

UNAPPROVED



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.
Robert Azeke
Daniel De Vita
Marc Ricks
Edward Kane
Gary Lavine
Ronald Goldstock
Jed Howbert
Sherida E. Paulsen
Christine Ferer
David Emil

VIDEOCONFERENCE

J. Lee Compton

ABSENT:

Henry Silverman, Chairman of the Board
Mary D'Elia, Vice-Chair
Jeffrey Scruggs
Mark Schienberg
Joseph Spinnato
Andrew Murstein

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

DATE:

June 26, 2013

Time:

3:05 p.m.

Location:

Large Conf. Room

VISITORS:

Michael Mahoney - UHY
Vanessa Lucero - UHY

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<p>Call to Order</p>	<p>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 Carl H. Loewenson, Jr.</p>	
<p>Agenda</p>	<p>Discussion</p>	<p>Recommendation/Action-Follow-up</p>
<p>I. Appointment of Board Vice Chair</p>	<p>Mr. Loewenson advised the directors that Henry Silverman had been appointed to the Board as its Chair. Mr. Silverman was unable to attend the meeting due to previously scheduled surgery but wished to recommend that the Board appoint Mr. Loewenson as Vice Chair and that he preside over the meeting in Mr. Silverman’s absence.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1120</p> <p>NOW THEREFORE BE IT RESOLVED that Carl H. Loewenson, Jr. is appointed Vice-Chair of the Board of Directors.</p>	
<p>II. Approval of the Minutes</p>	<p><u>Approval of the Minutes of April 24, 2013 (Attachment 13-28)</u></p> <p>A motion was made and seconded to approve the minutes of the Board of Directors meeting held on April 24, 2013. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1121</p> <p>NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on April 24, 2013, are hereby approved.</p>	
<p>III. Corporate Matters</p>	<p><u>President’s Report - Alan Steel (Attachment 13-29)</u></p> <p>Mr. Steel made a report describing: activities that took place during May and June, an economic impact analysis for 2010-2012, licensing of office and storage space, and the status of the ERP project and the Center’s strategy for improving IT services.</p>	<p><i>Barbara Lampen will make a report to the Board at the September meeting concerning the progress of the additional scope renovation work being performed with contingency funds left over at the conclusion of the planned renovations.</i></p>

<p>III. Corporate Matters (continued)</p>	<p>Mr. Steel advised that the PwC Economic Impact Report will be attached to the Center’s Annual Report, which will be prepared and filed in the state’s PARIS reporting system. He noted that the impact numbers, while they have not returned to pre-recession levels, are moving in that direction despite weak growth in the trade show industry and the effect of the ongoing renovation.</p>	<p><i>Management will review with the Board at the September meeting the connected venue option for upgrading telecommunications services to the Center’s customers.</i></p>
<p>IV. Committee Reports</p>	<p><u>A. Audit and Finance Committee – Gary Lavine and Ronald Goldstock, Committee Chairmen</u></p> <p><u>April Year-To-Date Financials 2013 (Attachment – 13-30)</u> Mr. MacDonald presented the financial report for April YTD 2013, showing total gross revenue of \$32,082,000, which is \$170,000 better than plan. Total expenses for April YTD 2013 were \$26,584,000, which is \$40,000 better than plan. Net income from operations was \$5,498,000, which is \$210,000 better than plan.</p> <p><u>Audited Financial Statements FY 2012-13 (Attachment – 13-31)</u> Mr. Lavine reported that the joint committee met with the Center’s outside auditors, UHY. UHY has issued an unqualified opinion and there were no material internal control issues. Mr. Mahoney noted that there is a recurrent, non-material issue concerning journal entries for the Auto Show, which causes year to year fluctuations depending on whether it moves out before or after the close of the fiscal year on March 31.</p> <p>Mr. Lavine reminded the Board that the Development Corporation has two debts to the Operating Corporation: \$3 million for pre-renovation rehabilitation work, and \$15 million in reimbursement for the equity invested in the Yale Building, which is to be paid upon sale of the 33/34th street property and reinvested in the building by the Operation Corporation.</p> <p>Mr. Lavine advised the board that the Center would be issuing an RFP for external audit services, only because the contract with UHY has been in existence for so long that sound procurement practices dictate that other firms should be given the opportunity to provide services. Mr. Lavine emphasized that this decision reflects absolutely no dissatisfaction with UHY; on the contrary, the firm has performed spectacularly well in providing audit services to the Center.</p>	

<p>IV. Committee Reports (Continued)</p>	<p>Mr. Lavine informed the Board that the Committee decided not to reclassify \$5 million in OPEB restricted assets as unrestricted, so the financials will be revised accordingly and are being submitted for approval as revised.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1122</p> <p>NOW THEREFORE BE IT RESOLVED that the Corporation’s Audited Financial Statements for FY 2012-2013 are hereby approved.</p> <p><u>Approval of Procurement Guidelines (Attachment 13-32)</u></p> <p>Mr. MacDonald presented the Procurement Guidelines for annual approval. Minor changes had been made on page 8, as indicated on the attachment.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1123</p> <p>NOW THEREFORE BE IT RESOLVED that the Procurement Guidelines, as modified, are hereby approved.</p> <p><u>Annual Procurement Report</u></p> <p>Mr. MacDonald advised that there appeared to be some inaccuracies in the data contained in the Center’s Annual Procurement Report, so it would not be submitted for Board approval at this time. Management hopes to correct the inaccuracies in time to file the report in PARIS by June 30th.</p> <p><u>Resolution to Authorize Staff to sign checks drawn on payroll account (Attachment 13-33)</u></p> <p>Mr. MacDonald requested a resolution authorizing certain employees to sign manual payroll</p>	<p><i>Management will complete an analysis of potential new business and its estimated impact on the City/State and the Center, and will present it at the September Board meeting.</i></p>
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<p>IV. Committee Reports (Continued)</p>	<p>checks drawn on a payroll account.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1124</p> <p>NOW THEREFORE BE IT RESOLVED that the Board authorizes the following individuals to sign manual payroll checks drawn on a payroll account maintained on the Corporation’s behalf at J.P. Morgan Chase Bank in accordance with §2569 of the Public Authorities Law: Alan Steel – President & CEO, Edward B. MacDonald, Jr. – CFO & SVP, Doreen Guerin – SVP, Sales & Marketing, and Melanie MacManus – Controller.</p> <p><u>Resolution to Authorize Staff to sign warrants (Attachment 13-34)</u></p> <p>Mr. MacDonald requested a resolution authorizing certain employees to sign warrants.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1125</p> <p>NOW THEREFORE BE IT RESOLVED that the Board authorizes the following individuals to sign warrants for the purpose of requisitioning checks, wire transfers and transfers of monies in the name of the Corporation in accordance with §2569 of the Public Authorities Law, in accordance with the New York Convention Center Operation Corporation Warrant Procedures: Alan Steel – President & CEO, Edward B. MacDonald, Jr. – CFO & SVP, Elizabeth Bradford – General Counsel & SVP, Doreen Guerin – SVP, Sales & Marketing, Melanie McManus – Controller, and Senen Gabaldon – Assistant Director of Accounting.</p> <p><u>Procurement Summaries</u></p> <p><u>Approval of Contract – Scientific Fire Prevention (Attachment 13-35)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to award a contract to Scientific Fire Prevention for the cleaning of the grease exhaust system including</p>	
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<p>IV. Committee Reports (Continued)</p>	<p>preventative maintenance for the Gaylord ventilator and smog hog precipitator for two (2) year term at a cost of \$37,106 per year, for a total cost of \$74,212 over two years.</p> <p>A motion was made and seconded. Mr. Emil recused himself. The following resolution passed by unanimous vote of the remaining directors:</p> <p>Resolution No. 1126</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to Scientific Fire Prevention for the cleaning of the grease exhaust system including preventative maintenance for the Gaylord ventilator and smog hog precipitator for two (2) year term at a cost of \$37,106 per year, for a total cost of \$74,212 over two years is hereby approved.</p> <p><u>Review of Contracts – TransCare New York, Inc., New York Electrical Power Services (Attachments 13-36 and 13-37)</u></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>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>Mr. Steel explained that Ms. D’Elia had a last minute emergency and was unable to attend so the committee did not meet. He informed the Board that management had prepared a Security Report but would present it to Ms. D’Elia and the Committee before reviewing it with the full Board.</p>	<p><i>Management will present a Security Report and a proposal for a new badge issuance protocol at the September Board meeting.</i></p>
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<p>IV. Committee Reports (Continued)</p>	<p><u>E. Sales & Marketing –Marc Ricks, Committee Chairman</u></p> <p>Ms. Guerin discussed prospects for new business and progress in reacquiring business that has gone to other venues.</p> <p>There was a discussion with the Board about how the Center goes about identifying potential special event clients. Ms. Guerin also explained that management has been working with Centerplate to become more flexible in accommodating outside caterers. Mr. Steel advised the Board that the Center has determined that it will not exercise its 5 year renewal option at the end of the current food and beverage concession contract in 2016, but will instead put the concession contract out to bid.</p> <p>There was a discussion of the new CitiBike stand on 34th Street and 11th Avenue. The Center has asked the City DOT to move the stand further west on 34th street to avoid the safety hazard created when taxis attempt to drop off Center attendees too close to the intersection. The Center has also offered additional locations on Javits Center property.</p> <p>Mr. Emil suggested that management work with the new city signage system to be included as a location of interest.</p> <p><u>F. Governance – Elizabeth Bradford, Committee Staff</u></p> <p>A motion was made and seconded to authorize the Corporation to provide for the indemnification of Philip W. Burke, an IT consultant. The Board agreed that while outside contractors should not normally be indemnified by the corporation, the extent of Mr. Burke’s involvement in assisting the corporation with its transition to the ERP program and his status as an individual justified the extension to him of the indemnity available under the by-laws to Corporation employees.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1127</p> <p>NOW THEREFORE BE IT RESOLVED that, pursuant to Article V § 4 of the by-laws, the</p>	
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	<p>Corporation is authorized to enter into an agreement indemnifying Philip W. Burke to the same extent and under same the conditions as apply to Corporation employees under Article V of the By-Laws.</p> <p><u>G. Ad Hoc for Javits Expansion/Renovation – Carl H. Loewenson, Jr., Committee Chairman</u></p> <p>Mr. Loewenson and Mr. Steel reported that there has been a high level of cooperation between the Development Corporation and the Operating Corporation concerning the expenditure of the renovation contingency funds.</p> <p>Mr. Steel advised the Board that the Center hopes to hold an official “reopening” ceremony in November to coincide with the Hotel Motel show.</p> <p>Mr. Steel informed the Board that the High Line has requested a larger easement from the Center for the northern entrance to the park.</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 September 25th, 2013.</p>	