

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

**Director Allan Farwell, Chair
Director Carol Kim
Director Elvin Lai**

**MONDAY, APRIL 26, 2021, 11:00 A.M.
111 W. Harbor Drive, 2nd Floor, 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. **Approval of Proposed Minutes of March 22 , 2021 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
 - A. **Recommendation to Authorize Placement of Property, General and Umbrella Liability, Workers' Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency**
 - B. **Recommendation to Authorize Amendment to Contract for Uniform Provider**
6. **Staff Updates:**
 - CFO
 - President & CEO
7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2)

8. Budget 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.

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 online at visitsandiego.com. 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
BUDGET COMMITTEE OF
THE BOARD OF DIRECTORS

COMMITTEE MEETING OF MARCH 22, 2021

BOARD MEMBERS PRESENT: Chair Allan Farwell, and Directors Carol Kim and Elvin Lai

BOARD MEMBERS ABSENT:

STAFF PRESENT: Rip Rippetoe, Mardeen Mattix, Kelly Revell and Pat Evans (Recorder)

ALSO PRESENT: Julie Coker, SDTA President & CEO

1. **Call to Order:** Chair Allan Farwell called the meeting to order at 11:04 a.m. at 111 West Harbor Drive, San Diego, California.

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 Farwell - Present
Director Kim - Present
Director Lai - Present

Chair Farwell further noted that all votes will be recorded via roll-call vote.

2. **Non-Agenda Public Comment:** None
3. **Approval of Minutes of January 19, 2021 Budget Committee Meeting:**

Directors Lai and Kim moved and seconded, respectively, to approve the minutes from the January 19, 2021 meeting.

Director Farwell - Aye
Director Kim - Aye
Director Lai - Aye

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

4. **Chair's Report:** Chair Farwell reported that there have been hours of conversation and feedback regarding the FY 2022 budget. SDCCC Staff representatives met with Mayoral office representatives on March 2, 2021 regarding SDCCC budget review and Mayoral staff were very cooperative and expressed a willingness to work with SDCCC on all of the machinations involved with the FY 2022 budget.
5. **Action Item(s):** Chair Farwell requested public comment regarding any of the agenda items. Hearing none, presentations regarding the items commenced.

A. Recommendation to Authorize Approval of Fiscal Year 2022 Budget

CFO Mattix provided an overview of the proposed SDCCC FY 2022 budget.

Directors Kim and Lai moved and seconded, respectively, to Authorize Approval of the Fiscal Year 2022 Budget

Director Farwell - Aye

Director Kim – Aye

Director Lai – Aye

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

B. Recommendation to Authorize Approval of FY 2022 CIP/Infrastructure and O & M Projections

Directors Lai and Kim moved and seconded, respectively, to Authorize Approval of FY 2022 CIP/Infrastructure and O & M Projections

Director Farwell - Aye

Director Kim – Aye

Director Lai – Aye

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

6. **Staff Updates:**

- **CFO:** Ms. Mattix reported the following:
 - The February financials were forwarded to the Board on Saturday and the financials reflect that the Corporation is right on track with regard to previous projections.

- **President & CEO:** Mr. Rippetoe reported the following:
 - Staff is continuing to work on communication with the State regarding reopening guidelines and hope to provide further information about reopening by the end of the month. Staff, along with other industry partners throughout the state, is attempting to schedule a meeting with the California Department of Public Health to discuss criteria for allowing larger meetings to convene.
 - San Diego County’s movement from the “purple tier” to the “red tier” has very little impact on convention center operations. Large gathering (i.e. conventions) criteria are separate from any of the tier designations.
 - Staff are continuing to coordinate with the City and County on additional projects relating to reopening.

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

8. **Budget Committee Comment** [Govt. Code §54954.2(a)(2)]: **None**

There being no further business, the meeting adjourned at 11:40 a.m.

CERTIFICATION

I, Allan Farwell, Chair of the Budget Committee of the Board of the 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 Budget Committee of the Board of Directors of the San Diego Convention Center Corporation, Inc. at a duly noticed meeting held on March 22, 2021.

Allan Farwell, Chair

Agenda Item 5.A

SAN DIEGO CONVENTION CENTER CORPORATION

M E M O R A N D U M

TO: Budget Committee

FROM: Mardeen Mattix, Chief Financial Officer

DATE: For the Agenda of April 26, 2021

RE: Review of Property, General and Excess Liability, Workers' Compensation, and Directors & Officers Insurance through the Brokerage Services of Marsh & McLennan Agency

BACKGROUND

The Corporation's Property, General & Excess Liability, Workers' Compensation, and Directors & Officers insurance policies expire April 30, 2021.

DISCUSSION

Three years ago, the Corporation issued a formal Request for Proposal (RFP) to brokers qualified through an initial Request for Qualification (RFQ) process. Through this process, the Corporation awarded Marsh & McLennan Agency (Marsh) an initial term of three years with the option to extend for two additional one-year periods. This year staff exercised the one-year option and selected incumbent, Marsh to submit a comprehensive insurance package for all of the Corporation's insurance policies.

Staff comprised of the CFO, Executive Director of Human Resources, and the Director of Finance & Risk Management reviewed the submitted quotes. Additionally, representatives from the City of San Diego and the Unified Port of San Diego were involved in the review of the property insurance portion of the process. Final evaluation results considered package premium costs, claims and loss control services, the extent to which coverage meets specifications, and financial stability.

Property

Affiliated FM (Incumbent) submitted a comprehensive all risk property package, with a total insured value of \$772,000,000. Total premiums (before allocations to the City of San Diego and the Port of San Diego) came in at \$351,800, which is \$75,300, or 27% higher than the expiring policy. The Corporation's share of net premium (after deducting for amounts to be billed back to the City and the Port) is \$282,500, an increase of \$60,400, or 27% compared to the expiring policy. This year's increased rate is due to the continued hardening property market, with shrinking capacity and increasing insurance costs.

Staff recommends authorizing Marsh to renew property policy with the incumbent, Affiliated FM.

General Liability

With the Convention Center currently operating as an emergency intake site, securing liability insurance was difficult as many carriers were not willing to underwrite this type of risk. However, Marsh working with our incumbent (Scottsdale Indemnity) was able to negotiate the following proposal:

- For the convention related business, Scottsdale Indemnity will provide general liability policy for \$1,000,000 base coverage, including a single occurrence deductible of \$100,000 for an estimated premium of about \$20,000, which is comparable to the expiring policy. However, this policy excludes the Artemis Operations.
- For the Artemis Operations, Scottsdale Indemnity will write a short-term policy (5/1/2021 to 8/1/2021) that will provide \$5,000,000 of general liability limits, including a single occurrence deductible of \$100,000 for an estimated premium of about \$20,000.

Staff recommends authorizing Marsh to renew general liability policy with the incumbent, Scottsdale Indemnity.

Excess Liability

The Corporation is required to maintain comprehensive excess liability insurance with limits of \$50 million. However, for this upcoming policy period, The City of San Diego and The Unified Port District agreed to reduce the liability limit temporarily to \$25 million through an Operating Memorandum. Due to the Artemis Operations, Marsh is able to secure only \$10 million excess liability limits from Scottsdale Indemnity. They will secure the remaining balance of \$14 million once the Artemis Operation ends on 8/1/2021. The premium is estimated at \$22,000 for the \$10 million and TBD for the \$14 million.

Workers' Compensation

The recommended workers compensation program is written through incumbent, Travelers. As with the current year's program, the proposed Travelers program is a high deductible (\$250,000 per claim) program requiring a fixed base of non-refundable premiums, assessments, and fees totaling \$190,700, an increase of \$49,200, or 35% higher, than the expiring program. The net workers' compensation rate is \$1.30 per \$100 of payroll, 66% higher than the expiring policy. The increased rate is mainly due to projected decreased payroll (the carrier increased their rate to target a fixed minimum premium) along with Artemis Operation and negative trends in claim costs causing premium increases. The Travelers package does not require an additional collateral contribution. Including projected claim costs of \$350,000, the overall program costs are expected to be approximately \$540,700 for the policy year.

As a comparison to the high deductible program, we received two competing quotes for a guaranteed

premium package ranging from \$650,000 to \$750,000. Based on the high cost of the guaranteed premium program, the large deductible program will likely yield significant cost avoidance over the guaranteed premium program.

Staff recommends authorizing Marsh to renew workers' compensation policy with the incumbent, Travelers.

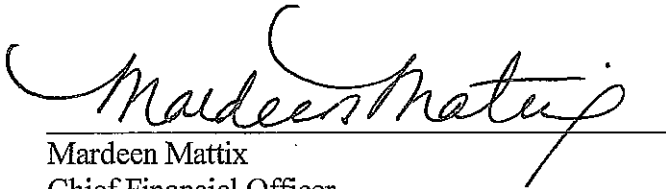
Directors & Officers (Including Employment Practice, Fiduciary Liability, and Crime)

Marsh submitted a package written through the incumbent, Zurich. The one-year policy provides a \$3,000,000 coverage limit, a \$100,000 retention for Directors & Officers, and \$250,000 for Employment Practice. Due to the Artemis Operation, deductibles for Employment Practice 1st and 3rd party claims increased from \$125,000 to \$250,000 and \$500,000, respectively. Total premiums came in at \$65,500, an increase of \$8,500, or 15%, compared to the expiring policy.

Staff recommends authorizing Marsh to renew Directors & Officers policy with the incumbent, Zurich.

STAFF RECOMMENDATION

Budget Committee recommends to the Board authorization to place Property, General and Excess Liability, Workers' Compensation, and Directors & Officers Insurance through the brokerage services of Marsh & McLennan Agency as detailed in the discussion above.



Mardeen Mattix
Chief Financial Officer

