

Approved - 4/2/19



**BOARD OF DIRECTORS MEETING
NEW YORK CONVENTION CENTER OPERATING CORP.**

655 West 34th Street
New York, NY 10001-1188

MINUTES

MEMBERS PRESENT:

Ronald Goldstock
Robert Azeke
J. Lee Compton
George Tsunis
Edward P. Kane
Gary Lavine – Via Video
Brian O’Dwyer
Lee H. Perlman
Mark Schienberg
Stephen Kopple – Via Phone (non-voting)

ABSENT:

Henry R. Silverman, Chairman of the Board
Hugh L. Carey II
Fred W. Dixon
Steven C. Koppel
Andrew Murstein
Joseph E. Spinnato
Christy Ferer

OTHERS PRESENT:

STAFF:

Alan E. Steel, President & CEO
Bradley A. Siciliano, Chief Operating Officer
Doreen Guerin, SVP Sales & Marketing
Melanie McManus, SVP & CFO
Christine McMahon, SVP, HR & Labor Solutions
Mark Sims, SVP & CIO
Tim Gaburungyi, VP, IT Solutions
Kenneth Sanchez, SVP Facilities Management
Kenneth Dixon, VP Security & Safety Solutions
Tony Sclafani, SVP & Chief Communications Officer, Communications
Mike Ruberry, VP Event Solutions & Set-Up
Allison Richardson, Director of Internal Controls & Compliance
Mariam Karim, VP Guest Experiences
Kareem Salvant, Event Logistics & Facilities Support Manager
Shirley Coley, Legal Assistant

Guests/Visitors:

Robin Stout
David Thurm
David Emil

DATE:

January 30, 2019

Time:

1:00 p.m.

Location:

Large Conference Room

<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 1:00 p.m. A quorum was present. The meeting was presided over by Ronald Goldstock, Acting Chairman.</p>	
<p>Agenda</p>	<p>Discussion</p>	
<p>I. Approval of the Minutes</p>	<p><u>Appointment of Acting Chairperson</u> Mr. Steel called the meeting to order and noted that the Chairman was not able to attend the day’s meeting. A motion was made and seconded appointing Mr. Goldstock as Acting Chairperson for the days meeting. The following resolution passed by unanimous vote: <u>Resolution No. 1387</u> NOW THEREFORE BE IT RESOLVED that Ronald Goldstock is hereby appointed Acting Chairperson of the Board of Directors for the meeting of the Board on January 30, 2019. Mr. Goldstock assumed the position of Acting Chairperson for the meeting. <u>Approval of the Minutes of November 14, 2018 (Attachment 19-01)</u> A motion was made and seconded to approve the minutes of the Board of Directors meeting held on <u>November 14, 2018</u>. The following resolution passed by unanimous vote: <u>Resolution No. 1388</u> NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on <u>November 14, 2018</u>, are hereby approved.</p>	

<p>II. Corporate Matters</p>	<p>Before proceeding further, Mr. Goldstock 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 one identifying any conflict, the meeting proceeded.</p> <p><u>President’s Report - Alan Steel (Attachment 19-02)</u></p> <p>Mr. Steel presented Mr. Thurm to provide an update on the expansion project. Mr. Thurm presented pictures of the progress of the construction since June 2018 to January 2019. The “spine” of the building is almost complete and the third level of the garage structure is being poured. The site is very active and coordinating the overlapping activities is critical in keeping on schedule. The “performance mockup” has been completed, enabling the fabrication of the exterior walls. Steel fabrication is close to being complete. It is anticipated that the Board will be given a tour of the expansion site at the March Board Meeting.</p> <p>Mr. Steel then reported on the Center’s capital plans, noting that the Board had approved the 5-year capital plan during the last Board Meeting, reflecting projects totaling \$158 million. The Fiscal Year 2020 portion is for \$35.8 million, which is split between \$23 million in Development Corp. funded projects and \$12.8 million in Operating Corp. funded projects. Currently high priority projects have begun without full funding from the Development Corp.; the Perimeter Security/Bollards and the replacement of the Fire and Life Safety System in the existing building. \$4.1 million has been approved for the Perimeter Security Project by the Development Corp., leaving a shortfall of \$1.95 million. \$5.5 million has been approved for the Fire and Life Safety System by the Development Corp., leaving a shortfall of \$12.1 million.</p> <p>The shortfall on these two projects highlights the broader issue of the Center’s ongoing capital needs. Several sources of funding are available including the sale of Site K, yet to be committed expansion related funds, and existing receivables due from the Development Corp. Another source of Capital Funds is most notably receipts from the Hotel Unit Fee, established to fund the Center’s expansion and maintenance, which have materially exceeded the amounts required to fund the 2016 Bond issue. As of 2018, the HUF receipts had exceeded the Bond requirements by approximately \$15 million. It is projected given the increase in number of hotel rooms in New York City, that number will grow by between \$3 million and \$5 million annually. This would provide an ongoing source of funds for the Center’s capital needs. Discussions with ESD (which manages the funds) have not yet resolved this issue and ongoing consultation is taking place.</p> <p>Mr. Steel then provided the Members with an update on security. The Center will conduct an emergency management table top exercise in 2019 in collaboration with state and city agencies.</p>	
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<p>II. Corporate Matters (continued)</p>	<p>In addition, the Center is completing its Emergency Management Operating Protocol as required by the New York State Department of Homeland Security. NYPD issued its Crime Statistics for the Center, reflecting the continued downward trend on thefts in general and in particular, overnight thefts. Mr. Schienberg commended the management on the reduction in crime and suggested that those kinds of statistics should be shared with show managers, as they would find them useful.</p> <p>On the sustainability front, the Center is moving closer to the installation of its Rooftop Solar Farm. The New York Power Authority, which is managing the project on behalf of the Center selected a winning bidder and it is anticipated that the installation will begin in the summer of 2019. The project is at no cost to the Center, and after the vendor recoups its costs, will provide revenue to the Center. The specific terms of that arrangement are being negotiated. The 2019 Sustainability Report will be issued shortly, highlighting the Center’s progress in areas including the demand response program, the solar farm, the harvesting of rooftop honey and the new Javits Cares donation program.</p> <p>The Center continues to enhance its cybersecurity defenses. It has implemented the gold standard in e-mail protection, Microsoft Advanced Threat Protection. Cyber Security Awareness Training has been expanded as has the frequency of phishing testing. Mr. Schienberg inquired whether the cyber protections were just focused on e-mail security, or did it cover payment information as well. Mr. Gaburungyi noted that cybersecurity efforts covered all sensitive information, not just e-mail communications.</p> <p>The OneJavits (Kronos) workforce management implementation continues to move forward towards completion. Discussions continue around the concept of the Hudson Link, which would extend the High Line along the west side of the Center. The Board of Friends of the High Line has expressed a strong interest in the project. Next steps are to review conceptual designs with the High Line and the Hudson River Park and to continue to explore sources of funding the project.</p> <p><u>Financial Report – Melanie McManus (Attachment 19-03)</u> <u>Procurement Contracts for Approval</u> Ms. McManus presented the Board with an individual procurement for approval. <u>Approval of Contract – R & R Scaffolding, Ltd (Attachment 19-03)</u></p>	
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<p>III. Committee Reports</p>	<p>Ms. McManus presented a procurement summary seeking Board approval to award a contract to R & R Scaffolding, Ltd. to provide scaffold maintenance at the Jacob K. Javits Convention Center (Javits Center). The contract term is for three years, from February 1, 2019-January 31, 2022 at a total cost of \$59,280 (\$19,760 per year).</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1389</u> NOW THEREFORE BE IT RESOLVED that the award of a contract to R & R Scaffolding, Ltd. to provide scaffold maintenance at the Javits Center for a contract term of three years, at a total cost of \$59,280 is hereby approved.</p>	
<p>Executive Session</p>	<p><u>Executive Session</u> Mr. Siciliano advised the Members and attendees that the Board would go into executive session relating to a matter leading to the appointment of a corporation as proscribed by the Open Meetings Law. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution. No. 1390</u> NOW THEREFORE BE IT RESOLVED that the Board will conduct an executive session pursuant to Public Officers Law §105 to discuss the appointment of a corporation.</p> <p>All non-members other than Mr. Steel, Mr. Siciliano and Ms. McManus left the room.</p> <p>The minutes of the executive session will be attached hereto as an Exhibit</p> <p>The meeting returned to open session. Mr. Siciliano noted for the record that minutes of the executive session were recorded, a vote on a resolution was taken appointing a corporation, such appointment being subject to the Comptroller’s office approval, and the vote did not involve the appropriation of public monies. The minutes of the executive session will become public upon approval of the appointment by the Comptroller’s office.</p>	

III. Committee Reports	<u>Review of Procurement Summaries – (Attachments 19-05 through 19-14)</u>		
	<u>Procurement Contracts for Review (Attachments 19-05 through 19-14):</u> Application Software Technology, LLC, Scientific Fire Prevention, United Rentals, AT &T, Offsite Vision Holdings, Door Automation Corporation, Phillip Kaplan Glass and Mirror, LLC, United Rentals, Inc., Canon Solutions America, United Steel Products, Inc.,		
	Vendor	# of Year	Amount/Year
	Application Software Technology, LLC	2 of 5	\$25,400
	Scientific Fire Prevention	2 of 3	\$50,624
	United Rentals, Inc.	2 of 3	\$100,000
	AT & T	2 of 2	\$27,469
	Offsite Vision Holdings	2 of 2	\$16,350
	Door Automation Corporation	2 of 3	\$66,435
	Phillip Kaplan Glass and Mirror, LLC	2 of 3	\$60,244
	United Rentals, Inc.	3 of 3	\$83,360
	Canon Solutions America	3 of 3	\$74,293
	United Steel Products, Inc.	3 of 3	\$49,976

<p>III. Committee Reports (continued)</p>	<p><u>December 2018 YTD financials for review (Attachment 19-15)</u> Ms. McManus presented the Board with the Financial Report for the period ending December 2018. Year to date, there is a total gross revenue of \$149,000,000, against a plan of \$146,300,000. Total operating expenses YTD are \$145,900,000 against a plan of \$143,600,000. Operating surplus was \$3,100,000 against a plan of \$2,700,000. Net loss after depreciation was (\$2,200,000) against a plan of (\$3,000,000).</p> <p><u>A. Audit & Finance Committees – Ronald Goldstock and Gary Lavine, Committee Chairmen</u> It was reported that the Audit and Finance Committees met prior to the meeting. The Committees received a report on the Food and Beverage RFP. No other material items were reported.</p> <p><u>B. Human Resources/EEO – Edward Kane, Committee Chairman</u> Ms. McMahan reported to the Members that Sonia Low had been hired as General Counsel. She will be responsible for the day to day management of the legal department. Ms. Low will report directly to Mr. Siciliano, who will continue to manage the overall legal function for the Center. Ms. Low is scheduled to begin the first week in March.</p> <p><u>C. Facilities –Mark Schienberg, Committee Chairwoman</u> Mr. Schienberg reported that the Committee had been updated on the Food and Beverage RFP. In addition, the Committee was looking forward to a tour of the expansion site in the coming months.</p> <p><u>D. Sales & Marketing – Lee Compton, Committee Chairman (Attachment 19-16)</u> Mr. Compton reported that the Committee had received a report on the Food and Beverage RFP and was confident a thorough review of the needs of the Center and the qualifications of the bidders was being taken. Ms. Guerin reported on first quarter activity, which would have 88 days of activity out of 90 total days, 1 special event, 2 public shows and 33 trade shows. Looking forward to the second quarter, the Center is scheduled to have 89 days of activity out of 91 days. 9 special events, 3 public events and 20 trade shows are scheduled, including 8 new events.</p> <p><u>E. Governance - Ronald Goldstock, Committee Chairman</u> No report.</p>	
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<p>IV. Other Business</p>	<p>Mr. Schienberg noted that he had recently visited San Francisco and its convention facility. In light of that experience, he complimented the Board and management for its deliberative processes and the Center's ongoing efforts to work and integrate with the city and the surrounding community.</p>	
<p>V. Adjournment</p>	<p>By motion and agreement, the meeting was adjourned at 1:54 PM with the next meeting to be held on March 27, 2019.</p>	

	Discussion	
Executive Session	<p><u>Food and Beverage RFP Report and Resolution (Attachment 19-04)</u></p> <p>The Members were provided a confidential memorandum providing background on the Food and Beverage RFP. The confidentiality of the materials provided and the results of the Food and Beverage RFP were emphasized to the Members.</p> <p>Mr. Steel outlined for the members the process management undertook in selecting a Food and Beverage Provider. The RFP was issued on September 4, 2018. A site visit was attended by 11 interested parties on September 20, 2018. 5 responses were received on November 9: (1) Aramark partnering with Pinch and Krisp Events; (2) Centerplate (Incumbent) partnering with Cipriani; (3) Delaware North/Patina Restaurant Group partnering with Great Performances; (4) Levy Convention Centers partnering with Catering by Restaurant Associates (CxRA); and (5) Savor partnering with Myriad Group.</p> <p>Mr. Goldstock inquired if any Member had any conflict with any of the bidders. Mr. Koppel noted that he was unaware of any conflict but could not be certain, without a more formal conflict check with his firm. Mr. Siciliano noted that Mr. Koppel was participating by phone and would not be able to vote in any event.</p> <p>Each bidder submitted extensive proposals, each around 400 pages, including corporate information, references, financial proposals, and proposed retail concepts among other items. The proposals were reviewed by a committee of Mr. Steel, Mr. Siciliano, Ms. McManus, Ms. Guerin, Mr. Sanchez, Mr. Sims, Ms. Karim and Mr. Grossman. The committee was supported by staff member Indira Mercedes. In addition, the committee utilized a consultant expert in the industry to help it assess the bidders and their proposals. Each bidder was invited in to address the committee, including a formal presentation, a question and answer session and a retail and specialized catering taste testing. Each session lasted approximately 3 hours. The committee then selected 3 finalists (1) Centerplate partnering with Cipriani; (2) Delaware North/Patina Restaurant Group partnering with Great Performances; and (3) Levy Convention Centers partnering with CxRA.</p>	

<p>Executive Session (continued)</p>	<p>The finalists were invited back for a second presentation, which included in-depth discussions of exceptions to exclusivity for specialized catering, financial proposals, partnerships with third party vendors and any other topic either the committee of the finalist wanted to discuss. In addition to the presentations, there was a significant amount of back and forth communications between the committee and the bidders, including written questions to all bidders prior to the initial presentations, 2 rounds of written questions to the finalist’s post presentation, submission of a standardized financials template generated by the committee and WebEx presentations on software platforms. In addition, a subcommittee of Ms. McManus, Mr. Sims, and Ms. Karim was created to review and normalize the financial proposals.</p> <p>The finalists were assessed based upon the following criteria: Proposer firm’s experience with projects of similar nature/scope (25%); Ability to meet all requirements detailed in scope of work (25%); Vendor proposal and presentation (25%); and Financial Proposals (25%). Levy scored the highest at 92 pts, Delaware North was second with 80 pts and Centerplate was third with 78 pts. Distinguishing strengths for Levy included: their flawless formal presentation and food tasting with focus on retail enhancements; significant convention center experience with a proven track record of growth and customer satisfaction results; CxRA’s NY presence and reputation for specialized catering with focus on expansion; a strong executive presence and interaction throughout process; and use of technology demographics and analytics. Based upon the foregoing, the Committee was recommending to the board approval to proceed with the selection of Levy/CxRA as the Food and Beverage Provider for the Center, subject to the execution of an agreement and the Comptroller’s approval.</p> <p>Because of the uncertainty of the contract negotiations and the Comptrollers approval, which all can take months, no winner is being announced as one of the other vendors could still be selected. Because of the remaining steps and the timing issues, management again emphasized the importance of keeping the status of the bids confidential. Assuming a contract is agreed to and approved by the Comptroller’s office, Levy would assume control of the Food and Beverage operating in October of 2019.</p> <p>Members were asked if they had any questions. The issue was raised of whether the process needs to be repeated if Levy is not approved. Mr. Siciliano explained that typically the second-place bidder is elevated. Mr. Steel noted that the financial portion of the evaluation was not determinative in selecting Levy. The financial portion of the bids were evaluated using a uniform baseline revenue number for each bidder. Confidence in Levy to grow the revenue was key in their selection, and with that anticipated growth, the committee believed their actual revenue could outperform the other bidders.</p>	
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<p>Executive Session (continued)</p>	<p>That being said, Levy was the consensus selection among the committee even assuming its financial package was less favorable than the other two finalists. Mr. Kane inquired whether outside caterers would be permitted under the new agreement. Mr. Steel explained that they would be and it was a key component of the RFP. Mr. O’Dwyer inquired whether it was ok not to go with the best financial offer. It was explained that the financial package was just 25% of the evaluation package and it was not uncommon for other factors to outweigh a stronger financial proposal. Mr. Tsunis commented that it was the Boards role to access the process and not second guess the decision and that he was confident that the process was well executed. Several members noted that the technical performance was interconnected with the financial package, and better technical performance would ultimately drive greater revenue. Mr. Compton noted that the Sales and Marketing Committee had reviewed the draft of the RFP and that the document asked the right questions. Mr. Schienberg commented that quality was as important as price and that management’s level of due diligence on the bid was extraordinary. He noted that the structure of the arrangement with Javits as a partner with the Food and Beverage provider going forward will enhance the experience for the events and their attendees.</p> <p>There being no further questions or comments, a motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution. No. 1391</u> NOW THEREFORE BE IT RESOLVED that Levy Convention Center is hereby approved as the Food and Beverage provider for the Javits Center for a period of 10 years, with a 5-year option, subject to the execution of a mutually acceptable agreement and the approval of the New York State Comptroller.</p> <p>There being no further matters for discussion in executive session. A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution. No. 1392</u> NOW THEREFORE BE IT RESOLVED that the Board will return to open session.</p>	
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