



BOARD OF LOS ANGELES DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

Commissioners: Jon F. Vein, President; Otto Padron, Vice President;
Jeremy Bernard; Ana Cubas; Stella T. Maloyan

Members of the public who wish to speak during the meeting must submit a "Request to Speak" form to the Board Secretary prior to the commencement of the public comments for each agenda item of interest. Comments by the public on matters not identified on the agenda, but within the subject matter jurisdiction of the Commission, will be heard only during the item designated as "Public Comment." Public speaking will be limited to two minutes per speaker, unless the presiding officer grants some other amount of time before the commencement of the public comment.

Regular Meeting
Wednesday, October 4, 2017
9:00 a.m.
Los Angeles Convention Center
1201 S. Figueroa Street, L.A., CA 90015
Executive Board Room

1. CALL TO ORDER / ROLL CALL

2. PUBLIC COMMENT

3. ACTION ITEMS:

- a. Approval of the regular meeting minutes from September 6, 2017
- b. Approval of the special meeting minutes from September 6, 2017
- c. Approval of Proposed LATCB FY17/18 Appendix E – Board Report 17-003
- d. Approval of Proposed Los Angeles Convention Center Reserve Policy – Board Report 17-004

4. PRESENTATIONS:

- a. Neighborhood Council representatives on any Neighborhood Council Resolution or Community Impact Statement filed with the City Clerk which relate to any agenda item listed or being considered on this agenda for Board of Los Angeles Department of Convention and Tourism Development
- b. AEG Monthly Update – August – Brad Gessner, AEG
- c. LATCB Monthly Update – August – Darren Green, LATCB
 - i. Marketing Update – John Boudouvas, LATCB
- d. CIP Update - CTD
- e. Executive Director Report

ADJOURNMENT

AGENDA FORECAST / SPECIAL TOPICS:

October 18, 2017 - Executive Director Report

Materials related to an item on this agenda submitted to the Board of Los Angeles Convention and Tourism development after distribution of the agenda packet are available for public inspection in the Executive Office of the Los Angeles Convention Center, 1201 S. Figueroa Street, Los Angeles, CA 90015, during normal business hours.

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

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

Regular Meeting Minutes

September 6, 2017

The Board of Los Angeles Convention and Tourism Development Commission (Board) convened a regular meeting on Wednesday, September 6, 2017 at 9:00 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 F. Vein
Vice President Otto Padron (arrived 9:03 a.m.)
Commissioner Jeremy Bernard
Commissioner Ana Cubas
Commissioner Stella T. Maloyan (arrived 9:18 a.m.)

ABSENT:

None

PRESENTERS:

Brad Gessner, AEG
Keith Hilsgen, AEG
Doane Liu, CTD
Darren Green, LATCB
Laine Haynes-Smith, LATCB

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:00 a.m.

Item 2. Public Comment

None

Item 3a. Approval of the special meeting minutes from August 23, 2017

UNANIMOUSLY APPROVED

Item 4a. Neighborhood Council

None

Item 4b. AEG Monthly Update – July

Mr. Brad Gessner recognized Mina Hurtado as Employee of the Month. Mr. Gessner reported that July had 10 events, with a total attendance of 504,348, two of which were citywide events and in addition there were two filmings. Mr. Keith Hilsgen presented the financial data for July. Mr. Hilsgen noted the operating profit of \$728,000 and revenue of \$27 million, with \$238,000 in rental discounts. Mr. Hilsgen also noted the occupancy for July was 70%, which is down year over year, due to the timing of events as several are on rotation or crossed into August. Mr. Hilsgen also reported that the projected economic impact for July was \$81 million.

Item 4c. LATCB Monthly Update – July

Mr. Darren Green reported that LATCB has processed 27 leads, the goal is 220 leads, resulting in 14,094 room nights, the goal of 390,000. Mr. Green noted that it takes 20 hotels to reach 4,000 peak room nights, some of which are up to two miles from the LACC. San Francisco and San Diego are better set up with more room per hotel and more hotels one mile from the convention centers. Mr. Green presented a hotel inventory update, which included a video, as well as an attraction video. Ms. Liane Haynes-Smith presented a Destination Services Team & Client Services Team overview. Ms. Haynes-Smith presented the 16/17 Client Survey results for the 32 citywide events. Ms. Haynes-Smith reported a 4.8 out of 5 Client Services satisfaction rating.

Item 4d. Executive Director Report

Mr. Doane Liu reported an overview of his activities since the last meeting which included; attending a LATCB “Masters” class, a Sister City site visit with guests from China, attending the LATCB Outlook Forum, meeting with JLL on the recent market study; attending several Fleet Week activities and meeting with the Mayor’s office on the new LA brand and logo.

ADJOURNMENT

The meeting was adjourned at 9:39 a.m.

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

Special Meeting Minutes

September 6, 2017

The Board of Los Angeles Convention and Tourism Development Commission (Board) convened a special meeting on Wednesday, September 6, 2017 at 9:40 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 F. Vein
Vice President Otto Padron
Commissioner Jeremy Bernard
Commissioner Ana Cubas
Commissioner Stella T. Maloyan

ABSENT:

None

PRESENTERS:

Doane Liu, CTD

Item 1. Call to Order / Roll Call

President Vein called the meeting to order at 9:40 a.m.

Item 2. Public Comment

None

Item 3a. Neighborhood Council

None

Item 3b. Expansion & Futurization Update

Mr. Doane Liu reported that there is no update from the Chief Legislative Analyst (CLA), but the CLA has approved the latest proposal and will present a report to City Council by the end of September. Discussion regarding the negotiation process ensued which resulted in a consensus to direct staff to submit a letter from the Commission requesting regular updates to CTD, to note the importance of creating as many hotel rooms as possible, and to encourage all negotiating parties to get together to determine the most financially responsible to modernize the Convention Center.


ADJOURNMENT

The meeting was adjourned at 10:03 a.m.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 4, 2017

To: Board of Los Angeles Convention and Tourism Development Commissioners

From:  Doane Liu, Executive Director
Department of Convention and Tourism Development

Subject: **PROPOSED POLICY FOR THE LOS ANGELES CONVENTION CENTER RESERVE FUND (BOARD REPORT NO. 17-004)**

SUMMARY

On June 13, 2017, the Economic Development Committee ("EDC") instructed the Department of Convention and Tourism Development ("CTD") to report back with a recommendation for establishing a policy ("Policy") for managing the Los Angeles Convention Center Private Operator Reserve ("LACC Reserve Fund"). In response, the CTD prepared the attached draft report and proposed Policy (ATTACHMENT) for your consideration.

As part of the Management Agreement between the City and the private operator of the LACC (AEG Management LACC, LLC), the private operator was required to create and maintain the LACC Reserve Fund at an amount equal to ten percent (10%) of the Approved Annual Operating Budget, or \$2.5 million. As of June 30, 2017, the total LACC Reserve Fund Balance amounts to \$7.1 million.

In drafting the proposed Policy, the CTD considered information gathered from other convention centers, reviewed the LACC's booking calendar for the next ten years, consulted with various experts, including the LACC's private operator, and considered the potential financial impact should there be an interruption in LACC business. As such, the CTD's proposed Policy recommends that the LACC Reserve Fund continue to experience growth if appropriate, and be capped at an amount not to exceed \$15 million. A \$15 million reserve is equivalent to approximately 72 percent of LACC's current fixed annual operating expenses (not including facility improvements or event related expenses) or a 260-day reserve. Should the \$15 million limit be reached, any remaining LACC savings may be budgeted towards facility improvements at the LACC to help further offset General Fund costs, at the discretion of the Executive Director of the CTD.

RECOMMENDATION

That the Board of Los Angeles Convention & Tourism Development Commissioners approve the proposed policy for the LACC Reserve Fund, provided as Attachment 2 to the draft report addressed to the Economic Development Committee.

ATTACHMENT – Report to EDC regarding Reserve Fund Policy

DL: dm

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date:

To: Curren D. Price Jr., Councilmember, Chair , Economic Development Committee

From: Doane Liu, Executive Director
Department of Convention and Tourism Development

Reference: Council File No. 17-0600-S21

Subject: **LOS ANGELES CONVENTION CENTER RESERVE FUND POLICY**

SUMMARY

On June 13, 2017, the Economic Development Committee (“EDC”) instructed (ATTACHMENT 1) the Department of Convention and Tourism Development (“CTD”) to report back with a recommendation for establishing a policy for managing the Los Angeles Convention Center Private Operator Reserve (“LACC Reserve Fund”), which is tracked as part of the Los Angeles Convention Center Revenue Trust Fund, 725. In response, the CTD prepared the proposed Los Angeles Convention Center Reserve Fund Policy (Policy) (ATTACHMENT 2) for EDC’s consideration.

The Management Agreement between the City of Los Angeles (“City”) and the private operator for the Los Angeles Convention Center (“LACC”) requires the private operator to maintain a reserve fund as part of its annual operating budget. Since the Management Agreement was first executed in October 2013, the LACC Reserve Fund has accumulated over \$7 million. Before the time the agreement was entered into, the City did not anticipate that annual savings for LACC operations would have been as high as actuals have demonstrated, and thus did not consider having a reserve fund policy. In response to the accumulating reserve fund balance however, the Budget and Finance Committee instructed the CTD to draft a proposed policy for managing the LACC Reserve Fund during the 2017-18 budget deliberations. This instruction was then forwarded to EDC for further consideration.

In drafting the proposed policy, the CTD considered information gathered from other convention centers, reviewed the LACC’s ten year booking calendar, consulted with various experts, including the LACC’s private operator, and considered the potential financial impact should there be an interruption in LACC business. As such, the CTD’s proposed policy recommends that the LACC Reserve Fund continue to experience growth if appropriate, and be capped at an amount not to exceed \$15 million. This would result in a reserve fund balance that exceeds the required amount defined in the Management Agreement of “. . . a sum equal to ten

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percent (10%) of the Approved Annual Operating Budget . . .”. Should the \$15 million limit be reached any remaining LACC savings may be budgeted towards facility improvements at the LACC to help further offset General Fund costs, at the discretion of the Executive Director of the CTD. Since 2013, the LACC budget has on average received an annual appropriation of \$5 million through MICLA (Municipal Improvement Corporation of Los Angeles), to assist with capital improvement costs that prior to 2013 had been regularly deferred as a result of inadequate funding. CTD anticipates that the need for facility improvements will be ongoing, and will require funding at a minimum of \$5 million annually just to keep pace with day-to-day maintenance needs related to such items as elevators, escalators, carpet replacement, lighting, etc. This would not address the need for a major expansion and renovation, which is a separate matter and which the CTD believes is critical for the purposes of keeping LACC competitive with other convention centers.

DISCUSSION

The following factors were considered in helping shape the proposed LACC Reserve Fund policy.

Management Agreement

On October 24, 2013, the City, represented by the CTD, and AEG Management LACC, LLC, or the private operator, entered into a Management Agreement for the operation of the LACC facility and campus. One of the primary goals for contracting out management operations of the LACC was to create efficiency and ongoing financial stability. The Management Agreement requires that the LACC Budget include a reserve “for LACC-related expenses not contemplated in the Approved Annual Operating Budget or to fund shortfalls caused by lower than anticipated revenues or higher than expected expenses or other LACC Department needs as determined by the Executive Director”. As a publicly operated facility and prior to the execution of the Management Agreement, LACC direct and indirect costs were funded completely with LACC revenues, however LACC revenues would typically fall short for facility improvements. Further, the LACC facility received little to no General Fund money, which resulted in years of zero to minimal capital improvements. The uncertainty of available funds to pay for basic improvements and repairs had been an ongoing concern for the City as it related to the LACC, which became one of the primary factors for entering into the Management Agreement with the private operator and requiring the creation and maintenance of a reserve.

As part of the Management Agreement, the private operator is responsible for collecting, managing and expending funds generated from LACC operations. Since the shift from public to private management, the LACC has benefited from increases in revenue and a reduction in expenses. This has created an opportunity to become less reliant on the General Fund by

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allowing the LACC to partially fund its own facility improvements and by creating and maintaining the LACC Reserve Fund to assist during difficult financial years.

LACC Reserve Fund Status

According to the Management Agreement, the LACC Reserve Fund should amount to a sum equal to ten percent (10%) of the Approved Annual Operating Budget, which would range between a \$2 to \$3 million reserve fund balance. Since the Management Agreement has been in effect, year-end savings have enabled the private operator to, on average, increase the LACC Reserve Fund by approximately \$1.8 million each year. As of June 30, 2017, the total LACC Reserve Fund Balance has amounted to \$7.1 million (accrual based), approximately 28 percent of the 2016-17 Adopted Budget (\$25.5 million). Should the LACC's financial performance continue at its current rate, and assuming there are no unique circumstances that could interrupt its performance, a \$15 million reserve fund balance could be achieved in another five years.

Circumstances Unique to LACC

The CTD is planning for and anticipating a number of events that, when combined, places the LACC in a unique position with competing convention centers. The City has been discussing the expansion and modernization of the LACC. The LACC will also be host to two major events in which the LACC facility will be uniquely utilized. This includes the 2022 National Football League ("NFL") Super Bowl, which would provide exclusive use of the facility to the client for approximately one month, and the 2028 Olympic and Paralympic Games, which would provide exclusive use of the facility to the client for a four month period. The CTD has also been discussing with the Los Angeles Tourism and Convention Board ("LATCB") the feasibility of applying for additional bids that would enable the LACC to be considered as a host for similar large scale city and county wide events.

Although the CTD is looking forward to an expansion and modernization plan, and to hosting the 2022 NFL Super Bowl and the 2028 Olympics, the LACC needs to be financially prepared. Under either scenario, the LACC risks losing major clients due to scheduling conflicts, including citywide clients that are highly sought after by competing facilities. Further, there is no guarantee that the loss would be isolated to one fiscal year. Frequently, competing convention centers will strategically offer multi-year licenses that would make it difficult and sometimes impossible to lure a client back. In Fiscal Year 2016-17, the LACC hosted 32 citywide clients, or clients that are highly sought after by competing convention centers. Diversions from regular business, such as a major capital improvement project or hosting the 2028 Olympics, could have a multi-million dollar financial impact, making the ten percent (10%) reserve requirement

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insufficient. Although the Super Bowl and the 2028 Olympics are anticipated to have a significant economic boost for our local economy, the LACC receives no General Fund money and is expected to pay for its own expenses, therefore making critical the need for a large reserve fund.

LACC Fixed Expenses

The LACC hosts approximately 300 events a year. Revenues generated from these events, including sources attributed to parking, food and beverage, utilities, and rent, offset day-to-day fixed operating expenses. Fixed operating expenses are those costs that would exist regardless of whether the LACC is hosting an event. Approximately 50 percent of fixed operating costs are wages, salaries and benefits. Other significant fixed costs includes contractual services and utilities. The facility is operated and staffed in a manner to accommodate last minute bookings. Should the facility undergo construction, which could impact business and revenue, or by providing exclusive use for an atypical period of time, which could result in a loss of bookings of repeat clients, the LACC would need to financially plan for ongoing fixed costs. The associated fixed expenses resulting from exclusive use of the facility for a four month period could amount to approximately \$12 million.

The proposed not to exceed amount of \$15 million would cover only 72 percent of LACC's fixed annual operating expenses (not including event related expenses), equivalent to a 260 day reserve. Further, this would not account for expenses related to facility improvements, which the LACC has only recently had sufficient funds to invest towards. There is a significant amount in improvements yet to be made as a result of multiple years of deferred maintenance, as well as the age of the facility. As mentioned above, such financial loss is not isolated to one year and could impact LACC business for years following the event.

Other Convention Center Practices and Policies

There is no specific industry standard on whether convention centers should maintain reserves. The CTD Department has reviewed other convention center practices and has collected information from six competitive facilities, including operating budgets, governance structures, and whether a reserve is maintained. The CTD found that no convention center model is exactly alike. There are varying factors among each facility that impact the size and shape the purpose of a reserve, and helps management determine whether a reserve is necessary. Such factors include convention center sources of funding, governance models, and how municipalities prioritize its convention center facility in comparison to its other capital assets.

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Unlike some other competing convention centers, LACC operations are financed with one source of revenue (revenues generated through LACC activity) and receives no General Fund money, including Transient Occupancy Tax. The LACC has demonstrated to be self-sufficient and pays for its own operating expenses. Especially since the transition from public to private management, the LACC is expected to operate with a certain level of independence and to solve for its own financial problems. In comparison to other municipalities, the LACC is not a General Fund priority as there are competing and more critical needs such as public safety and street services; however this strengthens the justification for building and maintaining a large reserve for the LACC.

While some reserves are designated for capital reasons, others are designated for operational purposes, and there are reserves that serve both. Although the Management Agreement is not specific, the LACC Reserve Fund was created to serve as a safety net for addressing unforeseen financial shortfalls driven by operational reasons. Furthermore, the obligation to pay for capital improvements and capital equipment remained as the responsibility of the City, while the private operator has the responsibility to manage operating expenses through LACC operating revenues. However, a financial shortfall may be caused by a significant failure in equipment that could, under the contract, qualify as a capital improvement. Regardless, the language in the Management Agreement maintains the flexibility to utilize the Reserve Fund for any need that may be deemed appropriate and necessary by the Executive Director of the CTD.

The following is a matrix of information collected from six other municipalities with convention centers including San Diego, Anaheim, San Francisco, Seattle, Washington DC, and Omaha. The matrix addresses whether these facilities have existing reserves, and whether the reserves are managed in accordance to a policy. The CTD found that five of the six convention centers maintain some kind of cash reserve separate from its operating budget, and that most maintain such reserves in accordance to a reserve policy.

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INTER-DEPARTMENTAL CORRESPONDENCE

CONVENTION CENTER	POLICY	RESERVE BALANCE	OPERATING BUDGET (OB) ESTIMATE	SOURCES OF REVENUE for OB
Anaheim Convention Center	Maintain a minimum reserve amount of \$10 million.	\$10 million	\$34 million	Facility Operating Revenues
San Diego Convention Center	Maintain a minimum of at least 8% of budget with a goal of attaining 14% of the most recent three year average.	\$5 million	\$36 million	Facility Operating Revenues
Seattle, Washington State Convention Center	Based on 100 days of budgeted operating costs	\$10 million	\$34 million	Facility Operating Revenues
Washington D.C., Walter E. Washington Convention Center	Certain percentage maintained for capital purposes; may also be utilized for operational purposes	\$55 million	\$45 million	Facility Operating Revenues; Hotel taxes
Omaha, Century Link Center,	Annual Reserve Fund increments equivalent to the greater of 35% of year end net profit before depreciation and amortization or \$600,000	\$8.2 million	\$15 to 20 million	Facility Operating Revenues
San Francisco, Moscone Center	No policy, no reserve	\$28 million		Facility Operating Revenues and General Fund
Los Angeles Convention Center	No formal policy, other than the Management Agreement provision which states that private operator shall maintain a reserve that is a sum equal to ten percent (10%) of the Approved Annual Operating Budget	\$7 million	\$25.5 million	LACC Operating Revenues (Facility Operating Revenues)

The recommended “not to exceed” amount for the LACC Reserve Fund is higher than the other reserve balance amounts maintained by its competitive convention centers. Unlike the other facilities, the combination of a potential expansion and modernization project, hosting major events such as the 2022 NFL Super Bowl and the 2028 Olympics and looking into the potential for further increasing LACC bookings with similar high profile events, coupled with the expectation of operating with a certain level of independence leads the CTD Department to conclude that a \$15 million “not to exceed” amount is appropriate and necessary.

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CONCLUSION

In consideration of the current Management Agreement, the City's expectation of the LACC operating independently, upcoming events, a potential expansion and modernization project, the potential financial impact as a result of a loss in business, and upon review of other convention center practices, the CTD believes that ten percent (10%) of the Approved Annual Operating Budget for the LACC Reserve Fund should be the minimum amount, and recommends that the LACC Reserve Fund continue to experience growth to an amount not to exceed \$15 million, as appropriate to do so and as determined by the Executive Director of the CTD.

FINANCIAL IMPACT

The CTD anticipates no negative financial impact on the General Fund.

RECOMMENDATION

That the Economic Development Committee approve Attachment 2 of this report as the adopted policy for the LACC Reserve Fund.

ATTACHMENTS

DL: dm

ATTACHMENT 1

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to establishing a guiding policy for the Los Angeles Convention Center (LACC) Private Operator Reserve Account within the Convention Center Revenue Fund.

Recommendation for Council action:

INSTRUCT the Convention and Tourism Department (CTD) to report within 60 days to the Economic Development Committee in regard to establishing a guiding policy for the LACC Private Operator Reserve Account within the Convention Center Revenue Fund with said report to include a discussion of how this account is funded and for what purposes it will be used.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On June 13, 2017, your Committee considered an Adopted Budget Recommendation (ABR), adopted pursuant to the Mayor's 2017-18 Budget on May 18, 2017, relative to establishing a guiding policy for the LACC Private Operator Reserve Account within the Convention Center Revenue Fund. After consideration and having provided an opportunity for public comment, the Committee moved to approve the ABR and further recommend instructing the CTD to make its report within 60 days. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	YES
HARRIS-DAWSON:	YES
KREKORIAN:	ABSENT
O'FARRELL:	YES

ARL
6/13/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-

ATTACHMENT 2

LOS ANGELES CONVENTION CENTER RESERVE FUND POLICY

OBJECTIVES

The Los Angeles Convention Center (LACC) Reserve Fund Policy is intended to provide guidelines during the preparation of the annual budget on sizing the LACC Reserve Fund (Reserve Fund) to ensure that sufficient funding levels are maintained for unanticipated expenditures or revenue shortfalls, and to preserve flexibility throughout the fiscal year to make adjustments in funding for items approved in connection with the annual budget. The objective is for the Los Angeles Convention Center to be in a strong fiscal position that will be better able to weather negative economic trends, or losses in bookings resulting from construction and renovation efforts or unique use and occupancy of the facility. Unless addressed otherwise in said Reserve Fund Policy, the most current Management Agreement shall define the purpose and management of the Reserve Fund.

ACCESSING THE RESERVE

In the event that during the year there are unanticipated expenses or revenue shortfalls impacting the LACC budget, the Reserve Fund will be the source for additional funding. Accessing funds from the Reserve Fund will be determined by the Executive Director of the Department of Convention and Tourism Development (CTD), subject to the terms of the Management Agreement between the private operator and the CTD Department, and subject to compliance with the City of Los Angeles Administrative Code and Charter.

SIZING OF THE RESERVE

The LACC operating budget shall include a Reserve Fund funded with annual operational savings, with a minimum of at least ten percent of the approved operating budget and with a goal of attaining an amount not to exceed \$15 million, based on a cash basis accounting method.

SOURCE OF FUNDS

The source of funds for the Reserve Fund shall be sourced to the Los Angeles Convention Center Revenue Trust Fund, 725. General Fund dollars shall never be appropriated to the LACC Reserve Fund.

REPORTING

The status of the Reserve Fund will continue to be reported upon by the private operator and regularly addressed during CTD Commission meetings, and by the CTD Department through departmental financial status reports submitted to the Office of the City Administrative Officer.

Los Angeles Convention Center
Monthly Update
August 2017

Brad Gessner



EMPLOYEE OF THE MONTH – AUGUST 2017



Cezar Llamas
PT HR Assistant and Receptionist

LACC AUGUST 2017 EVENTS

<u>DATE</u>	<u>EVENT</u>	<u>ATTENDANCE</u>
July 30 – Aug. 3	SIGGRAPH 2017	16,500
Aug 4 - 6	NIKE 3 on 3	1,200
Aug 5 – 6	ScareLA 2017	4,000
Aug 5	Seminario Curvas Peligrosas	1,200
Aug 7 - 16	World Police and Fire Games	1,000
Aug 12 - 13	2017 BeautyCon	10,000
Aug 18 - 20	KCON 2017	56,000
Aug 21 - 25	Harley Davidson 2017 Dealer Meeting	4,500
Aug 22	Naturalization	22,000
Aug 25	YWCA/L.A. Job Corps	1,100
Aug 27 - 29	Western Foodservice & Hospitality Expo	3,500

LACC AUGUST 2017 FILMING AND PHOTO EVENTS

<u>Name</u>	<u>Location</u>	<u>Amount</u>
Chance	Bond Lot	\$5,500
Nissan	South Garage	\$11,080
Homeward Bound	West Lobby/Concourse Plaza	\$20,295

TOTAL FILMING: \$36,875

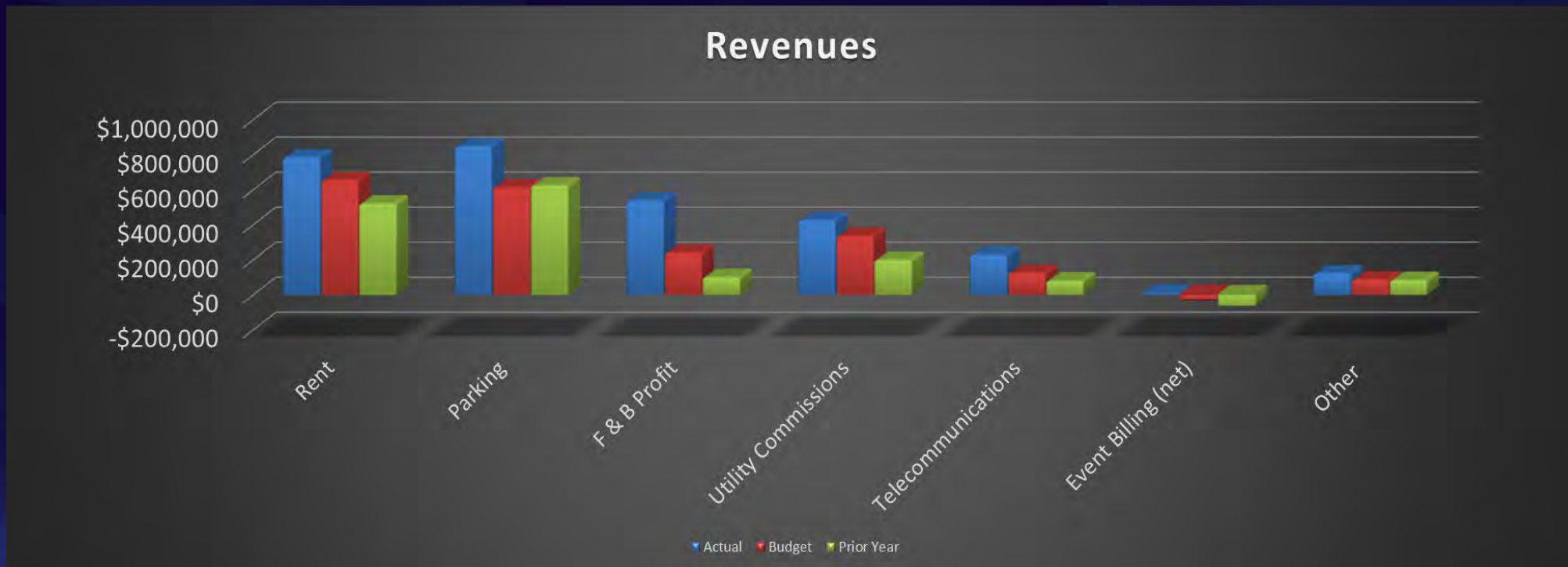
FINANCIALS

OPERATING SURPLUS:

- \$1.029 Million Projects
- \$954K better than budget and \$1.3 million above prior year

REVENUES:

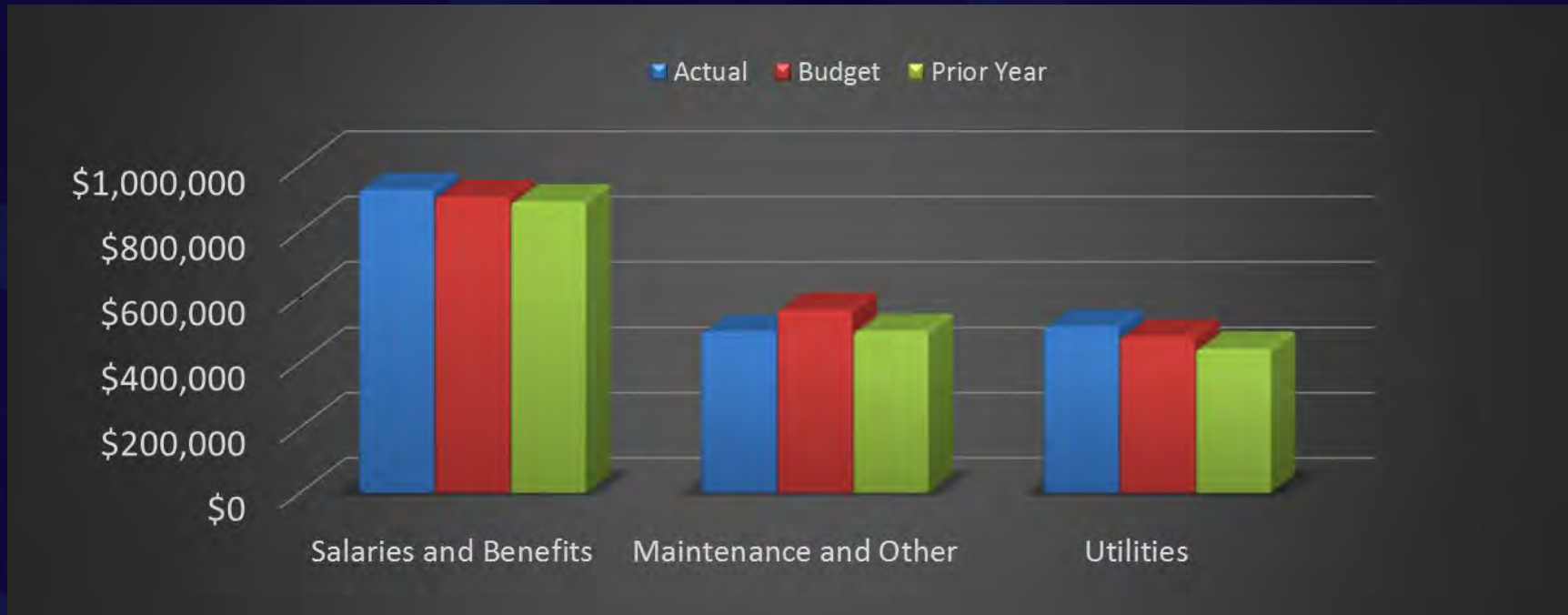
- \$2.9 Million
- \$939K above budget and \$1.4 million above prior year
- \$652K in rental discounts



FINANCIALS

OPERATING EXPENSES:

- \$1.9 million
- \$15K below budget and \$102K above prior year



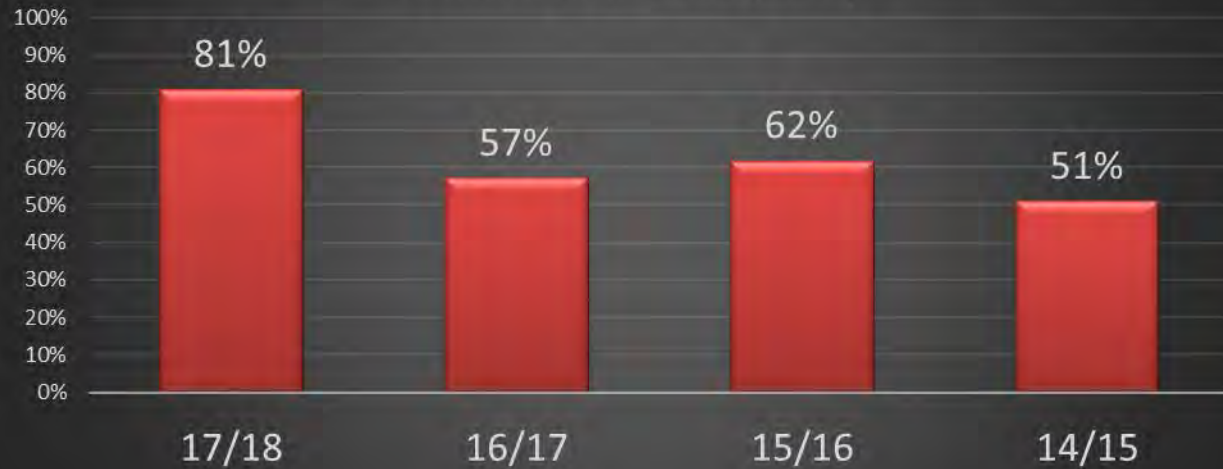
CITY REIMBURSEMENT - \$279K

ALTERATION AND IMPROVEMENTS & CAPITAL PURCHASES:

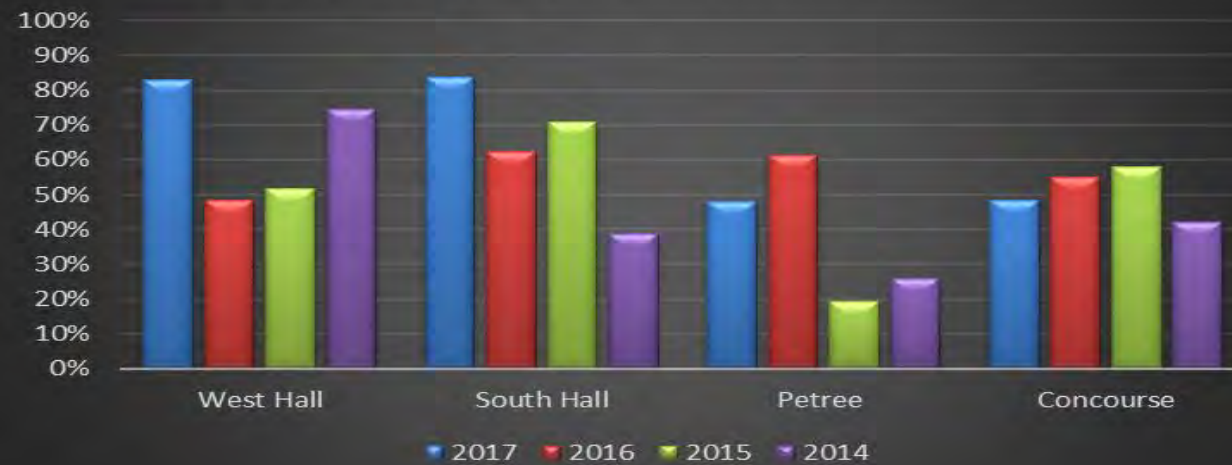
- Communications Controllers
- Concessions furniture
- Concessions equipment

OCCUPANCY

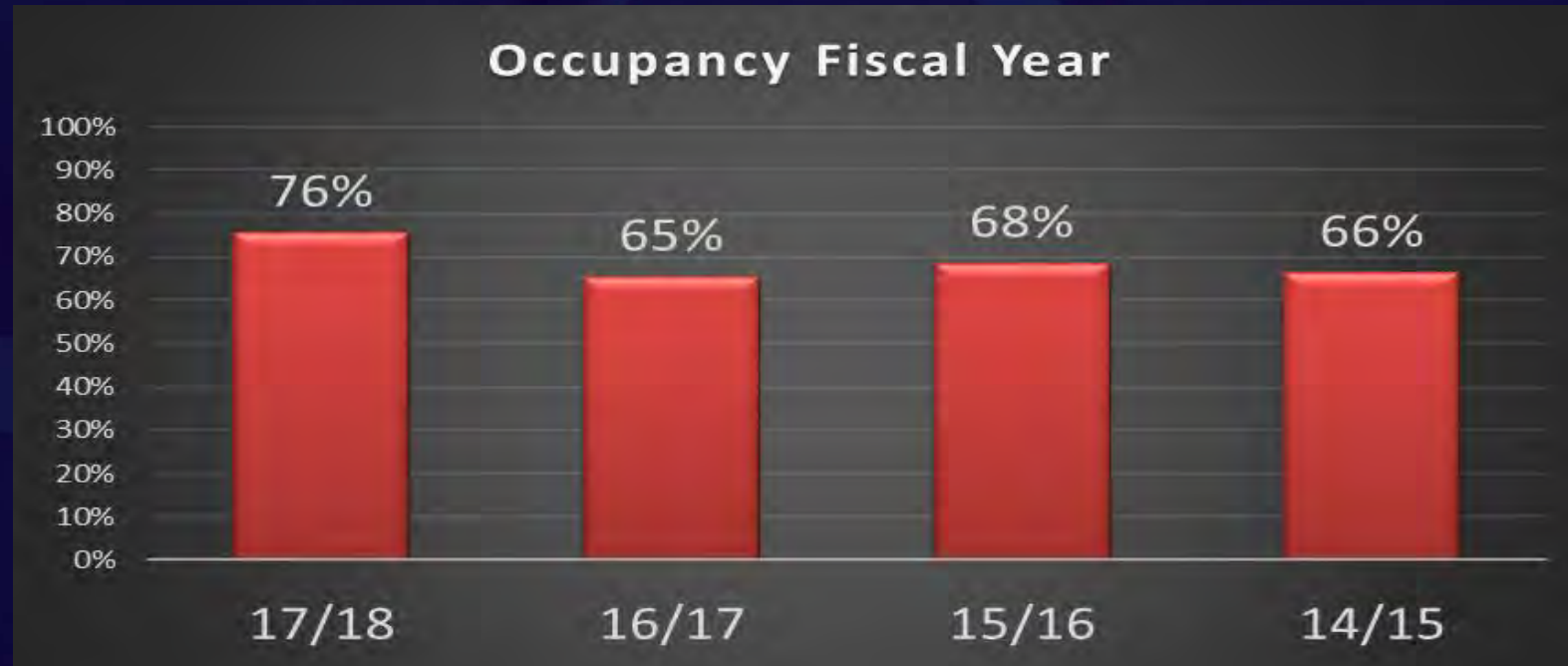
Exhibit Hall Occupancy



Occupancy by Exhibit Hall



Occupancy

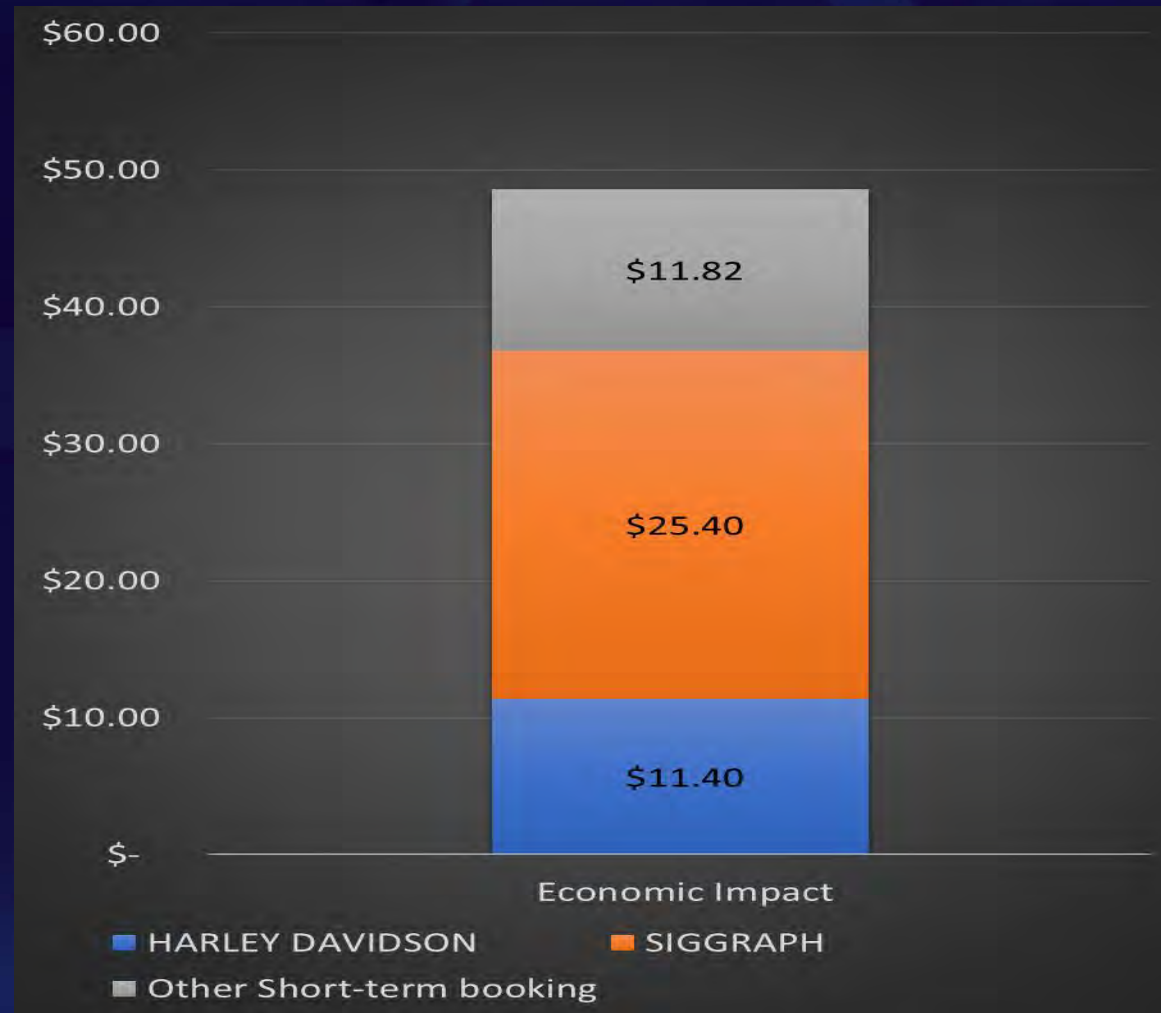


PricewaterhouseCoopers report on Convention Center occupancy states:

It has been recognized industry-wide that the “practical” maximum exhibit hall occupancy rate is approximately 70 percent and the “efficient” range is considered to be approximately 50 to 60 percent. Occupancy levels less than 50 percent generally suggest the existence of marketable opportunities or open dates, while an occupancy rate above 60 percent increases the potential for lost business or “turn-aways.”

Economic Impact

\$49 million in Projected Economic Impact



MEET

Los Angeles

CTD Board of Commissioners Meeting

October 4, 2017



Citywide Convention Sales YTD FY 17/18 Production

Lead Production	Leads Actual
FY 17/18 Goal	220
FY 17/18 YTD	46
FY 16/17 STLY	43

Booked Room Nights Produced	RNs Actual
FY 17/18 Goal	390,000
FY 17/18 YTD	80,407
FY 16/17 STLY	91,614

Dated September 27, 2017

Q1 FY 17/18 BOOKINGS



Intelligent Transportation Society of America
October 2020 5,849 Total Room Nights



National Catholic Educational Association
April 2021 8,245 Total Room Nights

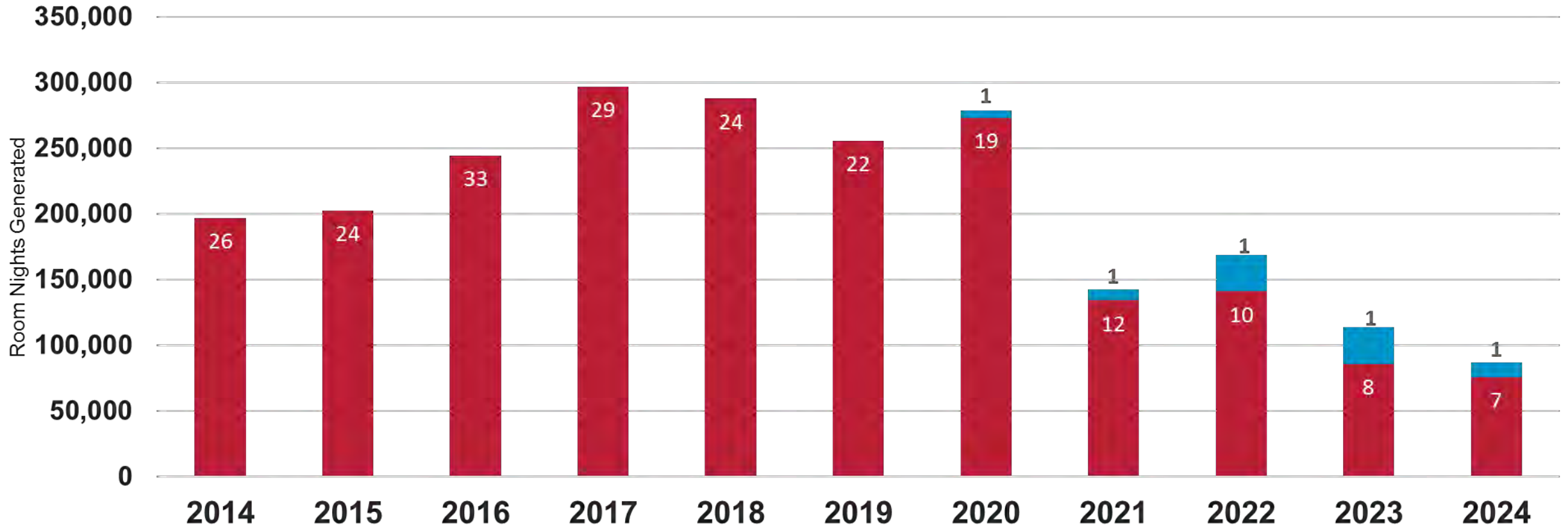


E3 Expo
June 2022 & 2023 55,243 Total Room Nights



American Epilepsy Society
December 2024 11,000 Total Room Nights

Citywide Convention Sales Booked Room Nights 2014 to 2024 Calendar Year Arrival Date



■ Booked prior to FY 17/18

■ 5 Events with 80,407 room nights booked during YTD FY 17/18 (July 1, 2017 – September 27, 2017)

MEET
Los Angeles

SEPTEMBER & OCTOBER PROSPECT SITE INSPECTIONS



ANNUAL MEETING
AND EXPOSITION

National Council of Teachers of Mathematics
September 2022 17,055 Total Room Nights



American
Alliance of
Museums

American Alliance of Museums
May 2020 8,078 Total Room Nights



Society for Laboratory Automation and
Screening
January 2023 6,420 Total Room Nights

MEET
Los Angeles



GSMA MOBILE WORLD CONGRESS



The GSMA represents the interests of mobile operators worldwide, uniting nearly 800 operators with almost 300 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies,

- Confirmed in Los Angeles - September 12-14, 2018
- Estimated pick up in SF for 2017 – 21,000 room nights
- Looking at securing years 2019 & 2020.

UPCOMING Sales TRIPS

- **IMEX America** in Las Vegas, October 10-12
- **FICP Annual Conference** in San Diego, November 12-15
- **Prevue Visionary Summit** in Los Angeles Nov 17-20
- **IAEE Expo! Expo!** in San Antonio, Nov 28-30
- **IBTM World** in Barcelona, Nov 28-30
- **AMEX Interaction** in Orlando, Nov 29



MEET

Los Angeles

MEDIA COVERAGE

We have had editorial coverage in several meetings trade publications that was proactively secured or fulfilled from the previous quarter.

Results from FY 16-17: **73 placements in all major (domestic/international) publications worth \$1.1 million in earned media value generating 6 million impressions. In fact, earned media value increased \$756K from the previous fiscal year.**



BUSINESS MEANS MEETINGS

Cities leverage local intellectual capital to cultivate group business

BY JEFF HEILMAN

CRIFITH OBSERVATORY, LOS ANGELES

Facing fast-evolving expectations from planners, organizers and participants around the changing shape of today's meetings experience, DMOs are increasingly having to rethink traditional selling points, competitive differentiators and value propositions.

They need not look far, however. The proven strategy for transforming these challenges into opportunity is found in their own backyard—by utilizing their local centers of intellectual capital and knowledge.

The process starts with the bedrock business fundamentals of networking and building relationships. By forming deep, trusting connections with local leaders in business, academia, government, the arts and other areas, DMOs can then leverage

these relationships to attract and support meetings aligned with specific segments across the width and breadth of their marketplace. For destinations like Raleigh, N.C., which has pursued this strategy since 2005, the results are, as Greater Raleigh CVB Executive Vice President Loren Gold said, "true bottom-line meetings ROI."

Meetings Today checked in with several DMO leaders to discuss how transferring local knowledge to groups equals mutual success.

Darren Green, Senior Vice President of Sales, Los Angeles Tourism & Convention Board
"Boasting an unrivaled talent pool of sector-spanning thought leaders, Los Angeles is an irresistible magnet for idealists and innovators. With key clusters including entertainment, technology, aerospace, international trade, medical, biotech and more, the business leaders of L.A.'s exceptionally diversified economy combine passion and expertise in ways that can't be found elsewhere.

Critical to our strategy as a DMO is conveying the impact that meetings, conferences and events have not only on the destination, but on their enterprises. Accordingly, we



DARREN GREEN

leverage our relationships with these leaders to be city advocates during the booking process/site inspection, as well as resourcing the meeting when it comes.

When looking at a medical conference, for example, we show not only the convention center or usual meeting spaces, but

MEET L.A.

BECAUSE YOU'RE GOING GLOBAL AND WE SPEAK OVER 140 LANGUAGES.



Los Angeles is the cultural hub of America and the gateway to the universe. With non-stop flights to 34 countries, your arrivals will be smooth and your meeting will soar.

Take a virtual tour of our meeting venues today at the new meetLA.com



Los Angeles
TOURISM &
CONVENTION BOARD

DIGITAL DISRUPTORS

From virtual reality to interactive tradeshow booths, DMOs are redefining digital marketing

BY JEFF HEILMAN

LAS VEGAS CVBS INTERACTIVE TRADESHOW BOOTH

Moderating the industry panel of this year's Global Meetings Industry Day in Atlantic City, N.J., U.S. Travel Association President and CEO Roger Dow asked Meetings Mean Business Co-Founder Larry Luteran if he was worried about technology making "a dead game" of face-to-face meetings.

Luteran, who serves as executive vice president and chief sales officer for audiovisual and all event technology businesses at Dallas-based Freeman, the world's brand experience leader, had "no fear" that video conferencing, live streaming and other technologies were discouraging face-to-face and attendance in general.

"Just the opposite is happening," he said. "You are giving attendees a taste of a meeting and content when they may not otherwise be able to access it, but it's really spurring them to want to attend face-to-face the next year," he said. "So, technology

has really driven face-to-face attendance rather than hurt it."

Providing its own compelling "taste of the action," digital marketing, via virtual reality (VR), social media, apps, custom content and other strategies, is helping to drive business for DMOs.

"Disruptive" in name only, these customizable solutions enhance efficiency, strengthen connections and lighten the load for planners and participants alike. Here, five U.S. DMO leaders with their fingers on the digital pulse share the value proposition—and measure-

able rewards—of destination marketing's promising future.

Damen K. Green, Senior Vice President of Sales, Los Angeles Tourism & Convention Board

"As a DMO, it's important that we offer unmatched tools for seamless, simplified and stress-free planning. Critical, too, is that our offerings reflect Los Angeles' identity as a city of innovation and creativity. Working closely with our sales experts on content for all generations of the meeting community, we created detailed digital platforms that allow planners to explore the best Los Angeles has to offer and the destination's endless possibilities with ease.

Virtual Discovery L.A., our virtual travel platform, features 360-degree immersive viewing experiences of 50-plus uniquely L.A. venues and locales, including L.A. LIVE, Walt Disney Concert Hall, The Studios at Paramount, L.A. Memorial Coliseum and many more. Users can also

LOS ANGELES VIRTUAL TRAVEL, MEETLA



simulate routes on the expanding Metro light rail system to explore our convenient public transportation options.

Providing 360-degree virtual tours, insightful videos and comprehensive online content, the complimentary Meet L.A. app allows planners to quickly learn about Los Angeles from the palm of their hand. The app is updated weekly, ensuring that planners have the most up-to-date information and can make informed decisions.

Planner feedback has been phenomenal. We hear about the "incredible benefits" of using Virtual Discovery L.A. Instead of flying out for a full site inspection. Whether in the preliminary phase looking for ideas or later in the process, we save planners invaluable time, with their ultimate benefit being able to present their findings to senior leadership from their screen.

I feel that VR presentations will soon become a standard CVB tool for both attracting business and showcasing their destination in a new, unique fashion. And customized smartphone platforms and tools will thrive as usage continues to soar. Especially as more Millennials become ingrained in the decision-making process, it's vital for CVBs to offer the tech tools of tomorrow, ensuring that they're seen as innovative and adaptive while serving these tech-savvy meeting professionals."

Cathy Keller, Vice President of Sales and Services, Visit Omaha

"Our biggest challenge is building awareness of Omaha as a meetings destination, so we have focused on creative technologies to spread our message. Solutions including virtual reality, customized apps

and digital outreach have helped increase awareness, differentiated us from the pack and allowed us to better track results.

Embracing VR technology, we created the Omaha 360 app to magically transport planners to Omaha from anywhere. Our convention sales team takes four VR headsets to tradeshow and planner meetings, and we've sent cardboard headsets to targeted planners. From June 2016 to June 2017, the app had 637 downloads and 5,391 video views.

We also showcase city attributes via interactive content in the form of six multi-



VISIT OMAHA NOW SERVING WEBSITE

media online stories. Shared on VisitOmaha.com and distributed through paid media as sponsored content, this amplified storytelling technique increased website traffic by 34 million impressions, and user time by an average of five minutes, with 95 percent being new sessions.

Our interactive Omaha Trivia game app introduces fun city facts to planners at trade shows, while also serving as an attendance-building tool. Offering discounts to 10 top area attractions, our customized Omaha Savings App incentivizes visitors to explore the city. In 2016, 8,719 visitors downloaded and used the app, up 67 percent over 2015, when we used a generic third-party app. Partner attractions saw 6,075 redemptions, up 28 percent over 2015, with the campaign generating an estimated \$2.1 million in visitor spending.

To increase Omaha's brand as a foodie destination, *Now Serving* showcases "websides" on Omaha's culinary scene on YouTube and our social media platforms. Customers can become brand ambassadors by commenting and sharing. In 2016, our 60 micro-content (short) videos, specifically designed for Facebook and Twitter, were viewed more than 150,679 times.

Seeking to turn the Bob Kerrey Pedestrian Bridge into an identifiable, iconic visual for Omaha, we created Bob the Bridge, a larger-than-life personality with his own vlog, plus Twitter and Instagram accounts. To date, the 25 videos created by our marketing team have been viewed 563,230 times. In 2017, national social media company Crowd Riff highlighted Bob among its 22 top creative marketing campaigns."

Nick Matterna, Senior Director of Digital Engagement, Las Vegas Convention and Visitors Authority

"Being based in the Las Vegas Convention Center gives us a first-hand perspective on today's leading technologies via annual shows such as CES. Watching virtual reality and other innovations catch on as consumer trends, for example, allowed us to become a front-runner with solutions like Vegas Interactive, our revolutionary tradeshow booth technology.

Launched at IMEX America 2016, this expansive touchscreen video wall allows us to tell our story in a unique and meaningful way. Vegas can be daunting, through 5,000 pieces of evolving digitized content, including 360-degree and time-lapse video, and imagery, people of any generation can easily learn about hotels, meeting spaces,

LOS ANGELES
WELCOMES EVERYONE

FY18 CAMPAIGN PLAN



OUR "EVERYONE IS WELCOME" CAMPAIGN STRUCK AN EMOTIONAL CHORD WITH PEOPLE AROUND THE WORLD.



**WE WANT TO EXTEND THE MESSAGE SO THAT IT
CONTINUES TO WELCOME EVERYONE TO LOS ANGELES.**



**THE PAPER PLANES ARE A POWERFULLY UPLIFTING
SYMBOL OF FREEDOM, HUMANITY AND DIVERSITY.**



**THEY REPRESENT TRAVELERS FROM AROUND THE WORLD, AND
THEIR UNIQUE CULTURES, IN A BEAUTIFULLY VISUAL WAY.**

LOS ANGELES WELCOMES EVERYONE

BUILDING ON THE SUCCESS OF THE **EVERYONE IS WELCOME** CAMPAIGN, WE'LL
EXTEND THE FILM INTO A FULL CAMPAIGN WITH MORE OF A DESTINATION FOCUS.



SEPARATE FROM THE CONTEXT OF THE TRAVEL BAN, THE ORIGINAL EVERYONE IS WELCOME FILM IS AN EMOTIONALLY UPLIFTING STORY CELEBRATING THE DIVERSITY OF L.A.'S PEOPLE AND NEIGHBORHOODS.



DIVERSITY OF PEOPLE, DIVERSITY OF PLACE

THE DIVERSITY IN THE PEOPLE, CULTURES, NEIGHBORHOODS AND GEOGRAPHIES MAKE LOS ANGELES UNIQUE AND DISTINCT FROM ANY OTHER DESTINATION. IT'S A MESSAGE THAT GOES BROAD AND DEEP, AND IS A REAL REASON TO VISIT, REGARDLESS OF THE POLITICAL CLIMATE. IN THIS CONTEXT, SAYING "EVERYONE IS WELCOME" IS BASICALLY SAYING "EVERYONE SHOULD VISIT LOS ANGELES," AND HERE'S WHY.

VENICE WELCOMES EVERYONE



DTLA WELCOMES EVERYONE



ECHO PARK WELCOMES EVERYONE



SILVER LAKE WELCOMES EVERYONE



LITTLE TOKYO WELCOMES EVERYONE



OLVERA STREET WELCOMES EVERYONE



FY18 MEDIA PLAN

FY 18 BRAND MARKETING CALENDAR

	2017						2018					
	July	August	September	October	November	December	January	February	March	April	May	June
BRAND BURSTS				U.S.						Australia		
DOMESTIC MEDIA <i>(SF, SD, SAC, FRESNO, NY, CHI, DC, BALT., BOS)</i>												
Short Haul (Native/Social Only)												
Remarketing (National)												
Search (National)												
OOH (Long Haul)												
Online Video (Long Haul)												
Social Video (Long Haul)												
Social Posts (Long Haul)												
Native (Long Haul)												
Content Partnerships (Long Haul)												
Travel Partnerships (Long Haul)												
INTERNATIONAL MEDIA												
AUSTRALIA (Sydney / Melbourne)												
CANADA (Vancouver)												
CHINA (Shanghai / Beijing)												
MEXICO (Mexico City / Guadalajara)												
UK (London)												
INDIA (Delhi/Mumbai)												
S. KOREA												
Social Content Videos												
Dine L.A.	Winter Dine LA						Summer Dine LA					
Key LA Tourism Events		Market Outlook	World Trade Cities				NBA All Star					IAW
Corporate Initiatives												

Confidential Information - Do not share, distribute, or discuss this information with anyone outside of the organization.

DIGITAL & OUTDOOR





FREIGHT W/ WINDOWS 801-805

NEW YORK | RIGHT SIDE | SCALE 1:10 (1 inch = 10 inches)

Final art should include bleed extending to the blue dotted line.



LEGEND



Windows

Please specify if you prefer solid or perforated (see-through) vinyl



Non-Printable Areas



Background Only

(keep critical text & design clear of this area)

NOTE:

Please keep in mind that rubrails, bars and other elements can extend from the body of the vehicle and may disrupt text or other design elements.



FREIGHT W/ WINDOWS 801-805

NEW YORK | LEFT SIDE | SCALE 1:10 (1 inch = 10 inches)

Final art should include bleed extending to the blue dotted line.



LEGEND



Windows

Please specify if you prefer solid or perforated (see-through) vinyl



Non-Printable Areas



Background Only

(keep critical text & design clear of this area)

NOTE:

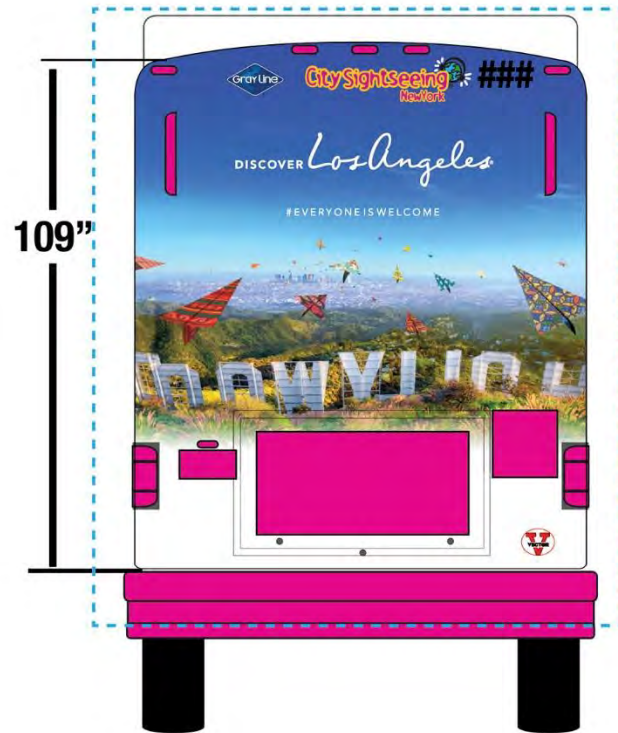
Please keep in mind that rubrails, bars and other elements can extend from the body of the vehicle and may disrupt text or other design elements.



FREIGHT #801,802,803,804,805

NEW YORK | BACK SIDE | SCALE 1:10 (1 inch = 10 inches)

Final art should include bleed extending to the blue dotted line.



LEGEND



Windows

Please specify if you prefer solid or perforated (see-through) vinyl



Non-Printable Areas



Background Only

(Keep critical text & design clear of this area)

NOTE: Please keep in mind that rubrails, bars and other elements can extend from the body of the vehicle and may disrupt text or other design elements.

DISCOVER *Los Angeles*™

PROJECT	PAPER PLANES FY2018
CLIENT	DISCOVER LA - LATCB
VERSION	v03.1 Everything Edit W BOY

TRT	00:30 SEC
FRAME RATE	23.98 FPS
RESOLUTION	1920x1080
ASPECT RATIO	16:9

ARTIST	
NOTES	

00:59:57:19

DISCOVER *Los Angeles*™

PROJECT PAPER PLANES FY2018
CLIENT DISCOVER LA - LATCB
VERSION v02 Little Tokyo

TRT 00:15 SEC
FRAME RATE 23.98 FPS
RESOLUTION 1920x1080
ASPECT RATIO 16:9

ARTIST
NOTES

00:59:57:19

CAMPAIGN LANDING PAGE



TO CREATE AN INTEGRATED, COHESIVE USER JOURNEY, VIEWERS WILL BE DIRECTED TO AN #EVERYONEISWELCOME LANDING PAGE. THE SIMPLE SITE COULD HOUSE OUR VIDEOS, LINKS TO RELATED EDITORIAL ARTICLES ON THE FEATURED NEIGHBORHOODS AND ATTRACTIONS, AND PROVIDE ADDITIONAL RESOURCES.



THANK YOU



MEET
Los Angeles

CIP UPDATE



CIP UPDATE - SUMMARY

IN PROGRESS

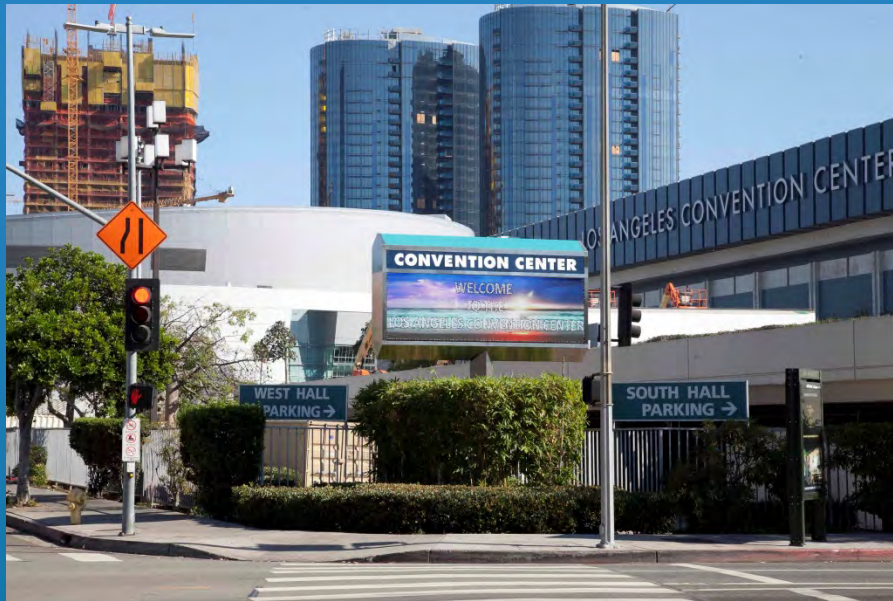
Carbon Monoxide Sensors	Escalator and Elevator Repair/Modernization
Exhibit Hall Lighting Retrofit: Phase II & III	Solar

COMPLETED

Fiber Optic Cable Infrastructure Upgrade	LAN Core Switch Upgrade
Dimming Control System: Phase II	Security Surveillance System: Phase II
Marquee Signage Upgrade: Phase I	Carpet Replacement: Phase I
South Hall Floor Remediation	South Hall Entry and Dock Lighting
Parking Emergency Call Boxes	Carpet Replacement: Phase II - Kentia
Carpet Replacement: Phase III – 300s MR Corridor	Marquee Signage Upgrade: Phase II*
Compactor Replacement*	Fire Suppression System for IDF 2.0*
Exhibit Hall Lighting Retrofit: Phase I*	

MARQUEE SIGNAGE UPGRADE: PHASE II

COMPLETED



- Two double-sided signs addressed during this phase: Figueroa + Venice and Chick Hearn + LA Live Way
- New signs offer greater visibility and functionality

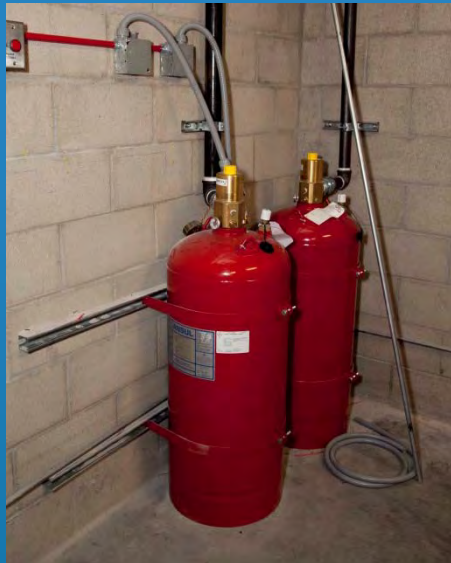
COMPACTOR REPLACEMENT: PHASE II

COMPLETED



- Two compactors and containers on South Hall loading dock replaced
- New units offer increased reliability and improved sanitation

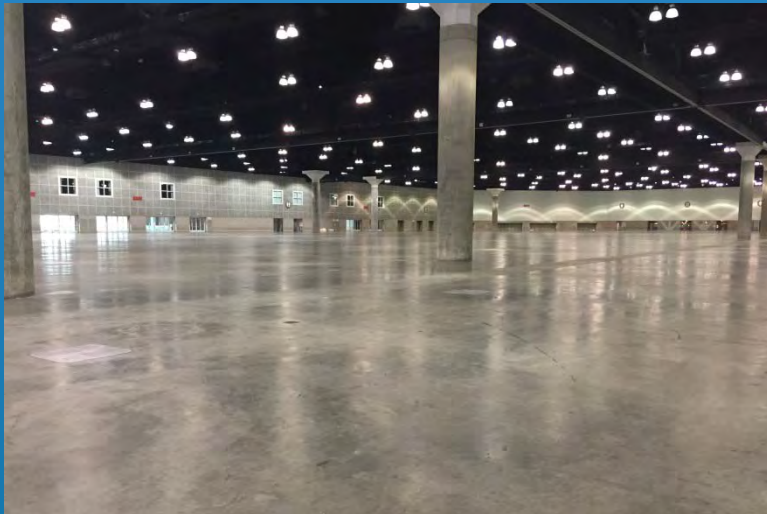
FIRE SUPPRESSION SYSTEM FOR IDF 2.0



- Project included installation of new system and complete sealing of room
- Once activated, system removes air and deploys fire-suppressing gas
- Increased likelihood of preserving valuable electronic equipment in case of a fire by not using a water-based system

EXHIBIT HALL LIGHTING RETROFIT: PHASE I

COMPLETED



- South Hall complete, with 752 LED lamps replaced
- All fixtures were removed, cleaned and retrofitted
- Phases II and III for Kentia and West Halls to be completed once event schedule allows

FY 2017-18 SUMMARY

TOTAL FUNDING APPROVED: \$2.9 MILLION

CAPITAL IMPROVEMENT PROJECTS

New Security Command Center A/C	Carpet Replacement
Compactor Replacement (Final Phase)	Cooling Towers Motors & VFD Replacement
Escalator & Elevator Repair/Modernization	Fire Alarm Panel Upgrade & CO Detectors
Fire Alarm System Peripheral Devices	Marquee Signage Upgrade (Final Phase)
Meeting Room Divider Wall Repair/Reconditioning	Security Surveillance System Upgrades
South Hall Floor Remediation	Water Heater Replacement

CAPITAL EQUIPMENT PURCHASES

Compact Crawl & Articulated Boom Lift	Dishwashers
Integrated Scrubber/Sweeper	