

APPROVED – 1/18/17



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

**MINUTES**

**MEMBERS PRESENT:**

Gary Lavine, Acting Chairman  
Hugh L. Carey II  
David Emil  
Ronald Goldstock  
Edward P. Kane  
Andrew M. Murstein  
Lee H. Perlman  
Marc Ricks  
Joseph E. Spinnato  
George Tsunis

**OTHERS PRESENT:**

Edward B. MacDonald, Jr.

**DATE:**

**November 16, 2016**

**Time:**

**3:00 p.m.**

**Location:**

**Large Conference Room**

**STAFF:**

Alan E. Steel, President & CEO  
Bradley A. Siciliano, Associate General Counsel  
Melanie McManus VP & Controller  
Christine McMahan, Senior VP, Human Resources and Labor Solutions  
Doreen Guerin, Senior VP, Sales & Marketing  
Mark Sims, Senior VP, IT Solutions  
Tim Gaburungyi, VP, IT Solutions  
Kenneth Sanchez, Senior VP, Facilities Solutions  
Ken Dixon, VP, Security Solutions  
Tony Sclafani, Senior VP, Chief Communications Officer  
Mike Ruberry, VP Event Solutions & Set-Up  
Allison Richardson, Director of Internal Controls & Compliance  
Shirley Coley, Legal Assistant

**ABSENT:**

Henry R. Silverman, Chairman of the Board  
Robert Azeke  
Sara Berman  
J. Lee Compton  
Eric R. Komitee  
Mark Schienberg  
Andrew D. Stone

**VISITORS:**

Sarah Saint-Amand, President, N.Y. Convention Center Development Corp.

<p><b>Call to Order</b></p>	<p>The meeting of the Board of Directors for the New York Convention Center Operating Corporation was called to order at <b>3:00</b> p.m. The meeting was presided over by Gary Lavine, Acting Chairman.</p>	
<p><b>Agenda</b></p>	<p><b>Discussion</b></p>	<p><b>Recommendation Action/Follow-up</b></p>
<p><b>I. Opening Comments</b></p>	<p><b><u>Opening Comments</u></b>                  Mr. Lavine opened the meeting as Acting Chairman. Members were advised that due to a last minute cancellation there was not a quorum present to take action on any agenda items requiring Board approval. Consequently, the meeting will be informational. Efforts would be made to schedule a meeting in the coming weeks.</p> <p>Mr. Lavine advised the Board that Ken Foley, the Corporation’s Internal Auditor had officially retired. Mr. Lavine on behalf of the Board thanked Mr. Foley for his years of service to the Corporation.</p>	
<p><b>II. Corporate Matters</b></p>	<p><b><u>President’s Report - Alan Steel (Attachment 16-67)</u></b>                  Mr. Steel presented his report, highlighting the Election Night event which the presidential campaign of Hillary Clinton held at the Center, noting it was a tremendous success. It was an event that was booked very late and needed to be squeezed in between a number previously scheduled events. Led by Doreen Guerin, the event came together very successfully with limited disruption to the surrounding events. The building looked great and this was a major media event which will open up other special event opportunities for the Center in the future. Aside from the logistical challenges of moving in and out such a significant event, the event had significant security components, with multiple layers of security provided by different city, state and federal law enforcement.</p> <p>Mr. Steel updated the Board on the continued success of the security activities at the Center. He noted that there were zero overnight thefts in the months of September and October, and the Center continued to push theft rates down in other categories as well. Mr. Steel reported that the Center was now providing event security to its customers at competitive price and service levels.</p>	

<p><b>II. Corporate Matters (continued)</b></p>	<p>He further noted that the Center continued to look at enhanced perimeter security, which included the future installation of bollards at key points around the building as well as a new 12<sup>th</sup> Avenue Truck Check In area to better control truck traffic in and around the facility. Mr. Steel updated the Board on several pending matters. He informed the Board that the Kronos Workforce Management project was moving forward and continued to be on time and on budget. He reported on management’s inquiry into installation of solar panels, noting the 55 year return on investment in the absence of subsidies made such an installation impractical at this time. Finally, he advised the Board that the idea of a direct connection from the 7 Subway Line to the Center would not be pursued at this time due to logistical issues with the installation of necessary escalators. Development of the marshalling yard property would likely provide an opportunity to readdress that issue at a later time.</p>	
<p><b>III. Committee Reports</b></p>	<p><b><u>September 2016 &amp; YTD Financials (Attachment 16-68)</u></b>                  Ms. McManus presented the financial report for September, 2016, showing total gross revenue of \$11.3 million, which was \$12k lower than Plan. Total operating expenses for September were \$11.4 million which is \$459k lower than Plan. Operating loss was \$83k, which is \$447k better than Plan. Net loss after depreciation was \$547k which is \$472k better than Plan. Year to date, total gross revenue are \$107.8 million, which is \$9.7 million lower than Plan. Total operating expenses YTD are \$97.5 million, which is \$12.3 better than Plan. Operating surplus is \$10.3 million, which is \$437k better than Plan. Net surplus after depreciation and accrual reversals is \$9.3 million, which is \$4.5 million better than Plan and \$1.6 million better than the prior year. Finally, Ms. McManus reported net cash used in operations of \$2.6 million year to date, net cash used in capital and related financing activities of \$6.8 million year to date and net cash provided by investing activities of \$10.7 million year to date. Ms. McManus also noted that management has submitted a five-year capital plan request to CCDC for their review.</p> <p>Mr. Lavine inquired as to the impact of the proposed expansion on revenue. Mr. Steel explained that the addition of the new ball room, additional meeting rooms and 500k contiguous square feet on one level would all open up opportunities for events the Center currently cannot compete for. This will help diversify the portfolio of events, mitigating the impact of fluctuations in different parts of the business.</p>	

**III.  
Committee  
Reports  
(continued)**

**Expansion Update**

Ms. Saint-Amand, President and CEO of the Convention Center Development Corporation provided an update on the Center’s expansion plans. Tishman & Company has been selected as the construction manager of approximately \$100 million of early work.

This will involve a new transformer facility as well as some preliminary utility work which needs to be performed before the major construction can begin. The target for breaking ground for that work is early December. Ms. Saint-Amand advised the Board that the Design/Build Bids had been submitted and the technical teams had begun reviewing them. The technical teams will submit their recommendations to the selection committee and it is anticipated a final decision will be made by early December. The expectation is the winning bidder would be on site by mid-2017.

**Review Of Contracts**

Ms. McManus 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 procurement summaries were included with the packet sent to the Board in advance of the meeting.

Procurement Contracts for Review - Wells Fargo Insurance Services, Send Word Now Communications, Inc., eMaint Enterprises, LLC (Attachments 16-69 through 16-71)

Vendor	# of Year	Amount/Year
Wells Fargo Insurance Services	3 year w/2 year renew option	\$125,000
Send Word Now communication, Inc.	3	\$8,811.34
eMaint Enterprises, LLC	2 year w/1year renew option	\$23,249.50

<p><b>III. Committee Reports (continued)</b></p>	<p><b><u>A. Audit &amp; Finance Committees/MWBE – Gary Lavine and Ronald Goldstock, Committee Chairmen</u></b></p> <p>Mr. Lavine reported the Committees had met prior to the Board Meeting and on October 21. The Committees reviewed the Center’s security program with Ken Dixon. Mr. Lavine praised Mr. Dixon for his efforts and the program he has put into place. The Committees reviewed the status of the Workforce Management project. In addition, the Committee had its final meeting with Mr. Foley as Internal Auditor. He reported no material issues. He also reported that the transition to the new Internal Auditor, Allison Richardson was going smoothly.</p> <p>Mr. Lavine further reported on the Committees’ discussion of a change in the reserve established the “other post-employment benefits” or “OPEB. This relates to health and medical benefits for retirees. The only requirement is for the Corporation to record the liability. It is under no obligation to reserve the amount, but the Corporation has done so to the full amount for the past several years. This reserve has the potential of impacting seasonable cash flow. In order to provide management with the flexibility to manage cash flow while prudently reserving for the liability, the Finance Committee was recommending that it be given the Authority to authorize management to un-restrict up to 20% of the designated net assets of the total OPEB liability upon a finding by the Finance Committee that there is a temporary need for additional operating funds to meet cash flow requirements.</p> <p><b><u>B. Human Resources/EEO – Edward Kane, Committee Chairman</u></b> No Report.</p> <p><b><u>C. Facilities/Operations – Mark Schienberg, Committee Chairman</u></b> No Report.</p> <p><b><u>D. Sales &amp; Marketing – Lee Compton, Committee Chairman</u></b> No Report</p> <p><b><u>E. Governance – Ronald Goldstock, Committee Chairman</u></b> No Report.</p>	
<p><b>IV. Other Business</b></p>	<p>No Report</p>	

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<p><b>V.</b> <b>Adjournment</b></p>	<p>By motion and agreement, the meeting was adjourned at 3:47 PM with the next meeting to be held on January 18, 2017 .</p>	
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