

Board approved on 9/17/2014



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

MINUTES

MEMBERS PRESENT:

Henry R. Silverman, Chairman of the Board
Carl H. Loewenson, Jr. Vice Chair
Mary D'Elia
Joseph E. Spinnato
J. Lee Compton (*Via Video-conference*)
Daniel De Vita
David Emil
Christine Ferer
Edward Kane
Gary Lavine
Karen He
Mark Schienberg

OTHERS PRESENT:

STAFF:

Alan E. Steel, President & CEO
Edward B. MacDonald, Senior VP, CFO
Elizabeth Bradford, Senior VP, General Counsel
Doreen Guerin, Senior VP, Sales & Marketing
Tony Sclafani, Senior VP, CCO
Mark Sims, VP, CIO
Christine McMahon, VP of HR & Labor Solutions
Kenneth Sanchez, VP of Facilities Management
Vincent Michello, VP of Event Solutions
Aleksandra Davydova, Legal Secretary

DATE:

June 18, 2014

Time:

3:00 p.m.

Location:

Large Conference Room

ABSENT:

Ronald Goldstock
Andrew Murstein
Robert Azeke
Sherida E. Paulsen
Marc Ricks
Jeffrey Scruggs

Visitors:

Giancarlo Garipoli, CPA, Audit Manager – UHY LLP
Michael Burke, CPA, Partner – UHY LLP

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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 3:00 p.m. A quorum was present. The meeting was presided over by Henry R. Silverman, Chairman.	
Agenda	Discussion	Recommendation/Action-Follow-up
I. Approval of the Minutes	<p><u>Approval of the Minutes of April 9, 2014 (Attachment 14-41)</u> A motion was made and seconded to approve the minutes of the Board of Directors meeting held on April 9, 2014. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1155</p> <p>NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on April 9, 2014, are hereby approved.</p>	
II. Corporate Matters	<p><u>President’s Report - Alan Steel (Attachment 14-42)</u> Mr. Steel presented the President’s Report, describing activity for April, May and June, an update on the renovation project, and customer satisfaction surveys. Mr. Steel advised the Board that price increases to go into effect at the beginning of 2015 are currently under review with a target date of July 1, 2014 for announcement to customers.</p> <p><u>Appointment of Christine McMahon as Vice President</u> Mr. Steel asked the Board to appoint Christine McMahon as Vice President. He explained that Ms. McMahon was hired several months ago as the Director of Human Resources and has made significant improvements in that department in a very short time, and that he has recently added the management of the Labor Solutions Department to her portfolio thus broadening her responsibilities. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1156</p> <p>NOW THEREFORE BE IT RESOLVED that the appointment of Christine McMahon as Vice President is hereby approved.</p>	

<p>II. Corporate Matters (continued)</p>	<p><u>Appointment of Vincent Michello as Vice President</u> Mr. Steel asked the Board to appoint Vincent Michello as Vice President. He explained that Mr. Michello had recently retired as the IBEW Local 3 head foreman at the Center and had been appointed to direct the Event Solutions Department in a management capacity. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1157</p> <p>NOW THEREFORE BE IT RESOLVED that the appointment of Vincent Michello as Vice President is hereby approved.</p> <p>Mr. Steel advised the Board that Centerplate has made a proposal to extend the existing food and beverage concession, due to expire in March 2016 unless renewed by mutual agreement. Management will review the proposal with a recently retained consultant and will bring back to the Board a recommendation either to renew the existing agreement or issue a new request for proposals.</p>	<p><i>At Mr. Emil's request, management will present an interim report before making a final recommendation.</i></p>
<p>III. Committee Reports</p>	<p><u>A. Audit and Finance Committee – Gary Lavine and Ronald Goldstock, Committee Chairmen</u></p> <p><u>ERP Project</u> Mr. Lavine reported that the Audit Committee met on June 3, 2014 to review the status of the Oracle ERP project. Mr. Sims reported that four of the necessary preliminary components before the new system is fully implemented, are being worked on concurrently and are expected to be completed by the end of the year. The Committee will continue to monitor implementation.</p> <p><u>Audited Financial Statements FY 2013-14 (Attachment 14-43)</u> Mr. Lavine presented the draft Audited Financial Statements FY 2013-14. The audit firm UHY has issued an unqualified opinion. Some of the highlights of the auditors' review included a diagnostic of Centerplate's external audit report, a review of the allowance for doubtful accounts, a review of the accounting for the moneys set aside to fund the OPEB liability and a review of Board travel expenses. UHY did not find any issues for concern in these areas and did not recommend any changes. A motion was made and seconded. The following resolution</p>	

<p>III. Committee Reports (continued)</p>	<p>passed by unanimous vote:</p> <p>Resolution No. 1158</p> <p>NOW THEREFORE BE IT RESOLVED that the Corporation’s Audited Financial Statements for FY 2013-2014 are hereby approved.</p> <p><u>April 2014 & YTD Financials (Attachment – 14-44)</u> Mr. MacDonald presented the financial report for April 2014, showing total gross revenue of \$33,373,000, which is \$422,000 better than plan. Total expenses for April 2014 were \$27,820,000, which is \$147,000 better than plan. Net surplus from operations was \$5,553,000, which is \$568,000 better than plan.</p> <p><u>Approval of Policies</u> <u>Restriction of additional OPEB funds (Attachment 14-45)</u> Mr. MacDonald requested a resolution restricting the use of additional funds for OPEB liability. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1159</p> <p>NOW THEREFORE BE IT RESOLVED that the Board authorizes the Corporation/Management to set aside sufficient assets to cover the fiscal 2014 OPEB liability of \$31,526,181. This represents an increase of \$3,081,489 from the fiscal 2013 liability. The Board of Directors is classifying those assets as Board designated for other postretirement employee benefit obligation within the Net Asset section of the Statement of Net Assets.</p> <p><u>Disposition of Property Process (Attachment 14-46)</u> Mr. MacDonald presented revised Disposition of Property Process to the Board for its approval. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1160</p> <p>NOW THEREFORE BE IT RESOLVED that the Board approves the revised Disposition of Property Process.</p>	
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<p>III. Committee Reports (continued)</p>	<p><u>Investment Guidelines (Attachment 14-47)</u> Mr. MacDonald presented the Corporation’s Investment Guidelines for the required annual review and approval. No changes had been made. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1161</p> <p>NOW THEREFORE BE IT RESOLVED that the Investment Guidelines are hereby reapproved without changes.</p> <p><u>Approval of Amended Procurement Guidelines (Attachment 14-48)</u> Mr. MacDonald presented the Procurement Guidelines for annual review and approval. No changes had been made. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1162</p> <p>NOW THEREFORE BE IT RESOLVED that the Procurement Guidelines are hereby reapproved without changes.</p> <p><u>Procurement Summaries (Attachments 14-49 through 14-52)</u> The committee reviewed and recommended approval of all of the procurements presented for the Board’s approval. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1163</p> <p>NOW THEREFORE BE IT RESOLVED that the Board approved the award of the following contracts, as more fully described in the procurement summaries attached as Attachments 14-49 through 14-51 and summarized in Attachment 14-52:</p> <ul style="list-style-type: none">- Rysigo Technologies Corporation- Wells Fargo Insurance Services USA, Inc.- FxFowle Epstein, Javits II Architecture, LLC	
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<p>III. Committee Reports (continued)</p>	<p><u>Review of Contracts – Garratt-Callahan Company, Cintas Corporation, Carr Business Systems (Attachments 14-53 - 14-55)</u> 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.</p> <p>Mr. McDonald informed the Board that as the renovation project comes to a conclusion the Development Corporation will be turning over to the Operating Corporation new equipment and infrastructure improvements together with the service contracts required to maintain them, all of which have been vetted by the Development Corporation as consistent with their own procurement practices. As the Operating Corporation assumes responsibility for funding and managing these arrangements it will bring them back to the Board for approval as required by its own Procurement Guidelines.</p> <p><u>Annual Procurement Report (Attachment 14-56)</u> Mr. MacDonald presented the Corporation’s Annual Procurement Report for approval. Mr. DeVita suggested an additional column in the report for quantity. Mr. Steel advised that the Center has recently hired a new Purchasing Manager and looks forward to improving and expediting procurement reporting. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1164</p> <p>NOW THEREFORE BE IT RESOLVED that the Annual Procurement Report for FY 2013-2014 is hereby approved.</p> <p><u>C. Human Resources – Edward Kane, Committee Chairman</u> No report.</p> <p><u>D. Facilities - Mary D’Elia, Committee Chairwoman</u> Ms. D’Elia reported that the Committee met in May to review various issues that are likely to arise in connection with future development of the area around the Convention Center including the marshaling and storage of trucks and trailers, lighting in front of the Convention Center,</p>	
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<p>III. Committee Reports (continued)</p>	<p>area surrounding the Center, and digital signage.</p> <p>Mr. Steel noted that the Development Corporation has retained Sam Schwartz to conduct a study of the freight traffic in and out of the Center. He further advised that he has met with the leadership at Related in order to gain a better understanding of the timetable for development of the Hudson Rail Yards.</p> <p><u>E. Sales & Marketing –Marc Ricks, Committee Chairman</u> Ms. Guerin presented the event calendar for July through September (Attachment 14-57). She noted that the Center will be busier than usual this year during what has historically been a slow period.</p> <p>Ms. Ferer suggested a new marketing effort to attract smaller, more intimate events to fill gaps in the calendar.</p> <p><u>F. Governance – Ronald Goldstock, Committee Chairman</u> No report.</p> <p><u>G. Ad Hoc for Javits Expansion/Renovation – Joseph E. Spinnato, Committee Chairman</u> Mr. Spinnato reported that the renovation is 95% complete, with the terrazzo floor replacement as the only major ongoing item.</p> <p><u>H. EEO/MWBE– Carl H. Loewenson, Jr, Esq., Committee Chairman</u> No report.</p>	
<p>IV. Other Business</p>	<p>Nothing to discuss.</p>	
<p>IV. Adjournment</p>	<p>By motion and agreement, the meeting was adjourned at 4:00 PM with the next meeting to be held on September 17, 2014.</p>	