

Agenda Item 3.A

MINUTES*
SAN DIEGO CONVENTION CENTER CORPORATION
THE BOARD OF DIRECTORS

BOARD MEETING OF JUNE 28, 2023

BOARD MEMBERS PRESENT: Chair Carlos Cota and Directors Jeff Gattas, Shawn VanDiver, Jaymie Bradford, Will Rodriguez-Kennedy, Alyssa Turowski and Carol Kim

BOARD MEMBER(S) ABSENT:

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

ALSO PRESENT: Jennifer Lyon, General Counsel

*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 Carlos Cota 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 Cota then called roll to determine which Directors were present:

Director Cota – Present
Director Gattas – Present
Director VanDiver - Present
Director Bradford – Present
Director Rodriguez-Kennedy – Present
Director Turowski– Present
Director Kim – Present

All Directors were recorded as present, and Chair Cota noted that all votes taken during this meeting would be recorded via roll call vote.

2. Non-Agenda Public Comment – Chair Cota inquired if any member of the public wished to comment on any non-Agenda items.

Ms. Lori Saldaña submitted a speaker’s slip requesting an opportunity to address the Board regarding Agenda Item (2), and she was granted an opportunity to address her comments to the Board.

3. Board Committee Reports and Board Action Items:

Consent Agenda:

A. Approval of Minutes of Board Meetings of April 26, 2023, and June 16, 2023.

Chair Cota inquired if any Director would like to pull a Consent Agenda item for discussion. Hearing no request to pull a Consent Agenda item, Chair Cota 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 Director discussion and for public comment, Directors VanDiver and Gattas moved and seconded, respectively, to approve the Consent Agenda as set forth hereinabove.

- Director Cota – Aye**
- Director Gattas – Aye**
- Director VanDiver – Aye**
- Director Bradford – Aye**
- Director Rodriguez-Kennedy – Aye**
- Director Turowski – Aye**
- Director Kim – Aye**

Vote: Unanimous

AYES: 7

NAYS: 0

ABSTENTIONS: 0

Action Item(s):

B. Executive Committee (Carlos Cota): Chair Cota reported that staff would provide an update on the status of initiatives in the Strategic Plan previously approved by the Board. No vote is required on this matter as this is an informational update.

A. Strategic Plan Update

Staff provided updates on the status of initiatives in the Strategic Plan which the Board approved in December 2022:

Mr. Rippetoe stated that this is the quarterly report for the Corporation’s Strategic Plan. The Board will note that there are quite a few items that have been completed. The majority of the items are in process and are on time. A few of the items have been de-prioritized based upon business needs or activity

and the KPI updates reflect that status. Mr. Rippetoe invited the initiative “owners” to present their reports.

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

Michael Milligan, Executive Director of Human Resources, reported:

- The Corporation has made good progress and has been able to fill all of the open Human Resources positions including the Safety and Risk Manager, who started about six weeks ago.
- The H.R. team has done a lot of hiring and they have increased the Corporation’s headcount from January 1st to the present by approximately 40%. The Corporation is close to reaching pre-pandemic staffing levels.
- H.R. staff has also been able to hire new employees below the targeted time-to-hire period. The hiring range has been reduced from 99 days to 84 days.
- Staff is still experiencing challenges with turnover from employees who leave within the first three months on the job, and they are working on that issue.
- Based on his experiences over the past year and current demands, Mr. Milligan has decided to make some adjustments to the “Grow and Nurture Culture” milestones.
- H.R. has had to hire additional staff (on top of the 40% increase) to service the Comic-Con event (125 temporary workers). H.R. has spent the past two and a half weeks hiring those workers and will spend the next three weeks onboarding the new temporary staff. This issue has also contributed to the adjustments to the completion timeline for some of the KPIs.
- The creation of the talent acquisition program will be moved from June of 2023 to September of 2023.
- Due to the ripple effect caused by the delay of the talent acquisition program, the completion and implementation dates of the onboarding program, the safety orientation program, the performance management program, and the employee relations program have been revised as reflected in the chart. Staff hope to implement these initiatives within the next three months.
- Of the seven union agreements subject to renegotiation, all have been completed except one. The outstanding union agreement is not due for renewal/renegotiation until next year, but staff still hope to achieve renegotiation by the end of this year.

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

Corey Albright, Chief Operating Officer, reported:

- Mr. Albright reported that the Facility Maintenance and Improvement Programs are on track.

- Mr. Albright had previously reported challenges hiring engineering staff; however, due to the efforts of the H.R. Department, a new Mechanical Engineer has started, and the Electrical Engineer is in the process of undergoing the background check phase of the hiring process. Those two hires, when completed, will complete the personnel hiring phase of the program.
 - In April the Board approved the replacement of the Corporation's work order system and staff anticipates the revamped system will go live towards the end of the year (October/November). Once the system is in place, staff will be able to create a plan of active routine maintenance.
- **Refine Business Model to Ensure Financial Viability – Mardeen Mattix and Andy Mikschl**

Andy Mikschl, Executive VP Sales, reported:

- Mr. Mikschl reported that refining the Corporation's business model has been about targeting the right business as it moves forward to not only ensure that the Corporation is driving the appropriate room night goal for the destination, but also keeping a close eye on incremental revenues and making sure the business that is booked helps move the needle in that regard.
- For FY 2024 the sales team is going to continue with some of the same initiatives in different ways; some of which include reviewing how business is negotiated, reviewing how the Corporation's rental rates are set and how events are discounted. The team will look at increasing revenues in both event rents and food and beverage sold to increase commissions and to help internal partners grow their revenues.
- A review of the food and beverage figures for FYs 2024 and 2025 indicate a banner couple of years are developing and it reflects that the initiatives put in place to focus on that business is working.
- Staff is also working to continually increase gross rental revenues and will be performing a competitive set rental study to ensure that rental increases are appropriate and meet the needs of our clients.

Mardeen Mattix: Chief Financial Officer, reported:

- The current marshalling yard lease has been extended for another two years while staff works with the City on identifying alternate properties and determining if properties that were identified 25 years ago are still viable and can be used for marshalling.
- One property that is relatively close to the center has been identified and could potentially be used for marshalling, but if that property is not available, staff will have to identify other

potential land for lease or purchase. The process should be completed within the next two years.

- The primary financial focus has been on collaboration between the Corporation, SDTA, and the hotel community to find the right book of business and mix of business for San Diego as a whole while also trying to educate the community on how the Corporation functions differently than some entities in other cities.

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

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

- Ms. Dougherty noted that she and Mr. Reyes work very closely on this imperative and much of what they do is in support of the three preceding imperatives, but they remain focused on communicating the Corporation’s purpose, educating key stakeholders, and strengthening business community relationships.
- In terms of the FY 2023 KPIs and milestones, the team has met or exceeded the items related to social media engagement, media coverage, and the presentations and collaborative events they participate in out in the community. With social media, for example, they had 120% growth in engagement largely due to the full-scale return of Comic-Con plus all of the robust activity the Center has experienced over the past year.
- With the volunteer events, the team has had the greatest participation in the Pride Parade with “Team Tourism,” but they continue to look for different ways that the Corporation can support the community and build partnerships.
- For community presentations, those range from the public presentations staff does for City Council, the presentations that staff do for organizations like the Lead San Diego Program as well as ones that they do for local universities. Much of what staff did over the past year was more reactive in nature, so part of what staff wants to do going forward for this coming year is to be more proactive and initiating presentations to reach our key stakeholders and build relationships across sectors.
- The imperative that was de-prioritized for this section was to have 75% of leadership staff (directors and above) participating in civic/community/industry organization in support of our communications objectives. The team reviewed our staff’s participation on Boards and committees and outside non-profits and found that 50% were participating on some level. Since we didn’t have a baseline, we found that 75% was quite an ambitious goal, especially at a time when the Corporation was understaffed in a number of areas. Asking leadership staff to commit to a 75% goal during this period of understaffing at the Corporation would have been an additional burden.

- The team ultimately decided that what they would focus on during the coming year would be to maintain the 50% participation level and make sure that the participation within the community organizations was as meaningful and deliberate as possible.
- In FY 2024, the team would like to implement a digital asset management system. Staff learned that within its photo and video archive, there are 47,000 photos and in order to clearly tell the Corporation's story, support our clients and work with the Tourism Authority effectively, there needs to be a better way to accessing and sharing those assets.
- The team has also added a metric of lighting the Sails Pavilion since we are one of a handful of truly iconic San Diego Buildings that light up in support of different causes. We have received a lot of requests for Sails lightings, which are very meaningful to our community partners, so we are reviewing how we can build those requests into our calendar while still accommodating client requests.
- Ms. Dougherty also discussed how the team introduces all levels of staff to organizations in which they can become active and fulfill civic engagement.

Chair Cota thanked staff for engaging with the Strategic Plan and taking it beyond what the initial efforts intended. Chair Cota and Director Kim noted that the Plan is intended to continue to guide the Corporation's actions over several years and it is not a one-off document. The staff KPIs reflect their understanding of the document's long-term purpose.

Ms. Saldaña did not submit a speaker's slip regarding Agenda Item B.1; however, Chair Cota allowed Ms. Saldaña an opportunity to address her comments regarding this item to the Board.

C. Budget Committee (Shawn VanDiver)

(1) Acceptance of Financial Report from Chief Financial Officer

- Ms. Mattix reported the May financial reports show the Corporation has a net operating income (surplus) of \$4 million year to date. That amount should remain the same through June.
- Overall, Ms. Mattix expects that FY 2023 will have record-breaking revenues compared to FY 2019 which was the Corporation's prior record-breaking year. This does not mean, however, that income or net surplus is going to be record breaking because the monies have been reinvested in capital, and increased repair and maintenance items and there are higher staffing levels in some regards than the Corporation had in FY 2019.
- The revenue levels are exciting because staff was not expecting the events to rebound in the manner that they did, nor did they expect the new sales philosophy to impact revenues as quickly as it did.
- The Corporation expects to break even this year or have a slight surplus (\$500,000) at the end of next month. That is phenomenal considering the Corporation budgeted

for a \$7 million loss with all the capital reinvestment, the debt payment and all of the expenses.

- Some of the savings is attributable to the roof project not being as far along as anticipated and the project was rescoped to include a possible solar component. The roof project should be completed as originally planned.
- Some repair and maintenance projects have been delayed due to supply chain issues and other projects have been delayed due to windows of opportunity between events to perform the tasks. These projects should be completed in the upcoming year.
- Ms. Mattix welcomed Shannon Teem, the Corporation's new Controller, and she also acknowledged that the Human Resources Department has done a great job at filling employee openings which is reflected on the employee expense line-item in the Corporation's budget.

After Ms. Mattix submitted her report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.C.1. No member of the public responded to the request for comment.

After presentation by Staff, Directors Kim and Rodriguez-Kennedy moved and seconded, respectively, to Accept the CFO Financial Report from the Chief Financial Officer.

Director Cota – Aye

Director Gattas – Aye

Director VanDiver – Aye

Director Bradford – Aye

Director Rodriguez-Kennedy – Aye

Director Turowski – Aye

Director Kim – Aye

Vote: Unanimous

AYES: 7

NAYS: 0

ABSTENTIONS: 0

(2) Authorize Approval of Carpet Purchase and Installation Costs

Chair Cota called for a staff report regarding this item. After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.C.2.

Ms. Saldaña did not submit a speaker's slip regarding Agenda Item 3.C.2; however, Chair Cota allowed Ms. Saldaña an opportunity to address her comments regarding this item to the Board.

After presentations by Staff and public comment, Directors Kim and VanDiver moved and seconded, respectively, to Authorize Approval of Carpet Purchase and Installation Costs by awarding a contract to ProSpectra for exterior flooring installation at a cost of \$270,980.

Director Cota – Aye
Director Gattas – Aye
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Kim – Aye

Vote: Unanimous

AYES: 7

NAYS: 0

ABSTENTIONS: 0

(3) Authorize Ratification of Chiller Rental and Chiller Repair Costs

Chair Cota called for a staff report regarding this item. After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.C.3.

Ms. Lori Saldaña submitted a speaker’s slip requesting an opportunity to address the Board regarding Agenda Item (3.C.3), and she was granted an opportunity to address her comments to the Board.

After presentations by Staff and public comment, Directors Rodriguez-Kennedy and VanDiver moved and seconded, respectively, to authorize ratification of the chiller rental from United Rentals in the amount of \$143,797.22 and to authorize ratification of the chiller repair by Trane in the amount of \$61,112.70, inclusive of contingency.

Director Cota – Aye
Director Gattas – Aye
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Kim – Aye

Vote: Unanimous

AYES: 7

NAYS: 0

ABSTENTIONS: 0

(4) Authorize Ratification of Rental Cost for Temporary Generator for Emergency Backup and Cost of West Generator Repair

Chair Cota called for a staff report regarding this item. After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.C.4.

E. Sales & Marketing Committee (Jeff Gattas)

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

Chair Cota called for a staff report regarding this item. After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.D.1. No member of the public responded to the request for comment.

After presentations by Staff, Directors Gattas and Bradford moved and seconded, respectively, to authorize Acceptance of the San Diego Tourism Authority Program of Work.

**Director Cota – Aye
Director Gattas – Aye
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Kim – Aye**

Vote: Unanimous

AYES: 7

NAYS: 0

ABSTENTIONS: 0

4. President's Report (Rip Rippetoe) – Mr. Rippetoe reported:

- Mr. Rippetoe thanked the SDCCC team members, noting that they are all vital to the success of the organization.
- Mr. Rippetoe also described the Corporation's past and present efforts in the realm of sustainability, and he provided an update regarding industry developments and initiatives in various areas.
- After Mr. Rippetoe submitted his report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 4. No member of the public responded to the request for comment.

5. Chair's Report (Carlos Cota) – Chair Cota reported:

- The next Board meeting is scheduled for July 12, 2023, at Noon. We usually do not have a July Board meeting; however, this meeting is a special set to address uniform approval and other items.
- Chair Cota also called Director's attention to the newly installed mural display in the Boardroom.

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

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

8. **Closed Session:** The Board entered into closed session at 1:26 p.m. to discuss the items set forth hereinbelow.
 - A. **CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION**
Initiation of litigation pursuant to Government Code section 54956.9 (d)(4)
(2 cases)

 - B. **EMPLOYEE PERFORMANCE EVALUATION**
Government Code Section 54957
Title: President & CEO

The Board returned to open session at 2:15 p.m.

Reporting out of closed session, General Counsel Lyon stated that the Board discussed items “8.A and 8.B,” and direction was given but no reportable action was taken.

3. **Action Item(s) Cont.**

F. 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 Cota summarized this item as a Resolution that will authorize a one-time payment of compensation in the form of a stipend to the President & CEO. Chair Cota called for an Ad Hoc Committee report regarding this item. The Ad Hoc Committee did not submit a report. Chair Cota then inquired if any member of the public wished to comment on Agenda Item 3.F. No member of the public responded to the request for comment.

Directors Gattas and Turowski 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.

Director Cota – Aye
Director Gattas – Aye
Director VanDiver – Aye
Director Bradford – Absent
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Kim – Absent

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

There being no further business, the meeting adjourned at 2:16 p.m.

I, Will Rodriguez-Kennedy, Secretary of the Board of Directors of the San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Board of Directors of the San Diego Convention Center Corporation, Inc., at a duly noticed meeting held on June 28, 2023, and that said minutes were approved by the Board of Directors on August 23, 2023.

[Approved at August 23, 2023 Board Meeting]

Will Rodriguez-Kennedy, Secretary