

APPROVED on 4/24/2013



BOARD OF DIRECTORS MEETING
NEW YORK CONVENTION CENTER OPERATING CORP.
655 West 34th Street
New York, NY 10001-1188

MINUTES

MEMBERS PRESENT:

Carl H. Loewenson, Jr., Chairman of the Board
Mary D'Elia, Vice-Chair
Robert Azeke
Kevin Corbett
Christine Ferer
Joseph Spinnato
Ronald Goldstock
Jed Howbert
Sherida E. Paulsen
Jeffrey Scruggs

Video-conference via SKYPE

Gary Lavine
Stephen Drummond
Marc Ricks

ABSENT:

Michael J. McGuire
Michael J. Stengel
Edward Kane
E. Scott Gilbert

OTHERS PRESENT:

STAFF:

Alan Steel, President & CEO
Edward B. MacDonald, Senior VP, CFO
Elizabeth Bradford, Senior VP, General Counsel
Doreen Guerin, Senior VP, Marketing & Sales
Aleksandra Davydova, Legal Secretary

Visitor:

Orlando Rodriguez, Reporter, Real Estate Weekly

DATE: January 30, 2013
Time: 3:05 p.m.
Location: Large Conf. Room

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Call to Order	The meeting of the Board of Directors for the New York Convention Center Operating Corporation was called to order at 3:05 p.m. A quorum was present. The meeting was presided over by Board Chairman Carl H. Loewenson, Jr.	
Agenda	Discussion	Recommendation/Action-Follow-up
I. Approval of the Minutes	<p><u>Approval of the Minutes of October 17, 2012 (Attachment 13-01)</u></p> <p>A motion was made and seconded to approve the minutes of the Board of Directors meeting held on October 17, 2012. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1107</p> <p>NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on October 17, 2012, are hereby approved.</p>	
II. President's Report	<p><u>Alan Steel</u></p> <p>Mr. Steel made a report describing activity from October to January, feedback from customers, the Center's new service vision, the status of the ERP project and the Center's IT strategy, the results of a customer satisfaction/benchmarking study, and business practices reviews by each department director (See Attachment 13-02)</p> <p>With respect to anticipated IT upgrades, Mr. Steel noted that the expense of undertaking such projects will be more than offset by the value of the business at risk if they are not implemented.</p> <p>With respect to the customer survey, in response to Board inquiry Mr. Steel advised that price and value were rated only for those services as to which the Center has some pricing control.</p> <p>Ms. Guerin reported on the Center's new internal and external blogs (Attachment 13-03). She advised the Board that access to these blogs is limited to employees (internal and external blogs) and customers (external blog). The external blog evolved from a more limited blog that was created to provide updated information on the progress of renovation. Since the subject matter has been expanded, customers have shown a much greater interest.</p>	<p><i>The Corporation's CIO Mark Sims will make a more detailed presentation at the next Board meeting concerning the Center's plans for making IT and telephony improvements.</i></p> <p><i>Mr. Steel will report at the next Board meeting concerning the goals and priorities that have been established as a result of the directors' presentations.</i></p>

<p>III. Corporate Matters</p>	<p><u>Appointment of Kenneth Sanchez as Vice President</u></p> <p>Mr. Steel advised the Board that Mr. Sanchez performed an exemplary job during the hurricane and received a “battlefield” promotion, which he was now asking the Board to ratify.</p> <p>A motion was made and seconded to approve the appointment of Kenneth Sanchez as Vice President. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1108</p> <p>NOW THEREFORE BE IT RESOLVED that the appointment of Kenneth Sanchez as Vice President is hereby approved.</p>	
<p>IV. Committee Reports</p>	<p><u>A. Audit Committee – Gary Lavine, Committees Chairman</u></p> <p>Mr. Lavine reported that the committee met before the Board meeting. They held an executive session with Internal Controls Officer Ken Foley. No significant issues were raised. The committee discussed succession planning for Mr. Foley’s retirement, and specifically how that role will change with the implementation of the Oracle program.</p> <p><u>B. Finance Committee –Ronald Goldstock, Committees Chairman</u></p> <p><u>November and Year-To-Date Financials 2012 (Attachment – 13-04)</u></p> <p>Mr. MacDonald presented the financial report for November 2012, showing total Gross Revenue of \$9,844,000, which is \$917,000 worse than Plan. Total expenses for November were \$10,690,000, which is \$300,000 better than Plan. Net Loss from operations was \$846,000, which is \$617,000 worse than Plan.</p> <p>Year to Date the Center generated \$86,217,000 in Gross Revenues, which is \$3,511,000 behind Plan. Expenses were \$87,628,000, which was \$3,606,000 better than Plan. Net Loss Year to Date was \$1,412,000 which is \$95,000 better than Plan.</p>	

<p>IV. Committee Reports (Continued)</p>	<p>Mr. MacDonald informed the Board that the worse than Plan performance was driven in part by the lower than anticipated net square footage and services utilized by the Dental and AdTech events. Ms. Guerin pointed out that Phase 9 of the renovation, which takes out 80,000 square feet as compared to the 40,000 taken out in earlier phases, has been underway since mid-November.</p> <p>In response to Board inquiry, Mr. MacDonald advised that the extra labor expense incurred as a result of Hurricane Sandy, which will be reimbursed by insurance, was pulled out of the November revenue and expense statement.</p> <p>In response to Board inquiry, Mr. MacDonald stated that he anticipates that the Corporation will lose more than the planned loss of \$5.4 million for the fiscal year.</p> <p><u>Procurement Summaries</u></p> <p><u>Approval of Contracts – Wiggin & Dana, and Lowenstein Sandler (Attachment 13-05)</u></p> <p>Mr. MacDonald presented a memo with Ms. Bradford, providing additional info and clarification to the Board, seeking approval to award contracts to Wiggin & Dana and Lowenstein Sandler who will be retained to provide legal representation and advice in the area of technology procurement and related matters.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1109</p> <p>NOW THEREFORE BE IT RESOLVED that the award of the contracts to Wiggin & Dana and Lowenstein Sandler to provide legal representation and advice in the area of technology procurement and related matters is hereby approved.</p> <p><u>Approval of Contract – United Rentals (North America), Inc. (Attachment 13-06)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to award a contract to United Rentals (North America), Inc. for the rental of aerial equipment for a two (2) year</p>	
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<p>IV. Committee Reports (Continued)</p>	<p>term at an estimated total cost of \$240,780 with a renewal option for one additional year.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1110</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to United Rentals (North America), Inc. for the rental of aerial equipment for a two (2) year term at an estimated total cost of \$240,780 with a renewal option for one additional year is hereby approved.</p> <p><u>Approval of Contract – Affiliated Electronics (Attachment 13-07)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to award a contract to Affiliated Electronics for repair and maintenance of the Video Advertising Network (VAN) system for a two (2) year term at a total cost of \$43,072 per year or \$86,144 over two years.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1111</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to Affiliated Electronics for repair and maintenance of the Video Advertising Network (VAN) system for a two (2) year term at a total cost of \$43,072 per year or \$86,144 over two years is hereby approved.</p> <p><u>Approval of Contract – UHY, LLC (Attachment 13-08)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to award a contract to UHY, LLC to perform a financial statement audit review for fiscal year 2013 and Oracle Control System review for a one (1) year term at a cost of \$120,000.</p> <p>The Board asked whether the review of the Oracle ERP system could be considered separate consulting work, and was advised that the review is a necessary and integral part of the internal controls audit.</p>	
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<p>IV. Committee Reports (Continued)</p>	<p>In response to Board inquiry, Mr. Lavine and Mr. McDonald agreed that the UHY engagement would be renewed for only one year and that when the contract is rebid next year UHY will either not be permitted to participate or will participate but will be evaluated without receiving points in the selection process for the service they have rendered over the past several years.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1112</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to UHY, LLC to perform a financial statement audit review for fiscal year 2013 and Oracle Control System for a one (1) year term at a cost of \$120,000 is hereby approved.</p> <p><u>Approval of Contract – Business Technology Services (BizTech) (Attachment 13-09)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to award a contract to Business Technology Services (BizTech) to provide Oracle E-Business Hosting and Support Services for a three (3) year term at a total cost of \$1,023,000.</p> <p>The Board conditioned its approval on a determination by management that the Center’s CIO has no business or familial relationship with BizTech.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1113</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to Business Technology Services (BizTech) to provide Oracle E-Business Hosting and Support Services for a three (3) year term at a total cost of \$1,023,000 is hereby approved.</p> <p><u>Review of Contracts – USI Landscape & Design, Inc., Siemens Building Technologies, Inc., Pinnacle Wireless, Inc. (Attachments 13-10 through 13-13)</u></p>	
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<p>IV. Committee Reports (Continued)</p>	<p>Mr. MacDonald stated that previously approved service procurement contracts that extended for more than one year were being submitted for annual Board review as required by the Corporation’s procurement guidelines. The original procurement summaries were included with the packet sent to the Board in advance of the meeting. No Board member had any comment or question with respect to the ongoing procurements submitted for review.</p> <p><u>Overview of Hurricane Sandy damage and status of remediation efforts (Attachment 13-14)</u></p> <p>Mr. MacDonald displayed video of the Hudson River waters flooding the West Side Highway, the Javits loading docks and the lower level exhibit halls and still shots of the condition of the halls before and after immediate remediation efforts had been implemented. He explained that carpeting and sheet rock had to be ripped out to permit drying and that the salt and contaminants in the water from the elevator and escalator shafts caused extensive damage to the electrical system, which had to be replaced. He noted that the insurance carriers and their adjusters had been prompt and thorough, cooperative with the Center’s efforts to move forward quickly, and helpful in holding down the cost of the emergency procurements. The Center lost very little business, and anticipates that all of its claims will be approved and will probably not exceed the \$25 million limit of its flood insurance.</p> <p>Mr. MacDonald emphasized that the 150 to 200 emergency procurements were implemented consistent with the Corporation’s purchasing guidelines in all respects, except that it was not possible to secure the Board’s approval in advance.</p> <p>Mr. Spinnato commented that the management of the Hotel Motel show, which moved in seven days later, was amazed at how ready the Center was to host the event so soon after the storm.</p> <p>There was a discussion of possible measures to prevent damage from future storms. Mr. MacDonald indicated that the Center submitted its request for federal funding of such measures as part of the state’s request, which was recently approved by Congress. The Center is awaiting word from the state as to how much of the approved funds the Center will receive.</p> <p>Mr. Ricks expressed the view that given the Center’s location and FEMA’s revised flood maps, the Corporation would be well advised to spend the funds necessary to protect the facility and</p>	
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<p>IV. Committee Reports (Continued)</p>	<p>its equipment.</p> <p>The Board commended Mr. Mac Donald and his team for their prompt and effective response to Hurricane Sandy, including the processing of the insurance claims.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1114</p> <p>NOW THEREFORE BE IT RESOLVED that the Board highly commends Management, Staff and Labor at the Javits Center for their exceptional efforts in responding to Hurricane Sandy, in protecting the facility and keeping lines of communication open during the storm, in ensuring the building was ready for its customers immediately following the event, and in the ongoing repair and restoration of the building to the highest industry standards.</p> <p><u>C. Human Resources – Edward Kane, Committee Chairman</u></p> <p>No report.</p> <p><u>D. Facilities - Mary D’Elia, Committee Chairwoman</u></p> <p>No report.</p> <p><u>E. Sales & Marketing –Marc Ricks, Committee Chairman</u></p> <p>No report.</p> <p><u>F. Governance – E. Scott Gilbert, Committee Chairman</u></p> <p>No report.</p> <p><u>G. Ad Hoc for Javits Expansion/Renovation – Carl H. Loewenson, Jr., Committee Chairman</u></p>	
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<p>IV. Committee Reports (Continued)</p>	<p>Ms. Guerin reported on the status of the renovation (Attachment 13-15). She reported that the renovation of the roof is on time and on budget. The green roof is partially installed and planting will resume in the spring. Barbara Lampen, President of the Development Corporation, will be presenting a proposal to her Board tomorrow to spend the project contingency funds. In developing the proposal she has consistently solicited input from the Operating Corporation, and the proposal reflects the desires and needs of the Center’s management and customers.</p> <p>Mr. Steel advised the Board that the number of roof leak claims declined dramatically in 2012.</p> <p><u>H. EEO Oversight – Carl H. Loewenson, Jr, Esq., Committee Chairman</u></p> <p>No report.</p>	
<p>V. Adjournment</p>	<p>By motion and agreement, the meeting was adjourned at 5:15 PM with the next meeting to be held on March 20th, 2013.</p>	