

Approved – 1/18/17



**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
J. Lee Compton
David Emil
Ronald Goldstock
Edward P. Kane
Eric Komitee
Gary Lavine
Lee H. Perlman
Marc Ricks
Mark Schienberg
Andrew Stone
George Tsunis

OTHERS PRESENT:

Edward B. MacDonald

DATE:

September 14, 2016

Time:

3:00 p.m.

Location:

Large Conference Room

STAFF:

Alan E. Steel, President & CEO
Bradley A. Siciliano, General Counsel & Corporate Secretary
Doreen Guerin, Senior VP, Sales & Marketing
Melanie McManus VP & Controller
Christine McMahon, VP, HR & Labor Solutions
Mark Sims, VP, CIO
Tim Gaburungyi, VP, Information Technology Solutions
Kenneth Sanchez, VP, Facilities Management
Margaret Tobin, Senior VP, Development
Tony Sclafani, Senior VP, Chief Communications Officer
Ken Dixon, Director of Security & Safety Solutions
Shirley Coley, Legal Assistant

ABSENT:

Robert Azeke
Karen He
Andrew Murstein
Joseph E. Spinnato

Visitors:

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.</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 22, 2016 (Attachment 16-55)</u> A motion was made and seconded to approve the minutes of the Board of Directors meeting held on June 22, 2016. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1260</p> <p>NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on June 22, 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. Any Director with such conflict should recuse themselves from any discussion or vote with regard to such item or items. No Director indicating any potential conflict, the meeting proceeded.</p>	
<p>II. Corporate Matters</p>	<p><u>Appointment of Chief Financial Officer</u> Mr. Steel updated the Board on the efforts to fill the Chief Financial Officer position for the Corporation. An extensive search was made of both external and internal candidates. Ms. McManus, who was serving as acting Chief Financial Officer for the Corporation, applied. After thorough consideration, management had decided Ms. McManus was the best candidate for the position.</p> <p>A motion was made and seconded. The following resolutions passed by unanimous vote:</p>	

<p>II. Corporate Matters (continued)</p>	<p>Resolution No. 1261</p> <p>NOW, THEREFORE BE IT RESOLVED that Melanie McManus is hereby appointed as the Corporation’s Senior Vice President, Chief Financial Officer.</p> <p>Mr. Steel also updated the Board on the status of the search for a new Internal Auditor in light of the current Internal Auditor’s impending retirement. The Corporation had identified a strong candidate, Allison Richardson, and had presented her to the Audit Committee for its consideration. Mr. Lavine reported that the Audit Committee had met with Ms. Richardson, was very impressed with her and fully supported her hiring.</p> <p><u>Committee Assignments (Attachment 16-56)</u></p> <p>Mr. Siciliano presented the Board with a proposed update of committee assignments to account for recent Board departures and arrivals. In addition, some committees were combined to reflect current responsibilities and for greater efficiency in committee work. Notably, the Ad Hoc Committee on Expansion would be merged into the Facilities Committee, the Finance Committee would assume formal responsibility for MWBE and the Human Resources Committee would assume responsibility of EEO matters.</p> <p>A motion was made and seconded. The following resolutions passed by unanimous vote:</p> <p>Resolution No. 1262</p> <p>NOW, THEREFORE BE IT RESOLVED that the Committee assignments reflected in Attachment 16-56 is hereby approved.</p>	
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<p>III. Committee Reports</p>	<p><u>Procurement Contracts for Approval</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 – MG Security Services, LLC, Inc. (Attachment 16-57)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract to MG Security Services, LLC, to provide security services from August 8, 2016 through November 21, 2016 to replace the NYPD Paid Detail. This was an emergency procurement with an MWBE firm in the amount of \$150,000.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1263</p> <p>NOW THEREFORE BE IT RESOLVED that the award of contract to MG Security Services, LLC, to provide security services from August 8, 2016 through November 21, 2016 in the amount of \$150,000 is hereby approved.</p> <p><u>Approval of Contract – Brosnan Risk Consultants, Business Compliance, Inc. and MG Security Services, LLC. (Attachment 16-58)</u> Ms. McManus presented a procurement summary seeking Board approval to award a one year contract with a one year option each to Brosnan Risk Consultants (\$200,000), Business Compliance, Inc. (\$50,000) and MG Security Services, LLC. (\$50,000) for background screening on employment applicants.</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. 1264</p> <p>NOW THEREFORE BE IT RESOLVED that the award of contracts to Brosnan Risk Consultants (\$200,000), Business Compliance, Inc. (\$50,000) and MG Security Services, LLC. (\$50,000) for background screening for one year with a one year option are hereby approved.</p> <p><u>Approval of Contract – Wells Fargo Insurance Services USA, Inc. (Attachment 16-59)</u> Ms. McManus presented a procurement summary seeking Board approval to exercise the two year extension option on the Corporation’s existing 3 year contract with Wells Fargo Insurance Services USA, Inc. for insurance brokerage services. The cost for each year is \$52,800 for a total additional cost of \$105,600.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p>Resolution No. 1265</p> <p>NOW THEREFORE BE IT RESOLVED that the exercise of the two year option on the Wells Fargo Insurance Services USA, Inc. contract for insurance brokerage services at an annual cost of \$52,800 and a total cost of \$105,600 is hereby approved.</p> <p><u>Approval of Contract – Enclos Corporation (Attachment 16-60)</u> Ms. McManus presented a procurement summary seeking Board approval to award a single source contract for 6 months to Enclos Corporation to install 2 new glass store fronts along 12th Avenue at an estimated cost of \$331,588.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p>	
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**III.
Committee
Reports
(continued)**

Resolution No. 1266

NOW THEREFORE BE IT RESOLVED that the award of a single source contract to Enclos Corporation to install 2 new glass store fronts along 12th Avenue at an estimated cost of \$331,588 is hereby approved.

Review Of Contracts

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.

Procurement Contracts for Review – SSP Group Inc., Hy-Safe, First Response Ambulance (Attachments 16-61 through 16-63)

Vendor	# of Year	Amount/Year
SSP Group Inc.	2	\$804,020 per Year \$1,608,040 total for 2 Years.
Hy-Safe	3	\$108,900 Year 1 \$5,600 Year 2 and 3 \$120,100 total for 3 years
First Response Ambulance	3	\$343,725 per Year \$1,031,175 total for 3 Years.

<p>II. Corporate Matters (continued)</p>	<p><u>Presidents Report (Attachment 16-64)</u></p> <p>Mr. Steel presented the Board with his report. Mr. Steel advised the Board that the “Taste of New York Bistro” had a soft opening during the New York Now show. The initial reports were very positive, with strong sales of NY Craft Beer leading the way. A hard opening, to be attended by the New York State Agriculture Commissioner is scheduled for September 26, 2016. Mr. Emil inquired as to whether any progress had been made on the issue of street facing retail. Mr. Steel advised Mr. Emil that it was still something under consideration but no decision on a direction had been made.</p> <p>Mr. Steel advised the Board that the Kronos project had officially kicked off. The project is key in, among other things, enhancing the Centers complex Time and Attendance processes. An external project manager has been retained, and Mr. Sims, Ms. McMahon, Ms. McCracken and Mr. Kropf are the internal staff driving the project. Mr. Steel is the executive sponsor and will be receiving bi-weekly progress reports. The implementation will occur in 3 phases, with the completion anticipated in the first quarter of 2018. Implementation will need to work around the show schedule as launching a new module during a high volume show would be problematic.</p> <p>On the security front, Mr. Steel reported continued improvements, with zero overnight thefts for March, April and May. Enhanced security cameras have been extremely helpful. The new controlled staff labor and administrative office entrance system was at 92% compliance, with an ultimate goal of 100%.</p> <p>Mr. Steel reported that the New York Power Authority had conducted a feasibility study on renewable energy systems at the Javits Center. They system proposed would include installing solar panels on the HVAC units on the roof. Further review of the proposals is necessary prior to a recommendation for action.</p>	
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<p>II. Corporate Matters (continued)</p>	<p><u>Expansion Update</u> Ms. Saint-Amand, President and CEO of the Convention Center Development Corporation provided an update on the Center’s expansion plans. Final bids are due October 31, 2016. The Operating Corporation’s staffs have been very involved in providing feedback to bidders. Ms. Saint-Amand indicated that a great deal of innovation was coming out of the process. It is anticipated that once received, it will take a couple of months to analyze those bids. It is anticipated that a winning bidder will be selected by the end of the year. A contract will then need to be finalized with the bidder and registered with the Comptroller’s office. She plans for a May, 2017 commencement of construction. In the meantime plans to begin construction on a new transformer building are moving forward. Tishman Company is acting as the construction manager. Five procurements are out for bid and they plan on breaking ground in December. Mr. Steel provided some additional detail on the transformer building, explaining that it would be a 4 story structure with room for show freight to pass beneath it.</p> <p>In connection with the expansion, Mr. Steel reported that the most recent Convention Center Development Corporation Bond issuance had raised an addition \$440 million dollars. This was a great result and helped insure that the expansion will have the resources to be successful.</p> <p>Lastly, Mr. Steel displayed the commemorative Javits Center Lego set which was presented at the 30th Anniversary and Renovation Ceremony just prior to the Board Meeting.</p>	
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<p>III. Committee Reports (continued)</p>	<p><u>A. Audit & Finance Committees – Gary Lavine and Ronald Goldstock, Committee Chairmen</u></p> <p>Mr. Lavine reported on issues the Audit and Finance Committees were reviewing. He indicated that the committees had met by phone on August 25th and again on that day in person. He shared the Committees favorable view of the selection of Ms. McManus as the new Chief Financial Officer and Ms. Richardson as the new Internal Auditor. At both meetings, the Committee reviewed the status of the Workforce Management Project. Mr. Lavine reported the UHY had completed their review of the Centerplate contract, and the committee was of the view that Centerplate’s performance and reports under their contract should periodically be reviewed by the outside auditors. Finally, Mr. Lavine advised the Board regarding the State Controller’s audit of the Office of Information Technology Services and concerns raised by the Controller’s office. Mr. Lavine indicated that the Corporation seemed to be on top of the concerns raised in its audit with ITS.</p> <p><u>May 2016 & YTD Financials (Attachment 16-65)</u></p> <p>Ms. McManus presented the financial report for July 2016, showing total gross revenue of \$9,145,000, which is \$1,178,000 lower than Plan. Total operating expenses for July were \$9,130,000 which is \$2,046,000 lower than Plan. Operating surplus was \$15,000, which is \$869,000 better than Plan. Net loss after depreciation was \$437,000 which was \$906,000 better than Plan. Year to date, total gross revenue of \$83,476,000, which is \$7,912,000 lower than Plan. Total operating expenses YTD are \$72,646,000 which is \$10,489,000 lower than Plan. Operating surplus was \$10,830,000, which is \$2,578,000 better than Plan. Net surplus after depreciation and accrual reversals was \$10,957,000 which was \$4,626,000 better than Plan.</p> <p><u>B. Human Resources – Edward Kane, Committee Chairman</u></p> <p>No report.</p>	
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<p>III. Committee Reports (continued)</p>	<p><u>C. Facilities</u> No report</p> <p><u>D. Sales & Marketing – Lee Compton, Committee Chairman (Attachment 16-66)</u> Ms. Guerin reported on behalf of the Sales & Marketing Committee, reporting that for the quarter ending September 31, the number of events decreased from 44 to 41 from the previous year. There had been a couple of cancellations and certain shows had underperformed. Seven new events had been brought in and the facility was occupied on 84 days. For the upcoming quarter, there is 76 days’ worth of activities, with a total of 34 events, 4 of which are new. A number of additional events, notably holiday events, were still being pursued and it is expected those numbers will go up. The last two weeks of December the building will be dark for maintenance which will limit the number of additional events. In addition, interviews for the new Director of Sales and Marketing are ongoing.</p> <p>Mr. Lavine raised the question of whether the lower than plan revenue performance was an indication of an industry downturn. Mr. Schienberg inquired as to whether some of the cancelled shows had given any indication as to why they were canceling and whether the Corporation had any protections in place. Management indicated that in certain sectors there did seem to be a slowing, but other sectors remained robust. It was also explained that there had been some consolidation of shows and show management companies resulting in fewer shows. Some shows which had cancelled were not related to any trend. To protect the Corporation, the event licenses have Liquidated Damages clauses of up to 120% of the rental fee. Mr. Steel explained that the expansion would mitigate the risks of any market downturn because the additions of the ball room and meeting rooms would diversify the Center’s business.</p> <p><u>E. Governance – Ronald Goldstock, Committee Chairman</u> No report.</p>	
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IV. Other Business	No report.	
V. Adjournment	By motion and agreement, the meeting was adjourned at 3:41 PM with the next meeting to be held on November 16, 2016.	