

APPROVED 6/9/14/16



**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
Hugh L. Carey II
Sara Berman
David Emil
Ronald Goldstock
Karen He
Edward P. Kane
Eric Komitee
Gary Lavine
Andrew Murstein
Joseph E. Spinnato
Andrew Stone
George Tsunis

OTHERS PRESENT:

STAFF:

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

DATE:

June 22, 2016

Time:

3:00 p.m.

Location:

Large Conference Room

ABSENT:

Robert Azeke
J. Lee Compton
Marc Ricks
Mark Schienberg
Lee H. Perlman

Visitors:

Michael Burke, CPA, Partner of UHY LLP
GianCarlo Garipoli, CPA, Audit Manager of UHY LLP
Sarah Saint-Amand, Empire State Development Corp.

<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. Mr. Silverman acknowledged the appointment of three new Board Members, Sara Berman, George Tsunis and Lee Perlman.</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 11, 2016 (Attachment 16-38)</u> A motion was made and seconded to approve the minutes of the Board of Directors meeting held on May 11, 2016. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1246</p> <p>NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on May 11, 2016, 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 Audited Financial Statements FY 2015-2016 (Attachment 16-39)</u> Mr. Lavine advised the Board that the Audit Committee met on May 21, 2015, and again immediately before the Board meeting, and that he had met separately with UHY on June 16, 2016. He reported that UHY rendered an unqualified opinion and found no significant internal controls deficiencies. The auditors also praised management for its very high level of cooperation with the audit and well as UHY's supportive approach in conducting the audit.</p> <p>Ms. McManus highlighted certain areas of the audit. She noted there was an adjustment from the prior reporting period which resulted from this being the first year the Corporation was utilizing GASBY. She further pointed out the Corporation's Liability for the unfunded portion of former employees' retirement benefits.</p>	

<p>II. Corporate Matters (continued)</p>	<p>Finally, she addressed the issue of a number of modules from the Oracle implementation, resulting in an impairment of assets in the amount of \$2.7 million. Mr. Silverman inquired as to whether the cause of the impairment relating to Oracle, was on the software side or the implementation side. The Board was advised that the Corporation had recovered \$850,000 from the implementation vendor already. Mr. Lavine requested that the General Counsel explore whether there was any way to recover any funds related to the unused modules.</p> <p>Mr. Silverman thanked Mr. Lavine for his efforts in leading the Audit Committee.</p> <p>A motion was made and seconded to approve Corporation’s Audited Financials for the fiscal year ended March 31, 2016. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1247</p> <p>NOW THEREFORE BE IT RESOLVED that the New York Convention Center Operating Corporation’s Audited Financial Statement for the fiscal year ended March 31, 2016 are hereby approved.</p> <p><u>President’s Report – Alan Steel (Attachment 16-40)</u></p> <p>Mr. Steel presented his report to the Board. He updated the Board on management’s continued work with CCDC on the RFP for the expansion project. He advised the Board of the new marketing brochure which had been produced (and distributed to Board Members) which would be used in the continued sales and marketing efforts of the Corporation. He reported to the Board about the recent addition of a Director of Human Resources and the starting of the process for the hiring of a new Chief Financial Officer.</p> <p>Mr. Steel advised the Board of ongoing training of staff in a variety of areas, including training addressing workplace violence and elevator entrapment situations. He reported that the Labor Audit which was being conducted by Mr. Foley had been completed and the Corporation was in the process of re-certifying its General Contractors and Exhibitor Appointed Contractors. Mr. Steel further advised the Board that the Workforce Management project was ready to be implemented, subject to the Board’s approval of the procurement later on the agenda.</p>	<p><i>Management will review potential additional recoveries in connection with the Oracle implementation.</i></p>
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<p>II. Corporate Matters (continued)</p>	<p>Mr. Steel advised the Board that Josh Javits of the Jacob and Miriam Javits Foundation had approached the Corporation about collaborative efforts to promote the legacy of Senator Javits and the Javits Center together. Mr. Steel also updated the Board on the status of the Peace Officer legislation, which has passed both houses and is awaiting the Governor's signature.</p> <p>Mr. Steel advised the Board that pricing for 2017 was close to complete and would be communicated to customers shortly. He further gave an overview of the Corporation's efforts to reduce crime and the Center and address safety issues, including threats of terrorism. The newly renovated administrative entrance is a part of that process, with its enhanced security and identification features. Mr. Steel then introduced Sarah Saint-Amand, President of the Convection Center Development Corporation, to update the Board on the status of the expansion project.</p> <p>Ms. Saint-Amand advised the Board that it had been a busy time, working in close coordination with the corporation's staff. The Request for Qualifications was issued in April. On June 20 three bidders were selected to respond to the Request for Proposal, Gilbane Building Company, Lendlease Turner (a joint venture) and Skanska Javits Design Build Joint Venture. Responses are due October 31, 2016. The winning bidder is scheduled to be selected in early 2017. Javits North is expected to be demolished sometime after April 2017. As a way to expedite the expansion, CCDC will begin some work this fall, including building a new elevated transformer yard and rerouting certain utilities. Mr. Steel noted that operational continuity was being heavily emphasized. Mr. Emil inquired how the design aspect of the project was being handled given the Design/Build approach. He was advised that JII Architects had been involved in developing bridging documents to create design and performance standards for the bidders. In addition, each of the bidders has already identified their architects, all of which are from notable firms. Mr. Lavine questioned whether there would be marshalling of vehicles under exhibit space, which he considered a security issue. He was advised that the new marshalling facility would be adjacent to the exhibit space, not under it.</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 issues the Audit and Finance Committees were reviewing. He advised the Board that the issue of inventory control was an area which management was being asked to assess and develop process to enhance tracking. He advised the Board that UHY would be performing an audit of Centerplate, the food service vendor at the Center. This is a large dollar vendor and source of revenue and should be reviewed. The Committee met in Executive Session with Ken Foley to discuss the recent departure of the CFO.</p> <p><u>Executive Session</u></p> <p>A motion was made and seconded for the Board to go into executive session. The following resolution was passed by unanimous vote.</p> <p>Resolution No. 1248</p> <p>NOW THEREFORE BE IT RESOLVED that the Board will conduct an executive session pursuant to Public Officers Law § 105 to consider matters of public safety.</p> <p>No votes were taken; no resolutions were passed in Executive Session</p> <p><u>Restriction of additional OPEB funds (Attachment 16-41)</u> Ms. McManus 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. 1249</p> <p>NOW THEREFORE BE IT RESOLVED that the Board authorizes the Corporation/Management to set aside sufficient assets to cover the Fiscal 2016 OPEB liability of \$36,164,383. This represents an increase of \$2,367,877 from the Fiscal 2015 liability. The Board of Directors is classifying those assets as Board designated for other postretirement employee benefit obligation within the Statement of Net Position.</p>	<p><i>New Committee members will be appointed at the September Board meeting.</i></p>
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<p>III. Committee Reports (continued)</p>	<p><u>Annual Procurement Report (FY 2015-2016) (Attachment 16-42)</u> Ms. McManus presented the Corporation's Annual Procurement Report for approval. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1250</p> <p>NOW THEREFORE BE IT RESOLVED that the Annual Procurement Report for FY 2015-2016 is hereby approved.</p> <p><u>Approval of Policies (Attachments 16-43 through 16-45)</u> <u>Procurement Guidelines – Attachment 16-43</u> Ms. McManus presented the Corporation's Procurement Guidelines for the required annual review and approval. No changes had been made in the Procurement Guidelines. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1251</p> <p>NOW THEREFORE BE IT RESOLVED that the Procurement Guidelines are hereby reapproved without changes.</p> <p><u>Investment Guidelines – Attachment 16-44</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> <p>Resolution No. 1252</p> <p>NOW THEREFORE BE IT RESOLVED that the Investment Guidelines are hereby reapproved without changes.</p> <p><u>Disposition of Property Process – Attachment 16-45</u> Ms. McManus presented the Corporation's Disposition of Property Process for the required annual review and approval. No changes had been made in the Disposition of Property Process. 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. 1253</p> <p>NOW THEREFORE BE IT RESOLVED that the Disposition of Property Process is hereby reapproved without changes.</p> <p><u>Procurement Contracts for Approval (Attachments 16-46 through 16-50)</u></p> <p>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 6 Kronos, Incorporated (Attachment 16-46)</u></p> <p>Ms. McManus presented a procurement summary seeking Board approval to award a contract to Kronos, Incorporated to provide and implement a Workforce Management Solution for the Javits Center. The contract term is for five years at an estimated cost of \$7,290,000.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1254</p> <p>NOW THEREFORE BE IT RESOLVED that the award of contract to the Kronos, Inc. to provide and implement a Workforce Management Solution for the Javits Center at an estimated cost of \$7,290,000 over a 5 year term is hereby approved.</p> <p><u>Approval of Contract 6 United Rentals (Attachment 16-47)</u></p> <p>Ms. McManus presented a procurement summary seeking Board approval to award a two year contract to United Rentals for the rental of aerial equipment. The contract term is for two years with an option to renew for one additional year at an estimated cost of \$140,000 per year or \$280,000 for two years.</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. 1255</p> <p>NOW THEREFORE BE IT RESOLVED that the award of contract to the United Rentals for the rental of aerial equipment for a term of two years with an option to renew for one additional year at an estimated cost of \$140,000 per year or \$280,000 for two years is hereby approved.</p> <p><u>Approval of Contract 6 ChutePlus, LLC (Attachment 16-48)</u> Ms. McManus presented a procurement summary seeking Board approval to award a two year contract to ChutePlus LLC for the cleaning of all exhaust ductwork and main ductwork at the Center. The contract term is for two years at an estimated cost of \$30,000 per year or \$60,000 over two years.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1256</p> <p>NOW THEREFORE BE IT RESOLVED that the award of contract to ChutePlus LLC for the cleaning of all exhaust ductwork and main ductwork at the Center for a term of two years at an estimated cost of \$30,000 per year or \$60,000 over two years is hereby approved.</p> <p><u>Approval of Contract 6 Edgerock Technologies, LLC (Attachment 16-49)</u> Ms. McManus presented a procurement summary seeking Board approval to award a single source contract for 18 months to Edgerock Technologies, LLC for the Labor Management Project Manager at an estimated cost of \$432,000.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1257</p> <p>NOW THEREFORE BE IT RESOLVED that the award of a single source contract to the Edgerock Technologies, LLC for 18 months to for the Labor Management Project Manager at an estimated cost of \$432,000 is hereby approved.</p>	
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**III.
Committee
Reports
(continued)**

Approval of Contract 6 Rentokil (Attachment 16-50)

Ms. McManus presented a procurement summary seeking Board approval to award a two year contract with the option to renew for a third year to Rentokil for exterminating services at the estimated cost of \$112,320.

A motion was made and seconded. The following resolution passed by unanimous vote:

Resolution No. 1258

NOW THEREFORE BE IT RESOLVED that the award of a two year contract to Rentokil with the option to renew for a third year for exterminating services at the estimated cost of \$112,320 is hereby approved.

Review Of Contracts – (Attachments 16-51 through 16-53)

Ms. McManus stated that previously approved service procurement contracts that extend for more than one year was 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.

Procurement Contracts for Review - Wells Fargo Insurance Services USA, Inc., Cintas Corporation, IESI Corporation (Attachments 16-51 through 16-53)

Vendor	# of Year	Amount/Year
Wells Fargo Insurance Services USA, Inc.	3	\$52,800 per Year \$158,400 total for 3 Years.
Cintas Corporation	3	\$13,375 Year 1 \$13,000 Year 2 and 3
IESI Corporation	4	\$132,714 per month \$1,592,568 per year \$6,370,272 total for 4 Years.

<p>III. Committee Reports (continued)</p>	<p><u>April 2016 & YTD Financials (Attachment – 16-54)</u> Ms. McManus presented the financial report for May 2016, showing total gross revenue of \$16,300,000, which is \$1,800,000 lower than Plan. Total operating expenses for May were \$15,100,000 which is \$2,600,000 lower than Plan. Net surplus from operations was \$2,500,000, which is \$2,500,000 better than Plan. Net surplus after depreciation and accrual reversals was \$1,197,000 which was \$800,000 better than Plan. Year to date, total gross revenue of \$60,290,000, which is \$1,500,000 lower than Plan. Total operating expenses YTD are \$50,271,000 which is \$4,300,000 lower than Plan. Net surplus from operations was \$10,000,000, which is \$2,800,000 better than Plan. Net surplus after depreciation and accrual reversals was \$11,049,000 which was \$4,800,000 better than Plan.</p> <p><u>B. Human Resources – Edward Kane, Committee Chairman</u> No report.</p> <p><u>C. Facilities</u> No report</p> <p><u>D. Sales & Marketing – Lee Compton, Committee Chairman</u> No Report</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> No report.</p> <p><u>H. EEO/</u> No report.</p>	
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<p>IV. Other Business</p>	<p>Mr. Steel noted the end of the terms of the Board Members Mary DøElia, Sherida Paulsen and Christine Ferer, who combined had 60 years of dedicated and valued service to the Corporation. In particular, Ms. DøElia had served on the Board since 1981. The consensus of the Board was that their efforts should be formally recognized by the Board.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1259</p> <p>NOW THEREFORE BE IT RESOLVED that the Board of Directors of the New York Convention Center Operating Corporation thanks departing Board Members Mary DøElia, Sherida Paulsen and Christine Ferer, for their combined 60 years of dedicated and valued service to the Javits Center, with particular acknowledgment to Mary DøElia who has served on the Board since 1981.</p> <p>Mr. Steel also recognized the impending retirement of Jim Hamilton, Director of Sales and Marketing. Mr. Hamilton began working for the corporation before the building was even open, and was tasked with booking the first events held at the Javits Center. Mr. Hamilton was asked to make an appearance at the Board Meeting and was greeted by a standing ovation by the Board Members in appreciation of his years of service.</p>	
<p>V. Adjournment</p>	<p>By motion and agreement, the meeting was adjourned at 3:58 PM with the next meeting to be held on September 14, 2016.</p>	