

Agenda Item 3.A

MINUTES*
SAN DIEGO CONVENTION CENTER CORPORATION
THE BOARD OF DIRECTORS

BOARD MEETING OF JANUARY 26, 2022
Via Teleconference

BOARD MEMBERS PRESENT: Chair Carol Kim and Directors Carlos Cota, Jeff Gattas, Shawn VanDiver and Elvin Lai

BOARD MEMBER(S) ABSENT: Directors Jaymie Bradford and Will Rodriguez-Kennedy

STAFF PRESENT: Rip Rippetoe, Mardeen Mattix, Andy Mikschl and Pat Evans (Recorder)

ALSO PRESENT: Jennifer Lyon, General Counsel, Julie Coker, SDTA President & CEO

*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 Carol Kim called the Board Meeting to order at 12:03 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101. Chair Kim then called roll to determine which Directors were present on the teleconference:

Director Kim – Present
Director Cota – Present
Director Gattas – Present
Director VanDiver – Present
Director Bradford – Absent
Director Rodriguez-Kennedy – Absent
Director Lai – Present

All Directors were recorded as present except Director Bradford and Director Rodriguez-Kennedy. Chair Kim noted that all votes taken during this meeting would be recorded via roll call vote.

2. Non-Agenda Public Comment – Chair Kim inquired if any member of the public wished to comment on any 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 Meetings of December 14, 2021 and “Special” Board Meeting of January 7, 2022**
- B. Authorization to Approve a Resolution of the San Diego Convention Center Corporation, Inc., Extending the Authorization of All or Partial Remote Teleconference Meetings of All Legislative Bodies as Needed During the Covid-19 Local and State Emergency through February 25, 2022 Pursuant to Brown Act Provisions.**

Directors Lai and VanDiver moved and seconded, respectively, to approve the Consent Agenda set forth hereinabove.

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

Vote: Unanimous

AYES: 5 NAYS: 0 ABSTENTIONS: 0

Action Item(s):

Chair Kim 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.

- C. Budget Committee (Jeff Gattas)**
 - (1) Acceptance of November and December Financial Reports from Chief Financial Officer**

CFO Mardeen Mattix issued the following report:

- Regarding the November and December financials, things were looking up, but then December hit and the Corporation didn't have much event activity so we started to see a decline in our overall operation.
- Through the first half of the year, overall, we have experienced an operational loss of \$4.3 million. The loss is better than we expected, so that's good news.
- Revenues had performed pretty well compared to budget through the first half of the year, and expenses are right on target to forecast with the \$2 million change that we initiated in the compensation line items. We are on target to hit expenses through the end of the year as budgeted.

- Staff is currently expecting a shortfall of approximately \$7 million through the end of January and, possibly, a shortfall of up to an \$8 million in February mostly attributable to events postponing or event attendance not resurging as well as we had hoped it would at this point due to the omnicron variant. We believe that from March through June we'll start to see better event attendance and we'll make up for some of that deficit.
- Right now, we've been coordinating with the City regarding what we are going to do about funding the operational deficit. So far, the Corporation has been able to absorb the cash shortage or the operational shortage through our cash reserves; however, we are still asking the City for the \$10.2 two million operational subsidy because there is still so much that is unknown regarding the resumption of events.
- The Corporation will likely fund approximately \$6 or \$7 million of the 10.2 million that the City has allocated for us sometime in the spring. At that time, we will reevaluate where we stand and what we're projecting for the rest of the year.
- Sometime in March, the Corporation plans on presenting a midyear report to the full City council in conjunction with City representatives.
- The Corporation's on-gong funding from the City will likely be decided and at that time.
- The Corporation's reserves are still looking healthy. The reserves are currently approximately \$19 million and the Corporation's reserve target balance is typically from \$9 to \$10 million.
- Everyone should note that even though the reserves look really healthy, Staff has just received a copy of a commissioned facility condition report. Staff is still reviewing the report and we intend to bring that matter to the Board for discussion purposes. The report will initially be reviewed by the Budget Committee next month but we do have significant needs to be considered over the five to ten years, specifically.
- The City is also aware that the Corporation has received the facility condition report and that we are evaluating it right now. The City is prepared to assist the Corporation in the best manner that they can.

Directors Gattas and Cota moved and seconded, respectively, to authorize Acceptance of November and December Financial Reports from Chief Financial Officer.

Director Kim – Aye

Director Cota – Aye

Director Gattas – Aye

Director VanDiver –Aye

Director Bradford – Absent

Director Rodriguez-Kennedy – Absent

Director Lai – Aye

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

Chair Kim 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.

(2) Authorization to Approve Contract for Roof Consultant

Directors Gattas and Cota moved and seconded, respectively, to authorize Approval of Contract for Roof Consultant.

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

Vote: Unanimous

AYES: 5 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.D.1. No members of the public responded to the request for comment.

D. Audit Committee (Jaymie Bradford)

(1) Authorization to Place Employee Medical and Employer Paid Basic Life, AD&D and LTD Insurance through Marsh & McLennan Agency LLC Company

Directors VanDiver and Gattas moved and seconded, respectively, to authorize Placement of Employee Medical and Employer Paid Basic Life, AD&D and LTD Insurance through Marsh & McLennan Agency LLC Company.

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

Vote: Unanimous

AYES: 5 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.E.1. No members of the public responded to the request for comment.

E. Sales & Marketing Committee (Carlos Cota)

(1) Authorization to Approve Contract for Sales & Marketing Services with San Diego Tourism Authority

Directors VanDiver and Cota moved and seconded, respectively, to authorize approval of Contract for Sales & Marketing Services with San Diego Tourism Authority and to recommend that the San Diego City Council approve said Contract.

Director Kim – Aye

Director Cota – Aye

Director Gattas – Aye

Director VanDiver – Aye

Director Bradford – Absent

Director Rodriguez-Kennedy – Absent

Director Lai – Aye

Vote: Unanimous

AYES: 5

NAYS: 0

ABSTENTIONS: 0

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

- Mr. Rippetoe introduced the new Director of Government and Community Affairs, Juan Reyes. Mr. Reyes joined the staff on January third and has just been a great addition to the team.
- Mr. Rippetoe also commented on how the newly adopted Strategic Plan is being incorporated into day-to-day functions by senior staff. There will be a company-wide meeting next month that will introduce the plan to the entire staff. Staff is already making significant progress in a couple of areas and a more formal status report will be provided at the March Board meeting.
- Staff is in the middle of the search for the Corporation's new Director of People and Culture. Kimberly Cruz, a People and Culture Recruiter, is heading up that process. That department's staff was cut in half during the pandemic and they still have a strong commitment to their jobs and are making great progress despite the staffing shortage. We have great candidates for the Director position and we'll make a final selection soon.
- The Corporation has hired a new Director that reports to Corey Albright to assist with CIP projects and planning. The Corporation will also be moving forward with hiring a Director of Maintenance with the appropriate engineering expertise that is needed in both CIP and maintenance areas.
- Staff is taking steps so that we can get ahead of the recommendations made in the facility assessment report and also to be able to communicate our needs to the City and to understand the City's expectations with regard to the assessment.
- Mr. Rippetoe will be out of the office from tomorrow through next Tuesday and will delegate signature authority to Ms. Mattix or, in her absence, Mr. Mikschl in the case of an emergency.

5. **Chair's Report (Carol Kim)**

- Ms. Kim acknowledged the tremendous amount of work that's gone into the items that were presented to the Board today and she thanked the Staff, Board members, our partners for allowing us to get here. She also encouraged everyone to continue to “keep our nose to the grindstone” and continue to work on these matters.
- The Board is looking forward to a more formal report on status of the strategic plan to keep it updated on changes that occur.
- Ms. Kim would also like to see how the new Director hires will fit into the organizational staffing chart and how those hires will impact the imperatives in the Strategic Plan.
- The next board meeting, though, is February 23rd, 2022 at noon

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 1:20 p.m. to discuss:

- A. **CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2)(1 case)
Existing facts and circumstances pursuant to GC 54956.9(e)(1)
- B. **EMPLOYEE PERFORMANCE EVALUATION**
Government Code Section 54957
Title: President & CEO

The Board returned to open session at 1:47 p.m.

Reporting out of closed session, General Counsel Lyon stated that the Board discussed item “7A” and direction was given but no reportable action was taken. Discussion regarding item “7B” was continued to a future Board meeting.

There being no further business, the meeting adjourned at 1:48 p.m.

I, Shawn VanDiver, 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 January 26, 2022 and that said minutes were approved by the Board of Directors on February 23, 2022.

[Approved at Board Meeting of February 23, 2022]
Shawn VanDiver, Secretary