



LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY

Meeting
Wednesday
January 8, 2014
10:30 a.m.
Los Angeles Convention Center

COMMISSIONERS PRESENT

Sylvia Robledo, President
Susan Rodriguez, Vice President
Carlos Alfaro
Tom Cañas
Candice Choh
Robert R. Mallicoat
Kanchan Mattoo
Andrew Walter

COMMISSIONERS ABSENT

Wayne Avrashow
Florence Chung
Shahiedah S. Coates
David Cunningham, Jr.
Peter Gravett
Donald H. Smith

STAFF PRESENT

Bud Ovrom, Executive Director
Tom Fields, COO & Assistant General Manager
Cristine Villorante, Executive Administrative Assistant II

Item 1. Call to Order - President Robledo called the meeting to order at 10:36 a.m.

Item 2. Public Comment - President Robledo opened the floor for Public Comment. There being none, the item was closed.

Item 3. Approval of the Meeting Minutes - The Los Angeles Convention & Exhibition Authority Commission (Authority) Minutes of the September 11, 2013 were unanimously approved.

Item 4. President Comments - President Robledo thanked the Commissioners for their support during her tenure as the Commission President and excited to support the new leadership.

Item 5. Election of the 2014 Officers - The Nomination Committee, which consists of former Authority Presidents, met to consider the nominees for the 2014 officers. The Nomination Committee nominated Commissioner Susan Rodriguez for President and Commissioner Andrew Walter for Vice President. The Authority unanimously voted Commissioners Rodriguez and Walter into office. President Rodriguez presided over the remainder of the meeting.

Item 6. Executive Director's Comments - Mr. Ovrom deferred to Mr. Tom Fields to provide the Authority with an update on the overall transition.

Mr. Fields reported that things are going well with the transition. The two important mile stones that occurred were the transition of the majority of workers on December 8, 2013 and the transition of Food Services and Security Service on January 1, 2014. Effective January 1, 2014, AEG is fully operating the facility.

The electrical, audio/visual, and plumbing services, previously internal services, are now sub-contracted (third party contractor). The Los Angeles Convention Center (LACC) and AEG staff are working on refining the rules and regulations with regards to access, process, and procedures.

Some of the upcoming events highlighted were:

- 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

Commissioner Robledo asked about the remaining staff that needed to be placed. Mr. Fields stated that all employees that wished to stay with the City were placed. The final placement was completed on December 7, 2013.

President Rodriguez asked about the status of the critical positions that were lost after the initial announcement of the City moving towards a private operator for LACC. Mr. Fields confirmed that one position was in the Sales division, but could not pinpoint any other specific positions. The LACC went from 120 employees down to 83 in the last month of transition, but the staff did a fantastic job, especially in support of the last event prior to transition, the LA Auto Show.

Relative to AEG's current staffing, AEG has 80 employees, but plan to increase their personnel in the next fiscal year, ideally to 110 employees. Mr. Ovrom added that 13 former LACC employees transferred to AEG which aided in continuity. Some of LACC's key personnel that transferred include:

- Greg Rosicky - formerly VP of Event Services, now VP of Operations
- Estella Flores - formerly Director of Event Services, now Facility Services Supervisor
- Claudia Brett - formerly and currently Sr. Sales Manager
- Kitty Silbereich – formerly and currently Sales Manager
- Pat Rigali - formerly Sr. Building Operating Engineer, now Building Superintendent
- Tom Drew - formerly Director of Technical Services, now Technical Systems Manager

Mr. Ovrom added that part of the new governance structure includes LACC overseeing the contracts for both the Los Angeles Tourism and Convention Board and AEG. Mr. Ovrom has weekly meetings with Mr. Brad Gessner and Mr. Ernest Wooden to ensure a good working relationship between the three organizations.

Commissioner Robledo asked about the status of the new governance structure for LACC Department Commission changing them from advisory to authoritative. Mr. Ovrom stated that the ordinance is out of the Economic Development Committee. It's scheduled to go to Budget and Finance Committee, but may be waived to go directly to the full City Council. The Mayor recently appointed a new Department Commissioner, Otto Padron, in replace of the vacancy made by Neal Moritz.

Commissioner Mallicoat was disturbed by the fact that the Authority has not met in the last few months as the Authority anticipated that this would be a very active period. Commissioner Mallicoat asked Mr. Ovrom to inform the Authority of any anticipated hurdles seen down the road. Mr. Ovrom stated that as a financing authority, this body should know what's going on, but financing may have long gaps between meetings. There will be financing aspects involved in both Plan A and Plan B, so the Authority will be involved throughout this process.

Mr. Ovrom briefed the Authority on the reports the Chief Legislative Analyst (CLA) and the City Administrative Officer (CAO) provided to the City Council relative to alternative modernization options and its financing. The City Council initiated discussion of development options for the LACC in the event that the New Hall/Event Center project does not proceed. The highlights are as follows:

a. Status report on the proposed "Plan B"

- CLA commissioned a study by Convention, Sports and Leisure to compare the convention center facilities around the nation and identify future planning needs to ensure that the LACC is competitive in the future. Examples of the planning needs indicated in the study were the need for contiguous space, a ball room, and open space improvements.
- CLA commissioned the Urban Land Institute to form a Technical Panel to evaluate LACC renovation options which included enlivening Gilbert Lindsay Plaza, use of natural lighting, taking advantage of indoor/outdoor activities, incorporating a 1,000 room hotel into the design of the facility.
- Initiate an architectural design competition in February or March 2014. Award the contract to the winning design after October of 2014. City would provide a \$100,000 stipend.
- City is committed to Plan A, but the City has a fiduciary responsibility to the citizens of Los Angeles to have a back-up plan.

b. Financing “Plan B”

- Raise the Transient Occupancy Tax (TOT). TOT is currently 14%. If the City raises the TOT, it may lose business to cities with lower TOT. 3.5% of the TOT goes towards paying the debt service.
- With the West Hall bonds paid off and South Hall bonds paid off by 2023, find a way to refinance and keep debt service the same. Pull the equity and modernize the facility.
- Currently the LACC has tax exempt bonds, which has a lot of federal tax restrictions attached to it. Look at using taxable bonds which allows more operational flexibility on how the facility can be used.

There was further discussion relative to taxable verses non-taxable bonds, hotel development, the floor height comparison between West Hall and South Hall, selling parcels of land for profit, the City’s general rule to never sell their assets, air rights around the LACC, difference in contiguous space between Plan A and Plan B, and site retail.

Item 7. Future Meeting Schedule - The next meeting of the Authority is scheduled for Wednesday, February 12, 2014.

The meeting adjourned at 11:48 a.m.
