance capital infrastructure improvement projects valued at \$25.5 million ("Facility Fund"). The agreement calls for the Facility Fund to be amortized over 25 years at a 3.59% interest rate and 0.3% loan administrative fee of the outstanding principal balance. As of June 30, 2020, SDCCC had outstanding balance of \$24.5 million, of which a total of \$1.3 million (including principal, interest, and loan administrative fee) was repaid in July 2020.

Effective April 15, 2013, SDCCC entered into a commercial lease agreement with CG 7600, LLC to finance a warehouse capital improvement for SDCCC valued at \$21,972 with an option to extend. The agreement calls for the loan to be amortized over 10 years at zero percent interest. SDCCC exercised its option to extend for an additional five years effective April 1, 2018. For the year ended June 30, 2020, SDCCC paid \$2,197 in principal payments on the warehouse loan.

San Diego Convention Center Corporation
Management's Discussion and Analysis
(Unaudited)

In April 2020, SDCCC was approved for a \$4.4 million loan through the PPP to assist with expenses resulting from the COVID-19 pandemic. As long as the proceeds are used for eligible expenses including payroll, benefits, rents and utilities, the loan principal and accrued interest may be forgiven. SDCCC has applied for and anticipates this forgiveness to occur in FY 2020-2021.

Economic Factors and Next Year's Budget

Operational contributions from the City for fiscal year 2020 were \$2.6 million as compared to \$2.1 million for fiscal year 2019, an increase of \$0.5 million. As described in Note 7, contributions from the City funded marketing and promotion projects for the convention center. The additional \$0.5 million funded the portion of the shelter operation not covered by the loan obtained from the Paycheck Protection Program.

Effective July 1, 2012, the San Diego City Council approved for the long-term sales, marketing and promotional activities of the convention center to be transferred to a third party contractor, the San Diego Tourist Authority ("SDTA"). Effective July 1, 2017, SDCCC entered into a marketing and sales contract with SDTA. The marketing and sales contract was renegotiated and approved by City Council detailing the terms set forth by the City. For the year ended June 30, 2020, SDCCC paid \$2.1 million to SDTA under the marketing and sales contract.

Management is anticipating a sizable decrease in financial performance for fiscal year 2021 as compared to fiscal year 2020 as a result of the government actions taken due to the COVID-19 pandemic, with the expectation of re-opening for events not occurring until spring. Budget revisions continue to occur as new information emerges, with the most recent budget revision scheduled for approval in October 2020. SDCCC anticipates support from the City of approximately \$2.3 million per month for as long as the shelter operation continues (end date is yet to be determined). See note 11 for further discussion.

Request for Information

This financial report is designed to provide a general overview of SDCCC's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Vice President & CFO at the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

BASIC FINANCIAL STATEMENTS

San Diego Convention Center Corporation
Statement of Net Position
June 30, 2020

Assets

Current assets:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 12,234,853 |
| Investments | 4,839,943 |
| Accounts receivable, net | 2,909,084 |
| Prepaid expenses | 999,913 |
| Deposits with others | 181,393 |
| Inventory | 57,271 |
| Total current assets | <u>21,222,457</u> |

Noncurrent assets:

| | |
|-----------------------------------|---------------------|
| Accounts receivable | 1,000,000 |
| Note receivable | 374,556 |
| Capital assets: | |
| Construction in progress | 149,845 |
| Furniture, equipment and software | 6,010,689 |
| Leasehold improvements | 64,751,970 |
| Less: Accumulated depreciation | <u>(32,470,094)</u> |
| Total capital assets, net | <u>38,442,410</u> |
| Total non-current assets | <u>39,816,966</u> |

Total assets \$ 61,039,423

Liabilities

Current liabilities:

| | |
|---|-------------------|
| Accounts payable | \$ 2,110,082 |
| Accrued liabilities | 1,976,595 |
| Accrued I-Bank interest and loan administrative fee | 438,600 |
| Loan payable: PPP | 4,387,000 |
| Retention payable | 260,777 |
| Unearned income | 4,188,487 |
| Compensated employee absences | 1,177,806 |
| Current portion of long-term debt | 760,448 |
| Total current liabilities | <u>15,299,795</u> |

Noncurrent liabilities:

| | |
|--------------------------------------|-------------------|
| Long-term debt | 24,013,621 |
| Long-term portion of unearned income | 3,094,968 |
| Total noncurrent liabilities | <u>27,108,589</u> |
| Total liabilities | <u>42,408,384</u> |

Net position

| | |
|----------------------------------|--------------------------|
| Net investment in capital assets | 15,166,171 |
| Unrestricted | 3,464,868 |
| Total net position | <u><u>18,631,039</u></u> |

See accompanying notes to the Basic Financial Statements.

San Diego Convention Center Corporation
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

| | |
|--|-----------------------------|
| Operating revenues | |
| Rental revenue: | |
| Convention and trade shows | \$ 4,848,124 |
| Corporate/incentive events | 433,279 |
| Consumer shows | 641,055 |
| Meetings and seminars | 237,591 |
| Cancelled events | 374,810 |
| Community events | 182,835 |
| Local trade shows | 98,972 |
| Food and beverage revenue | 9,110,975 |
| Ancillary service revenue: | |
| Utilities | 3,836,062 |
| Telecommunications | 3,702,250 |
| Event and cleaning services | 3,182,992 |
| Audio visual | 809,296 |
| Contributions: | |
| City of San Diego | 2,641,237 |
| Business development and sponsorship | 249,979 |
| Other revenue | 20,638 |
| Total operating revenues | <u>30,370,095</u> |
| Operating expenses | |
| Salaries and wages | 17,694,181 |
| Fringe benefits | 4,772,451 |
| Utilities | 3,808,531 |
| Repairs and maintenance | 2,631,840 |
| General expenses | 2,833,586 |
| Depreciation | 3,020,892 |
| Contractual marketing and sales | 2,133,025 |
| Contracted services | 661,557 |
| Supplies | 562,819 |
| Insurance | 495,616 |
| Sales and marketing | 107,859 |
| Travel and transportation | 91,180 |
| Telecommunications | 55,696 |
| Total operating expenses | <u>38,869,233</u> |
| Operating loss | <u>(8,499,138)</u> |
| Non-operating revenues (expenses) | |
| Interest income | 228,199 |
| Interest expense | (891,362) |
| Loan administrative fee | (74,487) |
| Other income | 756,340 |
| Total non-operating revenues, net | <u>18,690</u> |
| Income before capital contributions | <u>(8,480,448)</u> |
| Change in net position | (8,480,448) |
| Net position - beginning of year | <u>27,111,487</u> |
| Net position - end of year | <u><u>\$ 18,631,039</u></u> |

See accompanying notes to the Basic Financial Statements.

San Diego Convention Center Corporation
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flows from operating activities

| | |
|---|------------------|
| Receipts from customers | \$ 32,834,237 |
| Payments to suppliers for goods and services | (13,341,301) |
| Payments to employees for services | (22,564,587) |
| Contributions received from the City of San Diego | 2,641,237 |
| Net cash provided by operating activities | <u>(430,414)</u> |

Cash flows from capital and related financing activities

| | |
|---|--------------------|
| Acquisition and construction of capital assets | (4,034,377) |
| PPP Loan funds obtained | 4,387,000 |
| Repayment of long-term debt | (734,171) |
| Interest and loan administrative fee paid on long-term debt | (965,849) |
| Net cash used in capital and related financing activities | <u>(1,347,397)</u> |

Cash flows from investing activities

| | |
|---|----------------|
| Sales of short term investments | 353,030 |
| Interest received | 228,199 |
| Net cash provided by investing activities | <u>581,229</u> |

| | |
|---|-------------|
| Change in cash and cash equivalents | (1,196,582) |
| Cash and cash equivalents - beginning of year | 13,431,435 |

| | |
|--|-----------------------------|
| Cash and cash equivalents - end of year | <u>\$ 12,234,853</u> |
|--|-----------------------------|

See accompanying notes to the Basic Financial Statements.

San Diego Convention Center Corporation
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2020

| | |
|---|---------------------|
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | \$ (8,499,138) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 3,020,892 |
| Other income | 756,340 |
| Changes in operating assets and liabilities: | |
| Increase in receivables | 6,133,569 |
| Increase in prepaid expenses | (190,538) |
| Increase in deposits with others | 1,295 |
| Decrease in accounts payable | 472,498 |
| Increase in compensated employee absences | (179,466) |
| Increase in accrued liabilities | 46,399 |
| Decrease in unearned income | (1,784,530) |
| Changes in long-term assets and liabilities | (207,735) |
| Net cash provided by operating activities | <u>\$ (430,414)</u> |
| Noncash capital and financing activities | |
| Acquisition of capital assets included in accounts payable and accrued liabilities | 86,253 |

See accompanying notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1. REPORTING ENTITY

San Diego Convention Center Corporation (SDCCC) is a not-for-profit public benefit corporation originally organized to market, operate and maintain the San Diego Convention Center (Convention Center).

SDCCC acts in accordance with its By-Laws, the City of San Diego's (City) Charter, and the City's Municipal Code. The City is the sole member of SDCCC and appoints seven voting members to the Board of Directors of SDCCC. Since the City appoints the voting members of the Board of Directors of SDCCC and is able to impose its will on the SDCCC, the City, as the primary government, is financially accountable for SDCCC. In accordance with Government Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units - An amendment of GASB Statement No.14*, which was effective July 1, 2016, SDCCC is a blended component unit of the City.

The Convention Center was constructed by the San Diego Unified Port District (District) on land owned by the District. Construction was completed in the fall of 1989 and the Convention Center opened in November 1989. An expansion of the Convention Center that roughly doubled the size of the facility was constructed by the City and completed in September 2001. The City has an agreement with the District to manage the Convention Center.

SDCCC has a management agreement with the City to provide sales and marketing, operating and maintenance services for the Convention Center. The agreement provides that the City will allocate to SDCCC approved budgetary amounts for marketing, promotion and capital projects for the Convention Center (refer to Note 6).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Measurement Focus

The financial transactions of SDCCC are accounted for on the accrual basis under which revenues are recognized as earned and expenses are recognized as incurred. SDCCC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing event meeting space, goods and services in connection with SDCCC's principal ongoing operations. SDCCC's principal operating revenues include event meeting space rental revenues, food and beverage commissions, event and cleaning service revenues, other ancillary service revenues and contributions from the City that are used to fund marketing, promotion and capital projects. SDCCC's principal operating expenses includes salaries and wages, fringe benefits, utilities, repairs & maintenance, contractual marketing & sales, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is SDCCC's policy to use restricted resources first, then unrestricted resources as they are needed.

B. Cash and Cash Equivalents

SDCCC's cash and cash equivalents for purposes of the statement of cash flows are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Accounts Receivable and Subsequent Event*

Long-term receivables in the amount of \$1,000,000 represent incentive payments to be received by SDCCC in equal installments of \$500,000 on July 1, 2022 and July 1, 2024 from Centerplate in consideration of the SDCCC's extension of Centerplate's exclusive food and beverage contract through June 30, 2026. This agreement was amended on October 2, 2020 to further extend the remaining incentive payment amortization period to June 30, 2028.

D. *Note Receivable*

In January 2018, SDCCC entered into a non-interest bearing agreement with Centerplate for SDCCC to fund the purchase of food service equipment in the principal amount of \$574,556. The remaining principal balance of \$374,556 as of June 30, 2020 is due and payable in full by Centerplate no later than June 30, 2023, unless the contract is terminated prior to the due date. Centerplate has the right to fully pay the principal amount owed to SDCCC prior to the due date with no prepayment penalty. If the contract is terminated prior to the due date, the remaining principal amount owed to SDCCC becomes due and payable within 30 days from the date of termination.

E. *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

F. *Inventory*

Inventory consists of spare parts that will be used and capitalized or expensed (according to capitalization policy thresholds) when the assets are placed into service.

G. *Capital Assets*

Capital assets are reported at cost. Capital assets are defined as assets with an initial cost of more than \$15,000 per item and a useful life of greater than one year. For assets acquired from the proceeds received from the I-Bank financing lease, SDCCC capitalizes a portion of the interest incurred in accordance with the provisions of GASB Statement No. 62. The amount of interest capitalized as part of the underlying assets historical cost is the amount of interest that would have been avoided during the assets acquisition period if the asset had not been acquired. The amount capitalized is determined by applying the interest rate on the financing lease to the average amount of accumulated capital outlays for the asset during the accounting period. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|--|--------------|
| Data processing equipment and software | 3 |
| Telecommunication equipment | 5 |
| Office furniture and operating equipment | 7 - 15 |
| Leasehold improvements | 10 - 30 |

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Unearned Income*

Unearned income represents funds received from customers that pertain to enforceable future contractual obligations. Building rent deposits, revenue contract incentive payments and advertising payments are recognized once the event has occurred or the contractual obligation has been fulfilled.

I. *Compensated Employee Absences*

Accumulated annual leave (PTO) is compensated time off for eligible employees who are absent from work and is recorded in the Statement of Net Position. The amount recorded is expected to be used in accordance with SDCCC's personnel guidelines for vacation, illness, and personal business, with a maximum accumulation of 480 hours per employee. Until March 31, 2020, full-time employees were allowed up to 120 hours paid compensation in lieu of annual leave provided they maintained a minimum balance of 40 hours and had taken a minimum of 80 hours of paid leave during the prior twelve month period. This program was subsequently suspended for expense reduction purposes (due to significant event cancellations as a result of COVID-19 (See Note 11)), with a window for unrestricted payouts for balances in excess of 40 hours during the month of June. Represented part-time employees are paid their annual leave balance within 30 days of fiscal year-end.

J. *Components of Net Position*

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets, net of any unspent loan proceeds, which as of June 30, 2020 was \$15,166,171.

Restricted – This amount consists of restricted assets which are reduced by liabilities related to those assets. As of June 30, 2020, there were no restricted amounts.

Unrestricted – This amount is the portion of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

K. *Income Taxes*

SDCCC has received notice from the Internal Revenue Service that it is exempt from federal income taxes pursuant to Section 501 (c) (3) of the Internal Revenue Code. SDCCC is also exempt from state franchise taxes on related income pursuant to California Revenue and Taxation Code Section 23701(d). However, the Corporation is subject to income taxes on any net income that is derived from a trade or business carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the accompanying financial statements.

L. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management believes that the estimates made are reasonable.

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. *New accounting pronouncements*

The following pronouncements were issued by GASB, but were early adopted and determined to not have an impact on SDCCC's financial statements:

- GASB Statement No. 84, *Fiduciary Activities*.
- GASB Statement No. 90, *Majority Equity Interests- an amendment of GASB Statements No. 14 and No. 61*.

The following GASB Statements have been issued but are not yet effective for the year ended June 30, 2020. The SDCCC is assessing what financial statement impact, if any, these Statements will have:

- GASB Statement No. 87, *Leases*, effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 92, *Omnibus 2020*, effective upon issuance for the requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments. The other requirements will be effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the fiscal year ending June 30, 2022.

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2020

NOTE 3. CASH AND INVESTMENTS

Cash and investments as reported in the statement of net position are categorized as follows at June 30, 2020:

| | <u>Cash and Cash Equivalents</u> | <u>Investments</u> |
|------------------------------------|----------------------------------|---------------------|
| Cash on hand | \$ 5,937 | \$ - |
| Bank checking and savings deposits | 4,608,605 | - |
| Bank money market account deposits | - | 20,291 |
| Fixed income investments | 7,620,311 | 4,819,652 |
| Total | <u>\$ 12,234,853</u> | <u>\$ 4,839,943</u> |

At June 30, 2020, the book balance of SDCCC's cash on hand and deposits was \$4,614,512 and the bank balance was \$4,455,350. Of the bank balance, \$250,000 was covered by Federal depository insurance. The remaining uninsured balance is collateralized, with the collateral held by an affiliate of the counterparty's financial institution. A formal deposit and investment policy was approved in August 2010 and amended in December 2017 by SDCCC's Board of Directors, which addresses custodial credit risk, interest rate risk, credit quality risk and allowable investments. SDCCC is provided a broad spectrum of eligible investments under California Government Code (CGC) 53600 which includes: obligations of the U.S. government, its agencies and instrumentalities; investment grade state and local government securities; certificates of deposit; bankers' acceptances; commercial paper; repurchase agreements; and money market mutual funds whose portfolios consist only of domestic securities.

The SDCCC's Investment Policy is governed by the California Government Code (CGC), 56000 et seq. The following table represents the authorized investments, requirements and restrictions per the CGC and the SDCCC investment policy:

| Investment Type | Maximum Maturity | | Maximum % of Portfolio | | Minimum Rating | |
|--|------------------|---------------------------|------------------------|--------------|----------------------------------|----------------------------------|
| | CGC | SDCCC Policy ¹ | CGC | SDCCC Policy | CGC | SDCCC Policy |
| Local Agency Bonds | 5 years | 5 years | None | None | None | None |
| U.S. Treasury Obligations (bills, notes, or bonds) | 5 years | 5 years | None | None | None | None |
| State Obligations – CA and Others | 5 years | 5 years | None | None | None | None |
| CA Local Agency Obligations | 5 years | 5 years | None | None | None | None |
| U.S. Agency Obligations | 5 years | 5 years | None | None | None | None |
| Bankers' Acceptances | 180 days | 180 days | 40% | 40% | None | None |
| Commercial Paper – Non-Pooled Funds | 270 days | 270 days | 25% | 25% | Highest letter and number rating | Highest letter and number rating |
| Negotiable Certificates of Deposit | 5 years | 5 years | 30% | 30% | None | None |
| Non-Negotiable Certificates of Deposit | 5 years | 5 years | None | None | None | None |
| CD Placement Service | 5 years | 5 years | 30% | 30% | None | None |
| Repurchase Agreements | 1 year | 1 year | None | None | None | None |
| Reverse Repurchase Agreements | 92 days | 92 days | 20% | 20% | None | None |
| Medium-Term Notes | 5 years | 5 years | 30% | 30% | A | A |
| Money Market Mutual Funds | None | None | 20% | 20% | AAA | AAA |
| Collateralized Bank Deposits | 5 years | 5 years | None | None | None | None |
| Mortgage Pass-Through Securities | 5 years | 5 years | 20% | 20% | AA | AA |
| Local Agency Investment Fund | None | None | None | None | None | None |
| Supranational Obligations | 5 years | 5 years | 30% | 30% | AA | AA |
| Insured Savings & Bank Money Market Accounts | N/A | N/A | N/A | N/A | N/A | N/A |

¹ In the absence of a specified maximum, the maximum is 5 years.

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2020

NOTE 3. CASH AND INVESTMENTS (Continued)

Cash and investments as reported in the statement of net position are categorized as follows at June 30, 2020:

Fair Value Measurements

GASB Statement No. 72 requires that investments be categorized within a fair value hierarchy based upon fair value measurements. Fair value measurements are classified and disclosed in one of the following three categories:

Level 1: Inputs are quoted prices in an active market that are accessible at the measurement date for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are either directly or indirectly observable;

Level 3: Significant unobservable inputs are used when little or not market activity is available.

Fair value is defined as the quoted market value on the last trading day of the period, obtained from various pricing sources by our custodian bank. SDCCC does not value any of its investments using Level 1 and Level 3 inputs. Investment in repurchase agreements are valued at amortized cost and is exempt from the fair value hierarchy. Investments that are measured at fair value using the net asset value per share (or its equivalent) are not classified in the fair value hierarchy. SDCCC values investments in government money market mutual funds at NAV, and therefore are not subject to the fair value hierarchy.

The table below represents SDCCC's fair value hierarchy for reporting its investments as of June 30, 2020:

| | <u>Fair Value</u> | <u>Level 2</u> |
|--|----------------------|---------------------|
| Investments at fair value level | | |
| Corporate Bonds | \$ 606,792 | \$ 606,792 |
| Commercial Paper | 1,099,555 | 1,099,555 |
| Negotiable Certificates of Deposit | 3,633,616 | 3,633,616 |
| Total investments at fair value | <u>5,339,963</u> | <u>5,339,963</u> |
| Investments measured at amortized cost | | |
| Repurchase Agreements | <u>7,100,000</u> | |
| Investments measured at the net asset value (NAV) | | |
| Bank money market funds | <u>20,291</u> | |
| Total investments | <u>\$ 12,460,254</u> | <u>\$ 5,339,963</u> |

GASB Statement No. 40 requires that risks for deposits and investments with fair values as it relates to credit risk, concentration of credit risk, and interest rate risk be disclosed. SDCCC minimizes exposure by limiting investments to short-term, safe securities such as mutual funds or similar investment pools to ensure preservation of capital as well as pre-qualifying brokers and diversification of the investment portfolio. In order to maintain proper cash flow requirements, funds are continuously invested in readily available securities to ensure appropriate liquidity is maintained.

SAN DIEGO CONVENTION CENTER CORPORATION
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

NOTE 3. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SDCCC mitigates this risk by investing in short-term securities of less than a year in order to meet operational cash requirements, and structuring the investment portfolio to allow securities to mature to avoid selling on the open market. As of June 30, 2020, SDCCC's investment interest rate risk by maturity is as follows:

| | Investment Maturity in Months | | | Fair Value |
|------------------------------------|-------------------------------|---------------------|-------------------|----------------------|
| | Under 1 | 1 - 6 | 6 - 12 | |
| Commercial Paper | \$ 599,970 | \$ 499,585 | \$ - | \$ 1,099,555 |
| Corporate Bonds | - | 606,792 | - | 606,792 |
| Negotiable Certificates of Deposit | 600,576 | 2,532,985 | 500,055 | 3,633,616 |
| Bank Money Market Funds | 20,291 | - | - | 20,291 |
| Repurchase Agreements | 7,100,000 | - | - | 7,100,000 |
| | <u>\$ 8,320,837</u> | <u>\$ 3,639,362</u> | <u>\$ 500,055</u> | <u>\$ 12,460,254</u> |

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill their obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The SDCCC mitigates credit risk through its Investment Policy. Section I of the Investment Policy outlines the authorized investments, requirements, and investment restrictions. As of June 30, 2020, SDCCC's investment and corresponding credit ratings are as follows:

| | <u>Fair Value</u> | <u>Credit Rating</u> |
|------------------------------------|-------------------|----------------------|
| Commercial Paper | \$ 599,970 | A-1 |
| Commercial Paper | 499,585 | A-2 |
| Corporate Bonds | 606,792 | A- |
| Bank Money Market Funds | 20,290 | N/A |
| Negotiable Certificates of Deposit | 499,900 | A-1+ |
| Negotiable Certificates of Deposit | 2,105,118 | A-1 |
| Negotiable Certificates of Deposit | 428,022 | AA- |
| Negotiable Certificates of Deposit | 600,576 | N/A |
| Repurchase Agreements | 7,100,000 | N/A |

Concentration of Credit Risk

GASB Statement No. 40 also requires disclosure of investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments. A summary of disclosures related to concentration of credit risk as of June 30, 2020 is as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Fair Value</u> |
|--|------------------------|-------------------|
| Daiwa Bank U.S. Treasury Tri-party | Repurchase Agreement | \$ 4,500,000 |
| INTL FCStone Government Sponsored Enterprise | Repurchase Agreement | 2,600,000 |

SAN DIEGO CONVENTION CENTER CORPORATION
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

NOTE 3. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and SDCCC's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure SDCCC deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

SAN DIEGO CONVENTION CENTER CORPORATION
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

| | Beginning Balance June 30, 2019 | Additions | Deletions | Transfers In/(Out) | Ending Balance June 30, 2020 |
|---------------------------------------|------------------------------------|-------------|-----------|-----------------------|---------------------------------|
| Non-Depreciable Capital Assets | | | | | |
| Construction in progress | 1,456,467 | 1,221,261 | - | (2,537,883) | 149,845 |
| Depreciable Capital Assets | | | | | |
| Furniture, equipment and software | 4,012,253 | 415,355 | - | 1,583,080 | 6,010,689 |
| Leasehold improvements | 61,418,262 | 2,378,905 | - | 954,803 | 64,751,970 |
| Total Depreciable Capital Assets | 65,430,515 | 2,794,261 | - | 2,537,883 | 70,762,659 |
| Less Accumulated Depreciation | | | | | |
| Furniture, equipment and software | (2,859,424) | (374,289) | - | - | (3,233,713) |
| Leasehold improvements | (26,589,778) | (2,646,603) | - | - | (29,236,381) |
| Total Accumulated Depreciation | (29,449,202) | (3,020,892) | - | - | (32,470,094) |
| Total Depreciable Capital Assets, Net | 35,981,313 | (226,631) | - | 2,537,883 | 38,292,565 |
| Capital Assets, Net | 37,447,780 | 994,630 | - | - | 38,442,410 |

Depreciation expense for the year ended June 30, 2020 was \$3,020,892. No interest incurred during the year ended June 30, 2020 was capitalized.

NOTE 5. LOAN PAYABLE

SDCCC applied for a United States Small Business Administration Loan and was approved for the Paycheck Protection program (PPP) in April 2020 to pursue funding for payroll costs. SDCCC received loan proceeds in the amount of \$4,387,000 in May 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. SDCCC used the proceeds for purposes consistent with the PPP and expected to be forgiven in full as the PPP criteria have been met. Loan forgiveness is anticipated to be confirmed in fiscal 2021, before the end of calendar 2020.

SAN DIEGO CONVENTION CENTER CORPORATION
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

NOTE 6. LONG-TERM LIABILITIES

A. Compensated Employee Absences

A summary of changes in accrued compensated employee absences for the year ended June 30, 2020 is as follows:

| | Balance June 30, 2019 | Additions | Retirements | Balance June 30, 2020 | Current Portion |
|-------------------------------|--------------------------|--------------|----------------|--------------------------|--------------------|
| Compensated Employee Absences | \$ 1,357,272 | \$ 1,514,161 | \$ (1,698,284) | \$ 1,177,806 | \$ 1,177,806 |

B. Notes Payable and Financing Lease

Notes Payable

On April 15, 2013, SDCCC entered into a commercial lease agreement with CG 7600, LP (lessor) in which the lessor financed a warehouse capital improvement for SDCCC valued at \$21,972. The agreement calls for the loan to be amortized as part of SDCCC's monthly rent over 10 years at a zero percent per annum rate.

Financing Lease

On December 6, 2016, SDCCC (lessee) and the City, as co-lessees entered into a Financing Lease agreement with the California Infrastructure and Economic Development Bank (I-Bank), as the lessor for a loan amount of \$25,500,000 (the "Facility Funds"). Under the Financing Lease agreement, the Facility Funds were used to pay the convention center building (the "Leased Asset") improvement costs. The City and SDCCC are jointly and severally liable for all rental payment obligations under the Financing Lease agreement. The Facility Funds are secured by the Leased Asset. In addition, the Financing Lease agreement contains certain customary representations and warranties, affirmative covenants, and events of default. If such an event of default were to occur, the lessor under the Financing Lease agreement would be entitled to take various actions, including without termination of the Financing Lease, collect all amounts owing under the Financing Lease until maturity.

The Facility Funds bear a 3.59% annual interest rate and a .3% loan administrative fee based upon the outstanding principal balance. The Financing Lease requires annual principal repayment commencing on August 1, 2019 and ending on August 1, 2041. Per agreement with the City, SDCCC has budgeted for and made payments on the full amount due under the Financing Lease beginning on August 1, 2019. In any given year, to the extent that rental payment obligations, infrastructure capital, and operations and maintenance expenditures exceed SDCCC's available funding, SDCCC will seek further budgetary allocation from the City.

A summary of changes in notes payable and the financing lease for the year ended June 30, 2020, is as follows:

| | Balance June 30, 2019 | Additions | Retirements | Balance June 30, 2020 | Current Portion | Long-term Portion |
|-----------------------|--------------------------|-------------|---------------------|--------------------------|--------------------|----------------------|
| CG 7600 LP | \$ 8,240 | | \$ (2,197) | \$ 6,043 | \$ 2,197 | \$ 3,846 |
| iBank Financing Lease | 25,500,000 | | (731,973) | 24,768,027 | 758,251 | 24,009,777 |
| | <u>\$ 25,508,240</u> | <u>\$ -</u> | <u>\$ (734,170)</u> | <u>\$ 24,774,070</u> | <u>\$ 760,448</u> | <u>\$ 24,013,622</u> |

SAN DIEGO CONVENTION CENTER CORPORATION
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

NOTE 6. LONG-TERM LIABILITIES (Continued)

Annual requirements to amortize the notes payable as of June 30, 2020, including interest payments to maturity, are as follows:

| Year Ending June 30, | Principal | Interest | Annual Fee | Total |
|---------------------------------|----------------------|----------------------|-------------------|----------------------|
| 2021 | \$ 760,448 | \$ 875,562 | \$ 74,304 | \$ 1,710,314 |
| 2022 | 787,669 | 847,852 | 72,029 | 1,707,550 |
| 2023 | 815,319 | 819,147 | 69,673 | 1,704,139 |
| 2024 | 842,881 | 789,412 | 67,232 | 1,699,525 |
| 2025 | 873,140 | 758,610 | 64,703 | 1,696,453 |
| 2026 - 2030 | 4,859,009 | 3,290,886 | 282,293 | 8,432,188 |
| 2031 - 2035 | 5,796,113 | 2,336,960 | 203,983 | 8,337,056 |
| 2036 - 2040 | 6,913,946 | 1,199,062 | 110,571 | 8,223,579 |
| 2041 - 2042 | 3,125,545 | 113,196 | 14,148 | 3,252,889 |
| | <u>\$ 24,774,070</u> | <u>\$ 11,030,687</u> | <u>\$ 958,936</u> | <u>\$ 36,763,693</u> |

NOTE 7. ECONOMIC DEPENDENCY

SDCCC receives contributions from the City as specified in a management agreement between SDCCC and the City. The agreement provides that the City will allocate to SDCCC approved budgetary amounts for marketing, promotion and capital projects for the Convention Center. During the year ended June 30, 2020, SDCCC received \$2,641,237 from the City, of which \$2,133,025 was used to fund marketing contract expenses paid to the San Diego Tourism Authority related to certain sales, marketing and promotional aspects of long-term events at the Convention Center.

The remaining \$508,212 was used to fund the shelter operation. Subsequent to events being suspended in March, SDCCC has been hosting the City's "Operation Shelter to Home" at a monthly cost of approximately \$2.3M. The majority of the costs to run the shelter program (for April to June) were staff related and covered by the PPP loan for April to June, 2020.

NOTE 8. DEFINED CONTRIBUTION PLAN

The San Diego Convention Center Corporation's Money Purchase Pension Plan (Plan) is a governmental plan under section 414(d) of the Internal Revenue Code, which was established effective January 1, 1986, by SDCCC's Board of Directors. The Plan is administered by SDCCC through a Defined Contribution Committee, represented by the SDCCC Board and staff, who act by a majority of its members in office to carry out the general administration of the Plan. Any recommended Plan amendments are subject to the approval and adoption by SDCCC's Board of Directors. As part of the Plan, SDCCC through Board action selected Wells Fargo & Company as Trustee, to hold and administer Plan assets subject to the terms of the Plan. The Plan is a qualified defined contribution plan and, as such, benefits depend on amounts contributed

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2020

NOTE 8. DEFINED CONTRIBUTION PLAN (Continued)

to the Plan plus investment earnings less allowable plan expenses. The Plan covers all employees who have completed at least 1,000 hours of service in one year and are not covered through a union retirement plan. Full time employees are eligible to participate in the plan on the first day of the month after completing 1,000 hours of service and receive contributions on a bi-weekly basis thereafter. Part-time employees are eligible to participate in the plan after completion of 1,000 hours and receive contributions annually once they meet the 1,000 hours threshold requirement each year. For each Plan year, SDCCC contributes 10% of compensation paid after the employee becomes an eligible participant, which is transferred to the trustee on behalf of each qualifying individual.

A Plan year is defined as a calendar year. The balance in the Plan for each eligible employee is vested gradually over five years of continuing service, with an eligible employee becoming fully vested after five years. Forfeitures and Plan expenses are allocated in accordance with Plan provisions.

For the year ended June 30, 2020, pension expense amounted to \$1,371,480 with no employee contributions made to the Plan. Included in pension expense were forfeitures in the amount of \$56,320. SDCCC records pension expense during the fiscal year based upon employee compensation that is included in qualified gross compensation.

NOTE 9. COMMITMENTS

SDCCC as Lessor

Effective March 22, 2013, SDCCC entered into a sublease agreement for truck marshal yard space for an initial term of 60 months, from April 1, 2013 through March 31, 2018 and exercised its option to extend for an additional five years effective April 1, 2018 – March 31, 2023. Future minimum annual rental lease revenues are as follows:

| Year Ending | | Amount |
|--------------------|-----------|----------------|
| June 30, | | |
| 2021 | \$ | 150,063 |
| 2022 | | 153,994 |
| 2023 | | 118,423 |
| Total | \$ | 422,480 |

Rental income related to the sublease was \$153,047 for the year ended June 30, 2020.

SDCCC as Lessee

SDCCC has noncancelable operating leases with terms greater than one year for photocopiers as well as truck marshal yard and warehouse space. The lease commitments are as follows:

| Year Ending | | Amount |
|--------------------|-----------|----------------|
| June 30, | | |
| 2021 | \$ | 251,183 |
| 2022 | | 228,890 |
| 2023 | | 175,374 |
| Total | \$ | 655,447 |

Lease expense for the year ended June 30, 2020 was \$255,962.

SAN DIEGO CONVENTION CENTER CORPORATION
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

NOTE 9. COMMITMENTS (Continued)

Construction Commitments

SDCCC has a material commitment under construction contracts as of June 30, 2020 as follows:

| <u>Construction Projects</u> | <u>Remaining Construction Value</u> | <u>Expected Completion Year</u> |
|------------------------------|---|-------------------------------------|
| Fire Pump Replacement | \$ 322,388 | FY 2021 |

NOTE 10. CONTINGENT LIABILITIES

SDCCC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

SDCCC is subject to various lawsuits as well as grievances by labor unions. SDCCC's management believes, based upon consultation with SDCCC attorneys, that any unasserted claims, in the aggregate, will not result in a material adverse financial impact on SDCCC beyond the funds held in retention for anticipated amounts due as a result of pending legal decisions.

SDCCC is covered by various insurance policies, the largest of which include property, liability and workers' compensation, with deductibles that vary from \$5,000 to \$250,000. SDCCC management believes that SDCCC's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize. There have been no insurance claim settlements that exceeded insurance coverage during the past three fiscal years.

SAN DIEGO CONVENTION CENTER CORPORATION

Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2020

NOTE 11. GOING CONCERN

The financial statements of SDCCC are prepared on a going concern basis of accounting which contemplates the realization of assets and the satisfaction of liabilities and obligations in the normal course of business.

In March 2020, the World Health Organization declared coronavirus COVID-19 (COVID-19) a global pandemic. The outbreak of COVID-19 continues to grow both in the U.S. and globally and resulting government actions including State of California mandated shelter in place executive orders limiting social gatherings have had an unprecedented and significantly negative impact on SDCCC's financial position for the fiscal year ended June 30, 2020 and into fiscal year 2020-2021. Due to suspension of business from mid-March 2020 forward, total operating revenues for the year ended June 30, 2020 experienced a decline of approximately \$13.4M (31%) as compared to the year ended June 30, 2019. It is uncertain at this time when SDCCC will be able to resume hosting events. SDCCC is working closely with state and local governments to establish approved guidelines for a safe re-opening anticipated in the summer of 2021. Event organizers typically need 4-6 months lead time to successfully host an event so without reopening guidelines approved by the State by November 2020, SDCCC risks losing more events into the second quarter of 2021. Even with an anticipated opening in the summer of 2021, SDCCC is anticipating significant reductions in attendance with attendance increasing to 70% of pre-COVID-19 levels beginning in FY 2021-2022 and back to pre-COVID-19 levels by first quarter of calendar year 2024.

SDCCC's unrestricted net position is approximately \$3.46 million as of June 30, 2020. SDCCC's Board of Directors approved a 3rd revision to the FY 2020-2021 operating budget on September 22, 2020. This revised budget assumes a net operating loss of approximately \$9.1 million if events commence in March 2021 and a negative reserve balance of approximately \$4.0 million. Management has taken the following actions in order to mitigate the resulting expected decreases in reserves:

- Obtained funding of \$4.4M from the Payment Protection Program in May 2020. It is expected that this loan will be entirely forgiven in FY 2020-2021 and be recognized as an inflow of resources.
- Partnered with the City of San Diego for Operation Shelter to Home – providing temporary safe housing for local unsheltered residents. The City is reimbursing related costs of approximately \$2.3M per month (beginning in July 2020) while the temporarily shelter continues. This is expected to continue through at least December 2020, with a strong possibility of extending into the first part of 2021.
- Implemented significant reductions in employee headcount of nearly 50% of full time staff and a significant portion of part time staff (with reduced hours for remaining staff). Additional cost saving measures are being explored to include reduced retirement contribution benefits, employer subsidized healthcare for dependent coverage, as well as other benefit reductions.
- Reduced Capital improvement projects and non-critical maintenance projects (these were deferred to future years).
- Pursued additional support from the City of San Diego to cover necessary ongoing costs.

SDCCC has not missed any payment obligations to date and will continue to prioritize debt payment obligations as part of the budget process. SDCCC is working with the City finance and debt management departments to coordinate efforts to ensure payments will be paid timely despite the ongoing pandemic.

OTHER REPORT

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
San Diego Convention Center Corporation
City of San Diego, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Diego Convention Center Corporation (SDCCC), a component unit of the City of San Diego, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SDCCC's basic financial statements, and have issued our report thereon dated October 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SDCCC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SDCCC's internal control. Accordingly, we do not express an opinion on the effectiveness of SDCCC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SDCCC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California
October 27, 2020

Agenda Item 6.a.1

San Diego Convention Center Corporation

Relatives in the Workplace 09.29.2020

| EE # | Employee Name | Employment Status | Employee Type | Full/Part Time | Job | Division | Relative Name & Relationship | Relative Name & Relationship | Notes |
|----------|---------------------------|-------------------|---------------|----------------|---------------------------|---------------------------|-------------------------------|---------------------------------|------------------|
| 00007420 | Adan, Jazmin | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Maria Adan, Mother | Claudia Pena, Cousin | |
| 00003313 | Adan, Maria G. | Active | FT | Full Time | Cleaning Svcs Wkr Floater | Cleaning Services | Jazmin Adan, Daughter | Esmeralda Garcia Pena, niece | |
| 00003820 | Amaro, Jose A. | Active | FT | Full Time | Cleaning Svcs Wkr Floater | Cleaning Services | Petra Deutsch, Sister In Law | Claudia Pena, niece | Not same shift |
| 00006932 | Andrade, John Andrew P. | Active | FT | Full Time | Cleaning Svcs Wkr Floater | Cleaning Services | Reynaldo Andrade, Uncle | | |
| 00003604 | Andrade, Reynaldo F. | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | John Andrade, Nephew | | |
| 00007781 | Bailey, Leslie R. | Active | VHE | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Jacqui Bogan-Bailey, Mother | | |
| 00006104 | Belleski, Rosemarie | Active | VHE | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Robert Minton, Boyfriend | | |
| 00004980 | Bogan-Bailey, Jacquill R. | Active | FT | Full Time | Public Safety Supervisor | Public Safety & Tech Admn | Leslie Bailey, Son | | |
| 00002007 | Deutsch, Petra | Leave of absence | FT | Full Time | Facility Svcs Supervisor | Facility Services | Jose Amaro, Brother In Law | Antonia Rodriguez, Sister | Not same shift |
| 00005193 | Espinoza, Abel | Active | FT | Full Time | Cleaning Svcs Wkr Floater | Cleaning Services | Juana Espinoza, Spouse | Daniel Espinoza, Son | |
| 00007440 | Espinoza, Daniel A. | Active | VHE | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Juana Espinoza, Mother | Abel Espinoza, Father | |
| 00006128 | Espinoza, Juana | Leave of absence | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Abel Espinoza, Spouse | Daniel Espinoza, Son | |
| 00008233 | Ferrer, Dickens | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Carillo De Los Santos, Uncle | | |
| 00007946 | Garcia Pena, Esmeralda D. | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Claudia Pena, Mother | | |
| 00001642 | Henrot, Paul F. | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Micaela Lopez, Spouse | Jazmin Adan, Cousin | Maria Adan, Aunt |
| 00007901 | Hoyos, Jaime I. | Active | FT | Full Time | Grounds Worker FT | Grounds | Mariana Hoyos, Mother | | |
| 00005222 | Hoyos, Mariana | Leave of absence | FT | Full Time | Div/Dept Assistant | Facility Services | Jaime Hoyos, Son | | |
| 00004793 | Ibarra-Recendiz, Elvia | Active | VHE | Full Time | Cleaning Svcs Wkr PT | Cleaning Services | Paul Muffler, Spouse | | Not same shift |
| 00004328 | Jauregui, Blanca A. | Active | FT | Full Time | Public Safety Rep FT | Security Services | Raquel Rosas, Sister | | |
| 00001465 | Jones, Gemifer | Active | FT | Full Time | Cleaning Svcs Wkr FT | Cleaning Services | Michael Pope, Cousin | | |
| 00004878 | Juarez, Rosario Z. | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Teresa Solano, Sister | Rocio Solano, Niece | |
| 00005764 | Lopez Henrot, Micaela L. | Active | VHE | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Paul Henrot, Spouse | | |
| 00008285 | Lopez, Silvia | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Claudia Pena, Niece | Giselle Nunez, Daughter | |
| 00007225 | Minton, Robert J. | Active | VHE | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Rosemary Belleski, Girlfriend | | |
| 00005181 | Morgan, Anthony F. | Active | FT | Full Time | Public Safety Rep FT | Security Services | Sandra Morgan, Mother | | |
| 00001498 | Morgan, Sandra | Leave of absence | FT | Full Time | Cleaning Svcs Wkr FT | Cleaning Services | Anthony Morgan, Son | | |
| 00003150 | Muffler, David P. | Leave of absence | FT | Full Time | Facility Svcs Supervisor | Cleaning Services | Elvia Ibarra-Recendiz, Spouse | Esmeralda Garcia Pena, Daughter | Not same shift |
| 00005504 | Pena-Orozco, Claudia E. | Active | FT | Full Time | Cleaning Svcs Wkr Floater | Cleaning Services | Jazmin Adan, Cousin | | |
| 00007621 | Pope, Michael D. | Active | VHE | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Jennifer Jones, Cousin | | |
| 00005896 | Quinn, Jonathan V. | Active | FT | Full Time | Bldg Svcs Worker FT | Building Services | Maria Quinn, Spouse | | |
| 00005967 | Rellegue, Danilo T. | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Jonathan Quinn, Spouse | | |
| 00004339 | Rellegue, Violeta T. | Active | VHE | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Violeta Rellegue, Mother | | |
| 00004338 | Rodriguez, Antonia | Leave of absence | FT | Full Time | Cleaning Svcs Wkr Floater | Cleaning Services | Danilo Rellegue, Son | | |
| 00004327 | Rosas, Raquel | Active | FT | Full Time | Cleaning Svcs Wkr PT | Security Services | Petra Deutsch, Sister | | |
| 00008129 | Solano, Rocio M. | Active | PTC | Part Time | Public Safety Rep FT | Cleaning Services | Blanca Jaurequi, Sister | Rosario Juarez, Aunt | |
| 00004872 | Solano, Teresa | Active | FT | Full Time | Cleaning Svcs Wkr Floater | Cleaning Services | Teresa Solano, Mother | | |
| 00008393 | Villa De Tellez, Maritza | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Rosario Juarez, Sister | | |
| 00005753 | Yubac, Amparo U. | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Daniela Tellez, Daughter | | |
| 00006696 | Yubac, Arnold U. | Active | PTC | Part Time | Cleaning Svcs Wkr PT | Cleaning Services | Arnold Yubac, Son | | |
| | | | | | | | Amparo Yubac, Mother | | |