

DRAFT



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
Sara Berman
Hugh L. Carey II
John Lee Compton
David Emil
Ronald Goldstock
Edward P. Kane
Gary Lavine
Lee H. Perlman
Joseph E. Spinnato
George Tsunis

OTHERS PRESENT:

STAFF:

Alan E. Steel, President & CEO
Bradley A. Siciliano, General Counsel & Corporate Secretary
Doreen Guerin, Senior SVP, Sales & Marketing
Melanie McManus SVP & Controller
Christine McMahan, SVP, HR & Labor Solutions
Mark Sims, SVP, CIO
Tim Gaburungyi, VP, IT Solutions
Kenneth Sanchez, SVP, Facilities Management
Tony Sclafani, Senior SVP, CCO
Ken Dixon, Vice President, Security & Safety Solutions
Allison Richardson, Director of Internal Controls & Compliance
Mike Ruberry, VP Event Solutions & Set-Up
Shirley Coley, Legal Assistant

DATE:

June 14, 2017

Time:

3:00 p.m.

Location:

River Pavilion Conference Room

ABSENT:

Robert Azeke
Eric Komitee
Andrew Murstein
Marc Ricks
Mark Schienberg
Andrew Stone

Guests/Visitors:

Robin Stout, President, NY Convention Center Development Corporation
David Thurm, Executive Vice President, Lehrer LLC
Allison Fricke, ESD, Intern
Francisco Polanco, ESD, Community Relations
Anabel Frias, ESD, Intern
Douglas W. Blais, Project Manager, Lehrer LLC

<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 3:00 p.m. A quorum was present. The meeting was presided over by Henry R. Silverman, Chairman.</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 May 10, 2017 (Attachment 17-62)</u> A motion was made and seconded to approve the minutes of the Board of Directors meeting held on May 10, 2017. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1309</u></p> <p>NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on May 10, 2017, are hereby approved.</p> <p>Before proceeding further, Mr. Silverman asked the Directors whether anyone had any potential conflict of interest with respect to any of the items on the Agenda and requested that they make an appropriate disclosure on the record and the individual with such conflict would recuse themselves from any discussion or vote with regard to such item or items. No Director indicated such a potential conflict, the meeting proceeded.</p>	
<p>II. Corporate Matters</p>	<p><u>Approval of the Audit Financial Statements FY 2016 (Attachment 17-63)</u> Mr. Lavine reported that the Audit Committee had met immediately prior to the Board Meeting. Mr. Lavine advised the members that he had personally met with the auditors, UHY, the day before the Board Meeting to review the external audit results and to discuss any internal control issues. He was pleased to report that UHY was issuing an unqualified opinion with regards to the Corporation’s financial statements, noting the UHY report of the full cooperation of the Corporation’s management in the audit.</p> <p>A motion was made and seconded to approve Corporation’s Audited Financial Statements for the fiscal year ended March 31, 2017. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1310</u> NOW THEREFORE BE IT RESOLVED that the New York Convention Center Operating Corporation’s Audited Financial Statements for the fiscal year ended March 31, 2017 are hereby approved.</p>	

<p>II. Corporate Matters (continued)</p>	<p><u>President’s Report (Attachment 17-64)</u></p> <p>Mr. Steel presented his report to the Board. Mr. Steel advised the Board that management had conducted its bi-annual Advisory Board Meeting with key stakeholders where they were updated on developments at the Center, including changes in policies and procedures which impact the customers’ operations. Management has also been meeting with the Development Corporation and LendLease/Turner on the design plans for the expansion. They anticipate the design plans to be completed by the end of the month and will be reviewed with the Board in September. Mr. Steel reported that the repaving of the Marshalling Yard had been completed and new gates were being installed on 12th Avenue to provide emergency vehicle access to the Port Authority’s vent.</p> <p>On the security front, Mr. Steel reported that the Javits Center had hosted a meeting with other convention center representatives to review convention center security initiatives currently going on in the industry. The meetings have revealed that the Javits Center is well ahead of its peer venues. To further understand what’s going on in the industry, Mr. Dixon will be visiting the Excel Center in London to review their security protocols. Excel will likely send a representative to the Javits Center in the near future to learn about our security practices. New uniforms have been designed for the Public Safety Officers which closely resemble New York State Trooper uniforms. Finally, the Public Safety Department has implemented a new emergency evacuation plan system which will enable first responders to arrive in the proper location of an emergency rather than being directed by default to the administrative entrance as had been the practice in the past.</p> <p>The Corporation issued its first ever Sustainability Report, which was provided to the members. Not only is it a report as to the Center’s successes but it will be used as a tool for continued improvements in the area of sustainability. After some discussion by the members, it was agreed that the Sustainability Manager would be more highly profiled both in the report and in general, emphasizing the importance of this issue to the Center. Mr. Steel reported on the installation of new gates on 34th and 39th Streets and new automatic glass doors in the 2D corridors, which will better help delineate the front and back of the house as well as enhance security. Finally, Mr. Steel presented the Board with a video that was used to promote the facility to the PMCA Educational Conference, highlighting improvement in the Center over the past several years.</p>	
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<p>III. Committee Reports</p>	<p><u>A. Audit & Finance Committees – Gary Lavine and Ronald Goldstock, Committee Chairmen</u> Mr. Lavine reported on behalf of the Audit and Finance Committees. The Committees have been looking at certain internal control steps. First, the Committee has again requested UHY to perform a review of the audit report provided by the food vendor Centerplate. Second, the Committees continues to assess the status of inventory tracking. Third, the Committee was considering renewing its protocol of auditing construction activities to ensure expenses are consistent with project size.</p> <p>Ms. McManus then introduced a series of items for the Board’s consideration.</p> <p><u>Restriction of funds for OPEB Liability (Attachment 17-65)</u> Ms. McManus requested a resolution restricting the use of additional funds for OPEB (Other Post Employment Benefit) Liability. She explained that the amount of the OPEB Liability was calculated by an independent firm and the request, as in the past, was to reserve the full amount of the liability, though there is no requirement to fully fund the obligation.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1311</u> NOW THEREFORE BE IT RESOLVED that the Board authorizes the Corporation/Management to set aside sufficient assets to cover the Fiscal 2017 OPEB liability of \$38,573,930.</p> <p><u>Designation of Authority for Procurement Approval (Attachment 17-66)</u> Ms. McManus advised the members that she was seeking a resolution authorizing the Finance Committee to approve 2 procurements before the next meeting, one for Public Safety Officer Uniforms and the other for Oracle Implementation Services. The By-laws permit such delegation. Both procurements have been advertised but were not ready for the meeting. Delaying formal approval until the September Board meeting was not advisable, so it was being requested that the Finance Committee be given the authority to approve the procurements prior to that time.</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><u>Resolution No. 1312</u> NOW THEREFORE BE IT RESOLVED that The Board of Directors grants to the Finance Committee the authority to review and approve, on the full Board’s behalf, procurement contracts issued by the Corporation in connection with RFP 2121M (Public Safety Uniforms) and RFP 2115M (Oracle Hosting).</p> <p><u>Approval of Procurement Guidelines – (Attachment 17-67)</u> Ms. McManus presented the Corporation’s Procurement Guidelines for the required annual review and approval. Several changes were being proposed, including adding requirements to sell to disabled veterans, increasing the amount from \$100,000 to \$250,000 for contracts awarded through the RFP process that require Board approval and providing a mechanism to permit extensions procurement contracts of a limited nature. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1313</u> NOW THEREFORE BE IT RESOLVED that the Procurement Guidelines are hereby approved, as amended.</p> <p><u>Review and Approval of Property Disposal Policy – (Attachment 17-68)</u> Ms. McManus presented the Corporation’s Disposition of Property Process for the required annual review and approval. Minor changes were made to the forms which would help better identify the assets being disposed of. It was also noted that the capitalization threshold was increased from \$15,000 to \$25,000. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1314</u> NOW THEREFORE BE IT RESOLVED that the Disposition of Property Policy is hereby approved, as amended.</p> <p><u>Review and Approval of Investment Policy – (Attachment 17-69)</u> Ms. McManus presented the Corporation’s Investment Guidelines for the required annual review and approval. No changes had been made in the Investment Guidelines. 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><u>Resolution No. 1315</u> NOW THEREFORE BE IT RESOLVED that the Investment Guidelines are hereby reapproved without changes.</p> <p><u>Review and Approval of the Annual Procurement Report FY 2017 (Attachment 17-70)</u> Ms. McManus presented the Corporation’s FY 2017 Annual Procurement Report for approval. There were over 1900 procurements with a value of approximately \$29.8 million. MWBE results remain strong with a 2 year average of over \$30%. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1316</u> NOW THEREFORE BE IT RESOLVED that the Annual Procurement Report for FY 2017 is hereby approved.</p> <p><u>Procurement Summaries for Approval (Attachments 17-71 through 17-73)</u> Ms. McManus presented the Board with a packet of individual procurements for approval. The Chairman advised the members that by voting to approve the listed procurements, the Board would be passing separate resolutions reflecting each procurement individually; and the minutes will reflect that each procurement was the subject of a separate resolution.</p> <p><u>Approval of Contract – Steamaster Carpet Cleaning, Inc. (Attachment 17-71)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract to Steamaster Carpet Cleaning, Inc. to provide carpet cleaning services for the Javits Center. The contract term is for three years (\$103,140 per year) at a total cost of \$309,420</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1317</u> NOW THEREFORE BE IT RESOLVED that the award of contract to Steamaster Carpet Cleaning, Inc. to provide carpet cleaning services for the Jacob K. Javits Convention Center at an estimated cost of \$309,420 for a three year term is hereby approved.</p>	
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<p>III. Committee Reports (continued)</p>	<p><u>Approval of Contract – Ron Antonelli Photography, LLC (Attachment 17-72)</u> Ms. McManus presented a procurement summary seeking Board approval to award a second year contract to Ron Antonelli Photography, LLC for photography services for the Jacob Javits Convention Center (Javits Center). This contract had an option to renew for an additional year. The estimated cost for the additional year is \$35,000.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1318</u> NOW THEREFORE BE IT RESOLVED that the award of contract to Ron Antonelli Photography, LLC for a second year at an estimated total cost of \$35,000 is hereby approved.</p> <p><u>Approval of Contract –Application Software Technology, LLC. (Attachment 17-73)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract to Application Software Technology, LLC. for Oracle CPQ (Configure, Price, Quote), for Service Order Entry and Tracking, Oracle Order Management, Oracle Inventory Management and reconfiguration of Oracle Accounts Receivable at the Jacob K. Javits Convention Center at an estimated 5 year cost of \$2,101,275, which is comprised of a one-time implementation fee of \$1,225,350 and an annual recurring subscription fee for 5 years totaling \$875,925.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1319</u> NOW THEREFORE BE IT RESOLVED that the award a contract to Application Software Technology, LLC. for Oracle CPQ (Configure, Price, Quote) for Service Order Entry and Tracking, Oracle Order Management, Oracle Inventory Management and reconfiguration of Oracle Accounts Receivable at an estimated cost of \$2,101,275 is hereby approved.</p> <p><u>Review Of Contracts – (Attachments 17-74 through 17-81)</u> Ms. McManus stated that previously approved service procurement contracts that extend for more than one year were being submitted for annual Board review as required by the Corporation’s procurement guidelines. The 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 these procurements.</p>	
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<p>III. Committee Reports (continued)</p>	<p><u>Procurement Contracts for Review – Kronos Inc., Edgerock Technologies, Cintas Corporation, IESI Corporation, Rentokil, United Rentals, Wells Fargo Insurance Services USA, Inc., (Attachments 17-74 through 17-81)</u></p>		
	Vendor	# of Year	Amount/Year
	Kronos Incorporated	2	\$1,056,377 per Year \$7,290,000 total for 5 Years
	Edgerock Technologies, LLC	6 months	\$144,000 for 6 months \$432,000 for total 18 months
	Cintas Corporation	3	\$13,000 for year 3 \$39,375. total for 3 years
	IESI Corporation	3	\$1,592,568 per year \$6,370,272 total for 4 years
	Rentokil	2	\$56,160 per year \$112,320 total for 2 years w 3 rd year option
	United Rentals	2	\$140,000 per year \$280,000 total for 2 years w 3 rd year option
	Wells Fargo Insurance Service, USA, Inc.	4	\$52,800 per year \$264,000 total for 5 years
	Robert Antonelli Photography, LLC	2	\$35,000 per year \$75,000 total for 2 years
<p>The question was raised why the Centerplate contract was not part of the review process. It was explained that Centerplate was a concessionaire which paid the Corporation money and that the review process was generally for procurements on which the Corporation was the payer. Mr. Lavine also advised the members that Centerplate’s contract was being subject to an audit at the request of the Audit Committee.</p> <p><u>Financial Report (Attachment – 17-82)</u> Ms. McManus presented an overview of the year end financials, noting that the Corporation had exceeded \$200 million in revenue for the first time ever. In addition, she advised the Board of the status of the Corporation’s PARIS filings, which were expected to be completed before the June 30 deadline.</p>			

<p>III. Committee Reports (continued)</p>	<p><u>B. Human Resources – Edward Kane, Committee Chairman</u> No report.</p> <p><u>C. Facilities/Operations – Mark Schienberg, Committee Chairman</u> No report</p> <p><u>D. Sales & Marketing – Lee Compton, Committee Chairman – (Attachment 17-83)</u> Ms. Guerin presented a report of the Sales and Marketing Committee. There were 90 days of activity in the second quarter of 2017 with a total of 42 events, 4 of which were new to the Center. For the 3rd Quarter, is was expected there would be 71 days of activity, with a total of 38 events, 5 of which are new.</p> <p><u>E. Governance – Ronald Goldstock, Committee Chairman</u> Mr. Siciliano updated the Board of the status of the Bylaws review, which, based upon a review by outside counsel, he anticipated would result in some very minor changes. Committee members had requested that a deeper review of the Conflicts of Interest provisions be undertaken. Since the Conflicts of Interest Policy is contained in the Bylaws, this would push back a final updated version of the Bylaws. It is anticipated that the Conflicts of Interest provisions will be pulled out of the Bylaws and serve as a stand-alone policy going forward.</p>	
<p>IV. Other Business</p>	<p>The Chairman noted that Member Marc Ricks was stepping down effective the close of the meeting. Mr. Ricks has served on the Board since 2007. The Chairman and the other members thanked Mr. Ricks for his years of dedicated service to the Board.</p>	
<p>V. Adjournment</p>	<p>By motion and agreement, the meeting was adjourned at 3:41 PM with the next meeting to be held on September 13, 2017.</p>	