

Agenda Item 3.A

MINUTES* SAN DIEGO CONVENTION CENTER CORPORATION THE BOARD OF DIRECTORS

BOARD MEETING OF MARCH 27, 2024

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

BOARD MEMBER(S) ABSENT: Directors Jaymie Bradford and Alyssa Turowski

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

ALSO PRESENT: Jennifer Lyon, General Counsel

*Meeting Minutes memorialize votes on "Action Items" and Staff Reports and are not a verbatim transcript of regular Board meetings. Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or pat.evans@visitsandiego.com to request a copy.

1. Call to Order

Chair Jeff Gattas called the Board Meeting to order at 12:02 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

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

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

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

2. **Non-Agenda Public Comment** – Chair Gattas inquired if any member of the public wished to comment on any non-Agenda items. No members of the public responded to the request for comment.

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

Consent Agenda:

A. Approval of Minutes of Board Meeting of February 28, 2024.

Chair Gattas inquired if any Director would like to pull a Consent Agenda item for discussion. Hearing no request to pull a Consent Agenda item, Chair Gattas then inquired if any member of the public wished to comment on Agenda Item (3.A). No members of the public responded to the request for comment.

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

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

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

Action Item(s):

B. Budget Committee (Will Rodriguez-Kennedy)

(1) Authorization to Approve Proposed FY 2025 Budget

Director Rodriguez-Kennedy reported that Directors had previously received a presentation regarding the proposed FY 2025 Budget; however, prior to the Budget Committee meeting last week, Director Rodriguez-Kennedy requested that staff come together to review the budget and to suggest amendments to revenues and expenditures. As a result, staff was able to compile a stronger FY 2025 budget. Director Rodriguez-Kennedy then called upon CFO Mattix to provide a staff report regarding the amended budget. After staff submitted its report, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (3.B.1). No members of the public responded to the request for comment.

After presentations by Staff, Directors Rodriguez-Kennedy and VanDiver moved and seconded, respectively, to Authorize Approval of the Proposed Amended FY 2025 Budget.

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

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

C. Executive Committee (Jeff Gattas)

(1) Strategic Plan Update: Chair Gattas reported that staff would provide an update on the status of initiatives in the Strategic Plan previously approved by the Board in December of 2022. No vote is required on this matter as this is an informational update.

Mr. Rippetoe stated that the report provided to Directors today includes a schedule for future reporting. This is the March progress report. There will also be a June progress report which will include milestones that are refined for FY 2025. An additional report will be provided in August and the final report will be provided in or around the Board Retreat scheduled for November. Staff will review and update the imperatives, the focus areas, objectives and then determine a time frame for completion of imperatives on the next part of the Strategic Plan and as well as the KPIs associated therewith. Mr. Rippetoe invited the initiative “owners” to present their reports.

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

Michael Milligan, Executive Director of Human Resources, reported:

- One of the H.R. Department’s overall goals was to become a top workplace and staff is working hard to make that happen.
- The first milestone was to complete a Talent Acquisition Program. This milestone tackled how staff went about securing talent and hiring great team members. This milestone has been completed.
- When reviewing the “time-to-fill” metric, which is basically how fast staff fills positions, Staff is pleased to report that currently, staff is hovering at about 40 days to fill positions, in total. Last year, staff was at 51 days on average and the benchmark is actually 62 days. The Corporation is doing quite well on that front.

- Reviewing the milestones for this section includes creating or revising a process and really utilizing the Human Resources information systems to become more effective and efficient. The process will culminate with leadership training, so all employees walk away with that new process and are able to implement it well.
 - The second milestone is “onboarding” which is the process of integrating new employees into our organization. Mr. Milligan stated that initially he was probably a little over-zealous when he originally established a goal date. Because the Talent Acquisition Program took a little longer than anticipated, the corresponding corrections have been made to get back on track, but the “onboarding” milestone will be completed towards the end of this fiscal year.
 - Union agreements negotiations is next, and the Corporation has four CBAs that expire in June. Staff has already met with these unions, had healthy discussions, and we are on track to meet that June deadline. Staff proactively engaged with the Corporation’s fifth union (the painters) a year early to ensure that our CBAs align with all the Corporation’s trades.
 - The Safety Orientation Program is on track as well. This milestone is to provide safety content that not only meets the regulatory requirements, but also ensures that the Corporation’s new hires walk away with the necessary information to perform their jobs safely.
 - The Employee Relations program is on track as well.
 - The Performance Management Program milestone was pushed back as our Leave of Absence Program, which was slated to be completed in June of 2025, needed to be completed earlier due to business needs.
 - Lastly, a new milestone has been added to this imperative – a Labor Management System. Labor is naturally the Corporation’s number one expense and so we really need to understand how we are utilizing our labor throughout the organization so we can become more effective and efficient. In order for that to happen, we need to modernize our system because it is currently quite limited and is reaching its end-of-life use. The first step in that journey is to bring the appropriate stakeholders together and to examine what the process looks like. That process should occur in June.
- **Develop a Facility Maintenance and Improvement Program** – Corey Albright

Corey Albright, Chief Operating Officer, reported:

- This imperative is focused on the Corporation’s engineering projects and expanding our maintenance functions and capabilities within our building.

- Mr. Albright commended Vitoria Mitchell, Director of Engineering and Capital Projects and her team, with support from Human Resources, for either completing or keeping all the initiatives for this section on track.
 - Several key positions have been hired and staff recently rolled out the new and more modern service request and work-order platform. This platform will have a positive effect on maintenance capabilities and asset tracking.
 - Staff is now focused on refining procedures and will then focus on presenting new initiatives for FY 2025.
- **Refine Business Model to Ensure Financial Viability** – Mardeen Mattix and Andy Mikschl

Andy Mikschl, Executive VP Sales, reported:

- Mr. Mikschl reported that all of the Sales Team initiatives in this section are either completed or on track.
- The Corporation is working closely with SDTA to finalize the transfer of economic impact reporting responsibilities to SDTA, which will ensure the Corporation is reporting the appropriate numbers regarding economic impact and visitor spending.
- Negotiations related to future business and food and beverage minimums are intended to revise the Corporation's policy regarding the client's food and beverage "spend" with us, which is a significant revenue generator for the Corporation.
- Staff has also updated the Corporation's liquidated damages language in license agreements for future events to ensure more protection for the Corporation in the event those upcoming events are cancelled.
- The Corporation has definitely seen our partners' gross revenues rebounding to pre-pandemic numbers.
- Staff has also revised some of the rental strategies to increase rental revenue for future events.
- Staff has completed a rental study of competing buildings. One takeaway from the study is there is an opportunity for the Corporation to reevaluate its current rental rates so staff will review/introduce revised rental rates structures in FY 2025 that are more appropriate for this facility.
- Ms. Mattix reported that the Corporation's lease with its current marshalling yard will expire in a year. Staff has been working with the City to identify potential properties that may be available. Mr. Rippetoe has also facilitated contact with a few other entities that have land for lease that may be viable for truck marshaling. The ability to obtain a truck marshaling site looks promising. The Corporation should know within the next two months if the City has land that is able to accommodate the Corporation's truck marshaling needs.
- If the City is unable to assist with this matter, Staff will either continue talks with another entity or will engage a broker to

pursue a land lease option. The Corporation is unable to purchase land as originally intended due to financial constraints.

- Staff is continuing to collaborate on and dissect labor analytics to potentially develop a new method of scheduling labor hours as previously addressed by Mr. Milligan.

Chair Gattas noted that upon revisiting these topics, since projects are moving along, he would hope to see completed items (new systems, new revenues, etc.) outlined in a matrix that would provide current status of the projects along with any additional required “tweaks.”

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

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

- Ms. Dougherty reported that her team’s goals of strengthening the Corporation’s community relations is focused on the three preceding initiatives while also maintaining this thread of public messaging and community engagement.
- Her team depends on and values the San Diego Tourism Authority’s role in managing paid media placements and much of the Corporation’s targeted marketing to meeting planners, but they also communicate the stories of our facility, our events, our team, and our economic and social impact here.
- The Corporation’s social media strategy has evolved over the last year to include more of a focus on compelling video content, more of an emphasis on LinkedIn, given our target demographics, and the ways that we can earn organic or unpaid exposure to those target audiences.
- Staff also works very closely with all of our clients to support their media outreach and connecting them with local journalists and helping them to share the economic impact of their events as well as providing them with the photos and videos that we take while their events are happening on site.
- During this past quarter, the bulk of the Corporation’s main-stream media coverage resulted from the successful PCMA Convening Leaders event in January. That event was incredibly successful in terms of the Corporation’s exposure through industry publications, local media, and a joint press conference with Visit California and SDTA. This exposure gave the Corporation an opportunity to talk about the recovery of the convention industry and to provide a preview of the year ahead.
- Staff did a number of tours and behind-the-scenes looks for those reporters who were on site during that week.
- With Juan Reyes’ leadership, staff has continued its strong community outreach through presentations, volunteer efforts, and the lighting of the Sails Pavilion in support of many community causes and awareness days. The Sails Pavilion was

most recently lit in recognition of the Celebration of Life event for Padres owner, Peter Siedler, that occurred last week. That event received a lot of positive feedback.

- Participation on panels have included periodic updates to downtown groups about convention activities and the team even shared a story about staff participation in an event in Sacramento.
- Staff has performed tours for a wide range of stakeholders, including local high school students who were interested in careers in hospitality and tourism as well as those for key stakeholders like Port Commissioner Danielle Moore. Staff continues to show local constituents what happens on site since they know a lot of local people are not a part of the convention show industry that usually visits our facility.
- Staff has continued other community focus efforts such as participating in the regional task force on homelessness point-in-time count, donating items in connection with the January floods here in San Diego, blanket drives, and things of that nature.
- In the future, staff will continue to be involved in community events like the Pride Parade (Board members are always welcome to be part of the SDCCC contingent) which is one of the most popular staff events. Staff really likes to see the Corporation's continued visibility with emphasis on diversity and inclusion.
- In terms of looking ahead, this year is the Convention Center's 35th Anniversary and staff will have a concentrated focus on that anniversary from the time of Comic-Con through November. The actual anniversary is November 21st and you will start to see more about those related events. We are requesting that staff share previously unseen historic photos, and we are working with SDTA and other partners to really have a thread that celebrates all the events, all of the people who have worked in the building and the building's history. There is a lot to be proud of and a lot to recognize.

After completion of the Strategic Plan Update, Chair Gattas inquired if any member of the public wished to comment on Agenda Item 3.C.1. No members of the public responded to the request for comment.

(2) Approval of a Resolution of the San Diego Convention Center Corporation, Inc. Authorizing a One-Time Payment of a Retention Incentive Stipend to the President and CEO of the Corporation

Chair Gattas requested that President & CEO Rippetoe excuse himself from the meeting during this portion of the Agenda. Chair Gattas called for a staff report from General Counsel Lyon regarding this item. After staff submitted its report, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (3.C.2). No members of the public responded to the request for comment.

After presentations by Staff, Directors Newsom and VanDiver moved and seconded, respectively, to Approve a Resolution of the San Diego Convention Center Corporation, Inc. Authorizing a One-Time Payment of a Retention Incentive Stipend to the President and CEO of the Corporation in the amount of 7.5% of President & CEO’s base salary as of June 30, 2023, or \$25,815.66, pursuant to the provisions of the Amended and Restated Employment Agreement and its Amendments.

Chair Gattas noted that the Retention Incentive Stipend awarded to President & CEO Rippetoe is in consideration of fiscal year 2022 and the Board is in the process of establishing guidelines for a fiscal year 2023 review.

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

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

D. Audit Committee (Alyssa Turowski)

In Director Turowski’s absence, CFO Mattix reported the following:

- There were no “action items” presented for Committee review.
- The focus of the meeting was to bring the Committee members together to review initiatives for the coming months.
- Staff has committed to beginning the MPPP Audit. Fieldwork is now starting and will be presented at the June Audit Committee meeting.
- The Corporation’s contract with its financial statement auditors has expired but staff is waiting for the City to conclude its auditor search since Corporation would prefer to have the same auditors as the City. If the City retains the current incumbent, staff is prepared with a quote from the existing firm. If the City chooses a different auditor, staff will engage with the incumbent for a one-year transition period and then will move over to the auditor selected by the City.
- Staff is also beginning the insurance renewal process. The Audit and Budget Committees will review findings next month and the final findings will be presented at the April Board meeting.
- Staff expects property insurance costs to increase significantly due to (1) insurance lines are generally increasing and (2) the value of the Center has been undervalued in the past and a new assessment values the facility at more than \$1 billion.
- Workers’ Compensation claims have also increased so those insurance premiums will increase as well.
- The Committee will also review three policies by the end of the fiscal year.

E. Sales & Marketing Committee (Shawn VanDiver)

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

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

- Short-term sales focus on events within eighteen months, those are small convention-trade events, corporate events, community events, meeting-seminars, consumer shows, etc.
- The short-term team booked two events this past month, which is in line with the new sales strategy of being more selective in terms of short-term bookings because of limited availability and the need to leave dates open to perform capital maintenance projects in the building.
- The team is still focused on booking to maximize revenues and room nights for the destination. Although the team has booked four fewer events year-to-date, those bookings represent more revenue and more room nights for the destination.
- The team is also still booking events that will allow the local community access to the facility. Examples include: (1) The Progressive Labor Summit (a first-time client), (2) GSP Innovation Festival, which focuses on “AI” educational technology. Staff is also hoping to book this event for future years.
- A Festival of Biologics will also take place in April which focuses on drug development and will include many local drug developers.

Julie Coker, SDTA President & CEO, reported the following:

- It has been a slow month in terms of converting funnel business into “definite” business. However, from a year-to-date standpoint, the team is approximately 20,000 room nights over last year’s total.
- Ms. Coker is very encouraged about the number of leads in the funnel that can be eventually converted to definite business - 1.9 million compared to 740,000 last year.
- SDTA is placing a greater emphasis on Convention Services. The Convention Services team are more thoroughly engaging clients to find out more about their events prior to their arrival in San Diego which should help increase room nights or, alternatively, allow the release of unneeded space that can then be booked for other events. The team is also working to improve the food and beverage spend, and to ensure overall that the sales team is making the right booking decisions for the hotel community as well as the building.
- Several sales team members will be attending the annual Cub’s client event in Chicago. There will be approximately 100 customers in attendance. Although this is an excellent networking event, most of the customer invitees have the potential to sign-off on contracts for their events before June 30th and the local team will be focusing on closing those deals.

- U.S. Travel had a “Destination Capital Hill” event last week. Kari Kapich attended and reported the focus of the event was visa wait times and the staffing at CDP which is understaffed by 1,400 people. This impacts San Diego because there is a large contingency of international visitors (convention attendees and exhibitors) who come to the city for conventions and extend their stays for leisure travel.
- Ms. Coker also reported on a PCMA “playbook” that was organized by SDCCC and SDTA marketing staff. The playbook compiled facts about how the event was organized. Ms. Coker also discussed leads and opportunities that could potentially be leveraged from the event being held in San Diego.
- 40% of the PCMA attendees are new to the industry and this was an excellent opportunity for San Diego to educate them about the benefits of hosting events in our city.

After staff submitted its reports, Chair Gattas inquired if any member of the public wished to comment on Agenda Item (3.E). No members of the public responded to the request for comment. No vote was required on this item as it is a Sales & Marketing Committee update.

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

- Mr. Albright shared his appreciation for the robust budget review. He acknowledged that while the conversations were not easy, he appreciated the active role the participants took to strengthen the Corporation’s financial position.

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

5. President’s Report (Rip Rippetoe)

- Mr. Rippetoe thanked the entire San Diego team, the business partners, and our labor partners for all the work they are doing. As we look to the future, this collaboration will become even more important.
- Staff is working with the City, to relay important information about the impact of the Harbor Drive sewer project.
- There are still ongoing meetings, which began during the pandemic, between the Center, hotel partners and the symphony regarding safety and security in this area and the impact to visitors in this area.
- Staff continues to demonstrate that the new booking strategy is successful.
- Show numbers are continuing to rival pre-pandemic numbers. The OFC (fiberoptics event) may set a record for attendance that exceeds their previous visit to San Diego. That was also the case with the American Heart Health and the Society of Gynecological Oncology events.
- Mr. Rippetoe invited Ms. Coker to provide information about SDTA’s “Accelerator Program.” Ms. Coker spoke to how the selected businesses benefit from the program.
- Mr. Rippetoe also discussed the percentage of new managers in the convention industry and the amount of time spent educating them about the industry.

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

- Chair Gattas noted that based on our looming budget issues, the team is going to have to be very strategic on how we are deploying funds, advocating for funds, and making our case about funding. Both Board and Staff will have to continue to make the case about the importance of the Convention Center to San Diego and the Center's role as a revenue producing entity.
- Directors, please complete your Form 700 Statement of Economic Interests Disclosure forms on or before April 1, 2024. Any late filings are subject to \$10.00 a day fine until the form is submitted.
- The next Board meeting is tentatively scheduled for June 26, 2024, at Noon.

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

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

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

There being no further business, the meeting adjourned at 1:05 p.m.

I, Alyssa Turowski, Secretary of the Board of Directors of the San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Board of Directors of the San Diego Convention Center Corporation, Inc., at a duly noticed meeting held on March 27, 2024, and that said minutes were approved by the Board of Directors on April 24, 2024.

[Approved at Board Meeting of April 24, 2024]
Alyssa Turowski, Secretary