

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., Chairman of the Board
Mary D’Elia, Vice-Chair
Robert Azeke
Stephen Drummond
Christine Ferer
E. Scott Gilbert
Ronald Goldstock
Edward Kane
Sherida E. Paulsen
Marc Ricks
Jeffrey Scruggs
Michael J. Stengel
Video-conference via SKYPE
Gary Lavine

ABSENT:

Kevin Corbett
Jed Howbert
Michael J. McGuire
Joseph Spinnato

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
Mark Sims, VP, CIO
Aleksandra Davydova, Legal Secretary
Phillip W. Burke, Consultant
Kenneth Sanchez, Director of Facilities Management
Kareem Salvant, Change Manager

DATE: October 17, 2012
Time: 3:00 p.m.
Location: Large Conf. Room

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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 Board Chairman Carl H. Loewenson, Jr.</p>	
<p>Agenda</p>	<p>Discussion</p>	<p>Recommendation/Action-Follow-up</p>
<p>I. Approval of the Minutes</p>	<p><u>Approval of the Minutes of June 27, 2012 (Attachment 12-32)</u></p> <p>A motion was made and seconded to approve the minutes of the Board of Directors meeting held on June 27, 2012. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1099</p> <p>NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on June 27, 2012, are hereby approved.</p>	
<p>II. Corporate Matters</p>	<p><u>Appointment of Alan Steel as President & CEO</u></p> <p>Mr. Loewenson reminded the Board that Mr. Steel had been selected to be President/CEO in February 2012 but could not be confirmed in that position until he became a U.S. citizen and a resident of New York. Now that he has been sworn in as a U.S. citizen and has signed a lease effective October 15, 2012 his appointment can be confirmed.</p> <p>A motion was made and seconded to approve the appointment of Alan Steel as President and CEO. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1100</p> <p>NOW THEREFORE BE IT RESOLVED that, upon recommendation of the Chair, the Board appoints Alan Steel to the position designated as “executive director” in the Corporation’s enabling legislation (Public Authorities Law § 2562(1)), with all the powers and responsibilities conferred on that position by the enabling legislation and the New York State Public Officers Law, provided however that the position shall for all other purposes carry the title of President/Chief Executive Officer. The Corporation will enter into an employment agreement</p>	

<p>II. Corporate Matters (continued)</p>	<p>with Mr. Steel, which will provide for an annual salary of \$275,000 plus transportation allowance in an amount not to exceed \$20,000 annually, in lieu of a vehicle provided by the Corporation.</p> <p><u>Appointment of Mark S. Sims as Vice President & CIO</u></p> <p>Mr. Steel advised the Board that the Corporation had hired Mark Sims to be the Javits Center’s Chief Information Officer. He referred to biographical information supplied to the Board (Attachment 12-33) with reference to Mr. Sims’ previous experience in implementing Oracle programs. Mr. Sims will focus in the short term on ERP implementation and will eventually assume responsibility for the day to day functions of the Center’s IT department.</p> <p>A motion was made and seconded to approve the appointment of Mark Sims as Vice President and Chief Information Officer. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1101</p> <p>NOW THEREFORE BE IT RESOLVED that the appointment of Mark Sims as Vice President and Chief Information Officer is hereby approved.</p>	
<p>III. Committee Reports</p>	<p><u>A. Audit & Finance Committee – Gary Lavine & Ronald Goldstock, Committees Chairmen</u></p> <p><u>Procurement Summaries</u></p> <p><u>Approval of Contract – Philip W. Burke (Attachment 12-34)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to award a contract to Philip W. Burke for a term of one (1) year at an estimated cost of \$200,000. This amount includes compensation already paid to Mr. Burke from the commencement of his contract. Mr. Goldstock requested that the record be clear that Mr. Burke’s compensation, which amounts to \$155 per hour, had been determined by management to be reasonable and that it is less than he had been earning in his previous employment.</p>	

<p>III. Committee Reports (continued)</p>	<p>Resolution No. 1102</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to Philip W. Burke for a term of one (1) year at an estimated cost of \$200,000 is hereby approved.</p> <p><u>Approval of Contract – Cedar Crestone Inc. (increase) (Attachment 12-35)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to increase contract estimate from \$2,488,480 to the amended estimate of \$3,900,000.</p> <p>Mr. Sims and Mr. Burke explained that the ERP will be hosted and maintained by a third party. There was a discussion of the security advantages of co-location sites, which outweigh the risks.</p> <p>Mr. Goldstock advised the Board that the joint Audit/Finance Committee had engaged in a long discussion with management in order to better understand the reasons behind the cost escalation and implementation delays being experienced in connection with the project. It seemed clear to the Committee that the implementation firm seriously underestimated both the time and the expense that would be required. It was the Committee’s view that the project should, however, move forward.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1103</p> <p>NOW THEREFORE BE IT RESOLVED that the increase of Cedar Crestone, Inc. contract estimate from \$2,488,480 to the amended estimate of \$3,900,000 is hereby approved.</p> <p><u>Approval of Contract – Delta Dental of New York, Inc. (Attachment 12-36)</u></p> <p>Mr. MacDonald presented a procurement summary seeking Board approval to award a contract to Delta Dental of New York, Inc. for dental insurance coverage for a two (2) year term at an estimated total cost of \$228,780.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p>	
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<p>III. Committee Reports (continued)</p>	<p>Resolution No. 1104</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to Delta Dental of New York, Inc. for dental insurance coverage for a two (2) year term at a total cost of \$228,780 is hereby approved.</p> <p><u>Resolution to Authorize Staff to sign checks drawn on payroll account (Attachment 12-37)</u></p> <p>Mr. MacDonald requested a resolution authorizing certain employees to sign manual payroll 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. 1105</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, Doreen Guerin – SVP, Sales & Marketing, Barrett Kfare – Controller, and Kris Woo – Director of Finance and Planning.</p> <p><u>Resolution to Authorize Staff to sign warrants (Attachment 12-38)</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. 1106</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. – SVP, CFO, Elizabeth Bradford –</p>	
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<p>III. Committee Reports (continued)</p>	<p>SVP, General Counsel, Doreen Guerin – SVP, Sales & Marketing, Barrett Kfare – Controller, and Senen Gabaldon – Assistant Director of Accounting.</p> <p><u>Review of Contracts – G. Fiore Concrete & Construction, Inc., Infinity Handling Systems, Lumal Cleaners Inc., Guardian Exterminating Services, and United Rentals (North America), Inc. (Attachments 12-39 through 12-43)</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>August and Year-To-Date Financials 2012 (Attachment – 12-44)</u></p> <p>Mr. MacDonald presented the financial report for August 2012, showing total Gross Revenue of \$10,861,000, which is \$682,000 worse than Plan. Total expenses for August were \$10,781,000, which is \$1,098,000 better than Plan. Net Income from operations was \$80,000, which is \$416,000 better than Plan.</p> <p>Year to Date the Center generated \$60,962,000 in Gross Revenues, which is \$2,518,000 behind Plan. Expenses were \$59,687,000, which was \$3,127,000 better than Plan. Net Income Year to Date was \$1,275,000 which is \$610,000 better than Plan.</p> <p>Mr. Scruggs asked whether Mr. MacDonald saw any reason to revise the original plan estimate of a \$5.3 million loss. Mr. MacDonald responded that he still expected to come in on budget.</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>Ms D’Elia stated that the Committee did not meet and there was no report, but the Committee</p>	
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<p>III. Committee Reports (continued)</p>	<p>would review and report on Center security for the next Board meeting.</p> <p><u>E. Sales & Marketing – Marc Ricks, Committee Chairman</u></p> <p>Ms. Guerin made a report comparing event activity in August and September 2011 to August and September 2012 and projecting event activity for 2013.</p> <p><u>F. Governance – E. Scott Gilbert, Committee Chairman</u></p> <p>No report.</p> <p><u>G. Ad Hoc for Javits Expansion – Carl H. Loewenson, Jr., Committee Chairman</u></p> <p>No report.</p> <p><u>H. EEO Oversight – Carl H. Loewenson, Jr, Esq., Committee Chairman</u></p> <p>No report.</p>	
<p>IV. President’s Report</p>	<p><u>Alan Steel</u></p> <p>Mr. Steel presented the President’s report.</p> <p>Mr. Steel noted that the customer survey results were better than expected. In response to Board inquiry he confirmed that the response rate was sufficiently high to yield statistically valid results.</p> <p>In response to the presentation concerning the Center’s efforts to enhance Internet service there was a discussion of the challenges involved in improving the weak cellular service on the West side and in meeting the widely varied demands of different types of events.</p> <p>Mr. Steel described a number of facility improvement projects that the Corporation had recently undertaken on its own behalf that were not covered by the renovation funds, including painting of the loading docks and staining of cinderblocks. The loading dock improvements have</p>	

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	encouraged the Javits freight handlers to take more pride in their workspace.	
V. Adjournment	The Board agreed to meet again in December, on a date to be determined, at 3 p.m. By motion and agreement, the meeting was adjourned at 5:00 PM.	