

**BOARD OF LOS ANGELES CONVENTION  
AND TOURISM DEVELOPMENT**

Regular Meeting Minutes  
November 5, 2014  
9:00 a.m.

The Board of Los Angeles Convention and Tourism Development (Board) convened a regular meeting on Wednesday, November 5, 2014 at 9:03 a.m. at the Los Angeles Convention Center (LACC), located at 1201 S. Figueroa Street, Los Angeles, CA 90015, in the Executive Board Room.

**PRESENT:**

President Jon Vein  
Vice President Ray Bidenost  
Commissioner Nicole Duckett Fricke  
Commissioner Gillian Zucker

Bud Ovrom, Executive Director – Los Angeles Department of Convention & Tourism Development (CTD)

Tom Fields, Assistant General Manager & Chief Operating Officer – CTD

Marla Bleavins, Assistant General Manager, Finance & Administration – CTD

Glyn Milburn, Business Team Representative – Office of the Mayor

John Wickham, Legislative Analyst – Office of the Chief Legislative Officer (CLA)

Natalie Brill, Chief of Debt Management – Office of the City Administrative Officer (CAO)

Diana Mangioglu, Sr. Administrative Analyst II – CAO

Brad Gessner, Sr. Vice President & General Manager – AEG Facilities

Keith Hilsgen, Vice President, Finance – AEG Facilities

Darren Green, Sr. Vice President, Sales – Los Angeles Tourism and Convention Board (LATCB)

Patti MacJennett, Sr. Vice President, Business Affairs – LATCB

Barbara Kirklighter, Vice President, Revenue Strategy – LATCB

Cristine Villorante, Executive Administrative Assistant – CTD

**ABSENT:**

Commissioner Otto Padron

***Item 1. Call to Order*** – President Vein called the meeting to order.

***Item 2. Public Comment*** – There was no public comment.

***Item 6b. LACC Expansion and Futurization Project Update***

Item 6b was taken out of order to accommodate Mr. John Wickham's schedule.

Mr. Wickham informed the Board that the offices of the CAO and CLA are coordinating the efforts for Plan B and are currently working on administrative issues. Mr. Wickham will be added to the Board's agenda once the CAO and CLA are ready.

**Item 3. Approval of the Meeting Minutes** – The meeting minutes from the October 1, 2014 Regular meeting and Special meeting were approved.

Vote

Yes: President Vein, Vice President Bidenost, Commissioner Duckett Fricke  
(Note: Commissioner Zucker was not present during the approval of the minutes.)

No: None

**Item 4. Monthly Reports for September 2014**

A. AEG

Mr. Brad Gessner presented the monthly report and highlighted the following:

1. 14 events with 50,320 total attendance
  - 13 local events
  - 1 citywide event, League of California Cities
  - Los Angeles Masters Grand Slam was a first time event (equestrian jumping event) with plans to return in 2015 and 2016
  - Audio Engineering Society was on site during the month of October, but was mentioned because their numbers went up 25% (it has been over 10 years since the event has been in Los Angeles)
2. 2 film shoots totaling \$58,860 in revenue
3. Financials: \$26 thousand (K) above budget, \$439K above year-to-date (YTD)  
Revenues: \$1 million; \$4.2 million YTD; \$37K above September budget; \$511K above YTD  
Expenses: \$1.7 million; \$5.6 million YTD; \$11K above September budget; \$72K above YTD
4. Looking Forward
  - November 24, Turkey Giveaway
  - November 26, Salvation Army Thanksgiving Dinner
  - Union Negotiations with Building and Construction Trades Council (painters, plumbers, electricians, and carpenters) and HERE Local 11 (Levy employees)

B. LATCB

Mr. Darren Green presented the monthly report and highlighted the following:

1. Citywide Conventions
  - holding at 21 for 2014 with 5 center events
  - 23 for 2015; 30 for 2016; 17 for 2017; 18 for 2018; 12 for 2019; 15 for 2020
2. Citywide Convention Sales Production
  - FY14/15 Goal is 210, have 74 YTD, FY13/14 had 59 same time last year (STLY)

- Room Night Booking Goal for FY14/15 is 351K, have 72,373 YTD, FY13/14 had 43,227 STLY
  - FY14/15 Prospects:128, FY13/14 Prospects: 143 STLY
3. October 2014 Citywide Bookings
    - United States & Canadian Academy of Pathology (2020, 2022, 2024)
    - Organo (2015)
    - Hewlett Packard Global Partner Conference (2016, 2017)
  4. Hot New Prospects
    - Bristol-Myers Squibb Company, National Sales Meeting (2015)
    - AstraZeneca, National Meeting (2015)
    - Rockwell Automation, Automation Fair (2017)
    - Club Managers Association of America, World Conference (2018)
  5. October Citywide Prospect Site Inspections
    - National Association of Insurance Commissioners (2016)
    - Buffalo Wild Wings, Annual Financial Meeting (2017)
    - American Farm Bureau Federation, Convention & Trade Show (2020)
    - American Academy of Physician Assistants (2021)
    - Site visit scheduled with Harley Davidson next week
  6. LATCB Sales Customer Advisory Board – October 26-28, 2014
    - The Board is represented by members from medical societies, national/international associations, corporations, 3<sup>rd</sup> party meeting management companies and industry authorities
    - Meeting took place at Universal, but members were taken to Downtown via the Metro line for a tour of Downtown and had a positive experience
    - Covered industry trends, state of Los Angeles meetings industry, previewed proposed “Meeting L.A.” Ad Campaign, B2B website development update, and value assessment of client services

Upon conclusion of Mr. Green’s presentation, President Vein asked if the Board could have a sneak preview of LATCB’s new ad campaign. Commissioner Zucker also asked if there was an interface available whereby the Board can see the presentation at the same time as the LATCB Board. In response, Mr. Green stated that he will make a presentation to the Board before the ad campaign is finalized.

***Item 5. Approval of LATCB Contract Renewal***

Ms. Marla Bleavins presented an overview of the LATCB contract and reviewed changes and key aspects of the contract for the Board’s consideration.

- A. The City’s current contract with LATCB’s originally ran through June 30, 2014. The City Council approved a six month extension which will expire on December 31, 2014.

B. Over the past few months, the Los Angeles Department of Convention and Tourism Development (CTD) has reviewed contracts from other cities (Chicago, New York, San Francisco, and Anaheim) and consulted with the Bloomberg Group. CTD considered what other cities are doing and the City's current governing and management structure for the LACC, which has resulted in the contract presented to the Board today.

C. Key Aspects

1. Term of contract is 5-1/2 years to end on June 30, 2020
  - Term of contract is aligned with the work program, the budget, and the fiscal year for administrative ease
  - There is a 6-month evaluation/termination process, in case issues arise
2. Compensation remains the same, 1% of Transient Occupancy Tax (TOT)
  - Estimated at \$14.9 million for the current fiscal year
3. Work Program
  - The structure is delineated in a new format for Appendix E (format similar to Chicago, which lays out goals, objectives, methodology, and evaluation)
  - Broad goal to bring conventions and tourism as an economic driver
  - Four main objective: increase visitation, increase and measure economic impact, increase visitor engagement (track it in order to enhance visitor experience), use City funding to maximize return on investment
  - Results oriented metrics, which is consistent with the Mayor's performance based budgeting
4. Contract administration has transferred from the CAO's office to the CTD
5. Other changes reflect new LACC governance and management structure, recognizes and encourages other sources of funding, reflects discounts and booking policies and related procedures, and calls for judicious use of discounts while prioritizing events that drive hotel stays

D. The Board will need to approve the contract, with any necessary changes, and proceed to the City Council for approval. The contract must be scheduled to go before the Economic Development Committee on December 9, 2014 and the full City Council soon after.

At the conclusion of Ms. Bleavins presentation, President Vein asked for a brief review of Section 3 of the LATCB contract.

President Vein moved to approve the LATCB contract, as amended, subject to City Council approval. Seconded by Commissioner Duckett Fricke and approved by the Board.

VOTE:

Yes: President Vein, Vice President Bidenost, Commissioner Duckett Fricke and Commissioner Zucker

No: None

**Item 6. Executive Director's Report**

A. 2016 Budget

1. Timeline (presented by Marla Bleavins)
  - CTD's budget submittal is due on November 21, 2014 to the Mayor's office
  - CTD will request the Board's approval of the final version of the budget at the next Board meeting scheduled for November 19, 2014
  
2. Overview of Proposed LACC Related Appropriations and Expenditures for Current Year (presented by Marla Bleavins)
  - On Budget Appropriations (items paid for by the Controller's Office)
    - \* CTD Department, \$1.6 million
    - \* Cash Flow Management Fund, \$5 million – intended to help pay for AEG expenses before revenues come in, required by the management agreement
    - \* LACC Reserve Fund, \$2.8 million – required to be 10% of the operating expenses, required by the management agreement
    - \* Booking Policy Off-Set, \$5.6 million – historically has been on the budget to off sets related costs in debt service, CTD will be asking that it support the operations of the building (funding of the discounts)
  - Off Budget Expenditures (funds contractors)
    - \* LACC-AEG Operating Budget, \$21.8 million
    - \* LATCB Budget, To be determined (TOT Revenue/CVB Trust Fund)
  - Capital Improvement Projects Expenditures, \$11.8 million
  
3. Proposed Budget for LACC-AEG Operations for FY 2016
  - Business Plan (presented by Brad Gessner)
    - \* LEED-EG Gold Certification
    - \* Enhance LACC presence and visibility via social media and press Releases
    - \* Develop a Guest Services department and program
    - \* Continue to improve customer satisfaction
    - \* Increase filming and other short-term bookings
    - \* Improve building security, access control and safeguarding Convention Center exterior
  
4. Proposed CTD Department Budget for FY 2016 (presented by Keith Hilsген, Vice President, Finance)
  - \$21.8 million budgeted for FY 2016
    - \* In comparison to FY 2015, the budget is relatively the same
    - \* Biggest change is rent with a \$500K difference
  - Event Mix totals 306 for FY 2016
    - \* 25 LATCB events, the remainder being short term bookings
    - \* Numbers are not confirmed due to the requirement of not booking more than 12 month out

- Fixed Expenses total \$21,845 for FY 2016 (salaries, benefits, other expenses)
  - \* In Comparison to FY 2015, salaries and benefits increased by \$525K due to wage increase for employees, union employee retirement benefits, and the addition of the guest service department

5. Proposed CIP for FY 2016

Due to time constraints, this topic will be discussed at the next Board meeting scheduled for November 19, 2014.

B. LACC Expansion and Futurization Project Updates

Mr. Ovrom reported that the \$750K from AEG to cover the expenses for the architects has not been deposited. The three architectural firms will be asked to do two plans each (one with a hotel and one without a hotel), but have not been given authorization to proceed. The City Attorney, CAO and CLA are resolving some administrative issues. At this time, the process is at a standstill, but do not expect to lose net time from the overall schedule.

***Item 7. Agenda Forecast/Special Topics***

There were no agenda items or special topics discussed.

**ADJOURNMENT**

The meeting was adjourned at 10:21 a.m.