



**LOS ANGELES CONVENTION CENTER
BOARD OF COMMISSIONERS**

Regular Meeting Minutes

**January 8, 2014
12:30 p.m.**

The Los Angeles Convention Center Department Commission (Commission) convened a regular meeting on Wednesday, January 8, 2014 at 12:53 p.m., unofficially, due to lack of quorum. The meeting took place at the Los Angeles Convention Center (LACC), located at 1201 South Figueroa Street, Los Angeles, CA 90015, in the Executive Board Room. A quorum was achieved with the arrival of Commissioner Duckett Fricke at 12:58 p.m.

ITEM NO. 1 CALL TO ORDER / ROLL CALL

The meeting was called to order by President Jon Vein.

Commissioners Present:

President Jon F. Vein
Vice President Ray Bidenost
Commissioner Nicole Duckett Fricke

Commissioners Absent:

Commissioner Neal Moritz
Commissioner Gillian Zucker

Department Staff Present:

Robert R. "Bud" Ovrom, Executive Director
Tom Fields, COO & Assistant General Manager
Marla Bleavins, CFO & Assistant General Manager
Cristine Villorante, Recording Secretary

Guests Present:

Terry Martin Brown, Assistant City Attorney – Office of the City Attorney
Brad Gessner, Sr. Vice President & General Manager of the LACC – AEG
Ernest Wooden, Jr., President & CEO – Los Angeles Tourism & Convention Board
Patti MacJennett, Sr. Vice President of Business Affairs – Los Angeles Tourism & Convention Board
Barbara Kirklighter, Sr. Director of Research & Revenue Strategy – Los Angeles Tourism & Convention Board

Note: At this point, the meeting is considered an informational meeting only. Agenda items were taken out of order moving up non-action agenda items for discussion.

ITEM NO. 4 EXECUTIVE DIRECTOR'S REPORT

a. Operations

Mr. Tom Fields reported that as of January 1, 2014, the last two operational components, Food Services and Security, have transitioned to AEG. Mr. Fields also mentioned that Aramark and Levy were able to do an inventory of the Food Services equipment last December.

President Vein asked about events currently on site and how well they are doing.

Mr. Fields stated that there were several events on site and highlighted the following events:

- L.A. Art Show, currently in move-in phase, opening next Wednesday in South Hall
- Discover the Dinosaurs in West Hall B
- NBM Show (Sign & Digital Graphics) in West Hall A

Mr. Brad Gessner added that AEG Department Heads and key personnel hold weekly meetings that cover all event details for the next two weeks. Although event management software (EBMS) is utilized by staff, one can always catch details in a team meeting. Mr. Gessner also stated that he is pleased with how things are going; it's better than he anticipated. AEG retained several of the former LACC Event Managers which provided continuity in event planning and management. AEG has also hired 72 new employees within the last month.

Vice President Bidenost asked if any AEG personnel transferred over to the LACC. Mr. Gessner stated that three AEG personnel transferred over, two employees from Security and one employee from Event Management.

Vice President Bidenost asked who the General Manager is for Food Services. Mr. Gessner stated that Rian Hanneman, former Assistant General Manager of Food and Beverage at the Anaheim Convention Center, is the Operations Director (General Manager) for Levy. AEG also retained several of the Aramark employees such as Rhonda Robinson, Chef Brett Lewis.

Mr. Bud Ovrom added that there will be regular reports from AEG and the Los Angeles Tourism & Convention Board (LATCB) placed on the agenda, for the second meeting of each month, which will update the Commission on events, sales and marketing.

Note: At 12:58 p.m., Commissioner Nicole Duckett Fricke arrived. The Los Angeles Convention Center Commission achieved quorum and officially convened.

In conclusion, Mr. Fields informed the Commission that his focus this month will include the submittal of the Annual Emergency Plan, refinement of cost estimates for next year's Capital Improvement Projects, and Plan B criteria.

b. Administration

Ms. Marla Bleavins informed the Commission that she will be prepared to provide a report of the finances for the current fiscal year at the next Commission meeting. Ms. Bleavins has been working with AEG's VP of Finance, the Office of the City Administrative Officer (CAO), and the accounting staff to put together a financial report for this Commission. Ms. Bleavins also mentioned that she had been working on financial reports requested by the CAO's office, which is due this week, in preparation for the CAO's Financial Status Report (FSR).

At the last meeting, Ms. Bleavins discussed the budget submittal, which was due to the Mayor's office on December 20, 2013. Ms. Bleavins distributed LACC's Budget Request to Commissioners for their reference.

Vice President Bidenost asked how the City's budget process worked. Ms. Bleavins explained that there are a series of hearings that are scheduled with the Office of the Mayor, the CAO's office, and the City departments between now and April. The process is basically a series of negotiations relative to the LACC's budget requests. There is a City Charter requirement which states that the Mayor must submit the budget to the City Council by April 20th, the City Council has until early June to vote on the budget, and the Mayor has the opportunity to veto, and the budget is finalized by mid-June.

Mr. Ovrom stated when LACC's privatization went before the City Council, the staff report was very clear that the cost would be unknown and there would have to be a mid-year financial reconciliation. That FSR will be important and the LACC hopes the CAO and City Council remember that staff report.

President Vein asked if there is any telegraphing. Mr. Ovrom stated that there is no way to come out ahead as there were too many costs related to the transition. The LACC is off the hook for the people that transferred to another City department. In terms of the budget for next fiscal year, privatized or not, there is a fundamental problem with the financial oversight of how this facility is run.

Mr. Ovrom stated that the LACC will need to work with the Mayor's budget team to ensure that the LACC's budget requests are incorporated into the Mayor budget that's submitted in April.

Commissioner Duckett Fricke asked what the next immediate step in the budget process is. Ms. Bleavins informed the Commission that there is an internal meeting at the CAO's office today. Then, the CAO will notify each City department of their next steps.

Mr. Ovrom added that another twist for the LACC's budget is incorporating AEG and LATCB budgets into the process.

Vice President Bidenost asked if the LACC is making money or losing money. Mr. Gessner stated that AEG plans to break even next fiscal year. Mr. Ovrom explained that the process is such that the more successful LATCB is, the less successful AEG is. The budget currently shows \$4M in rent discounts, but every rent discount means less money in AEG's operating budget.

Vice President Bidenost was impressed with the LACC's Budget Request and asked who prepared it. Ms. Bleavins introduced Donna Jean Irving and Tigran Avetisyan, who were present at the Commission meeting.

Vice President Bidenost also commented that a new Commission picture is needed, adding the newly appointed Commissioner, Otto Padron.

Vice President Bidenost also asked if there would be a thank you letter or certificate of service for Commissioner Moritz. Mr. Ovrom stated that the LACC team would put something together.

c. Update on Governance Ordinance

Mr. Ovrom reported that the process has naturally moved slowly, so the item has not been scheduled on the agenda for the Budget and Finance Committee. Mr. Ovrom will keep the Commission updated.

d. LACC Action Plan

Mr. Ovrom had nothing new to report to the Commission on the subject.

**ITEM NO. 5 CONSIDERATION OF DEPARTMENT NAME
& ITEM NO. 2 PUBLIC COMMENT**

President Vein provided a brief background on the subject matter and reported that Mr. Ovrom, Mr. Gessner, and Mr. Wooden collaborated on a name. The suggestion on the table, in addition to the list of names previously distributed, is the Department of Conventions and Tourism Development.

President Vein broke down the components of the name and the reason for its selection. Department was selected because a lot of the organizations within the City start with the name "Department." Because the LACC Department's purview goes well beyond the convention center, "conventions" was added. "Tourism" describes how people get here. "Development" distinguishes the LACC Department's function.

President Vein stated that the sensitivities are that there is no confusion or moderate the potential for confusion, and the fact that there is a well established brand on a global basis with LATCB and not detracting from that.

Further discussions ensued highlighting the following suggestions/comments:

- “Los Angeles” should be incorporated into the name
- the acronym does not flow
- the name must be such that the consumer can distinguish it between LATCB
- always think in the eyes of the consumer, think externally
- have a link on the LACC and LATCB websites to the Department’s governance information
- cross promote between LATCB and LACC
- if Los Angeles is not incorporated in the name, a whole list of names from other cities or states can come up on-line
- the name would most likely appear in business cards, letterhead and in the City Ordinance
- the focus is to mitigate the level of confusion
- hold off on the name and hire a focus group
- we’re not looking to brand the LACC Department, it should be descriptive and not confusing
- if it doesn’t work, it can be changed

In terms of implementation, Mr. Ovrom suggested that President Vein draft a letter, addressed to the Council Committee, recommending adopting the name change.

Ms. Joyce Dillard made a public comment with regards to Item No. 5, Consideration of the Department Name. Ms. Dillard expressed her concerns relative to this issue not being heard in Council Committee, the name change conflicting with the initial vote of the people, the change in the focus of the convention center, the City Council’s need to address the change to public benefit, and why the Los Angeles Convention and Exhibition Center Authority (Authority) has been out of the loop. Ms. Dillard also commented on the Authority Commission having the legal authority over the convention center (through the debt), the conflict with the bonds, and the agenda not being posted on the LACC website.

After Ms. Dillard’s public comment, Mr. Ovrom added that the ultimate decision is made by the City Council and the Mayor.

Vice President asked if the item will go before other Council Committees. Mr. Ovrom stated that it has gone before the Economic Development Committee already and is scheduled to go before the Budget and Finance Committee, then to full City Council, and then to the Mayor.

Commissioner Duckett Fricke moved to recommend the Los Angeles Department of Conventions and Tourism Development as the new LACC Department name, which was unanimously approved.

Note: Agenda items were taken out of order to accommodate action items.

ITEM NO. 3 APPROVAL OF THE DECEMBER 17, 2013 MINUTES

The December 17, 2013 Los Angeles Convention Center Department Commission Minutes were unanimously approved.

ITEM NO. 6 BOOKING / DISCOUNT POLICY

Ms. Bleavins provided the Commission with a hard copy of a PowerPoint presentation on the Booking and Discount policies. The topics of discussion and highlighted points were as follows:

- Booking Policy (timing of when to book)
 - Adopted by City Council in December 2012, intended to reward out of town events
 - LACC booked events, changed from 24 months to 12 months and in
 - LATCB booked events, 12 months and out
- Key Elements of the Discount Policy (how much to charge)
 - Adopted by the City Council in 2002
 - Foundation of the Discount Policy
 - * A revised policy in response to a Controller audit
 - * LACC, LATCB, CAO drafted, requiring that Transient Occupancy Tax (TOT) exceed the discount and obligates events (or LATCB, depending on Letter of Intent) to pay for TOT in the event of a shortfall
 - Intent of the Discount Policy
 - * Provide discount on rental rates to citywide conventions
 - Key Considerations in Granting Discounts
 - * How much ancillary revenues would be generated
 - Exceptions to the Discount Policy
 - * Industry-Wide and Travel Association, e.g. IAEE
 - * Multi-Year Licenses
 - * Provide substantial benefit to the City and approved by the Mayor, e.g. Democratic and Republican National Convention
 - Approval Process for Discounts
 - * Currently LATCB submits the request to the LACC, LACC reviews and submits to the CAO
 - Reconciliation of TOT to Discount
 - * The LACC collects shortfalls, places hold on future events if not paid

- Financial Implications for LACC
 - The space rent generated is minimal
 - City's local economy that benefits
 - Trade-offs include holding off on building maintenance
- Pending Changes to the Discount Policy
 - Once the new governance is passed, LATCB would submit the discount to LACC, and then this Commission, if required
- Staff Recommendations to the Board
 - Review other policies in the same peer group
 - Form a working group to consider changes to the Discount policy
 - Work with stakeholders towards a consolidated policy

In conclusion Mr. Ovrom stated that the discount is necessary to increase the City's economy, but when the TOT is raised, the LACC would like to advocate the use of the increase of the TOT to backfill the loss of the rent.

ITEM NO. 7 AGENDA FORECAST / SPECIAL TOPICS

Mr. Ovrom would like keep the schedule for January 22, 2014. Mr. Ovrom recommended a joint Commission/Authority meeting for February 12, 2014 so that AEG can make a presentation on Plan A to both commissions simultaneously rather than two separate meetings. Lastly, Mr. Ovrom recommended discussing hotels on February 26, 2014.

ITEM NO. 8 ADJOURNMENT

The meeting was adjourned at 2:11 p.m.