

Approved 1/29/20



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

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

MINUTES

MEMBERS PRESENT:

Ronald Goldstock, Acting Chairman
Robert Azeke
Hugh L. Carey II
J. Lee Compton
Fred W. Dixon
Steven C. Koppel
Gary Lavine - WebEx
Brian O'Dwyer
Lee H. Perlman
Mark Schienberg
Joseph Spinnato
Christy Ferer

ABSENT:

Henry Silverman, Chairman
Edward P. Kane
George Tsunis
Andrew M. Murstein

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
Sonia Low, VP, General Counsel & Corporate Secretary
Mark Sims, SVP & CIO
Tim Gaburungyi, VP, IT Solutions
Kenneth Sanchez, SVP Facilities Management
Kenneth Dixon, VP Security & Safety Solutions
Tony Sclafani, SVP & CCO
Mike Ruberry, VP Event Solutions & Set-Up
Mariam Karim, VP Guest Experiences
Markus Szejnberg, Associate General Counsel
Kareem Salvant, Event Logistics & Facilities Support Manager
Shirley Coley, Legal Assistant

Guests/Visitors:

Robin Stout, President, NY Convention Center Development Corporation (CCDC)

DATE:

November 13, 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 (CCOC) 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>Recommendation Action/Follow-up</p>
<p>I. Approval of the Minutes</p>	<p><u>Approval of the Minutes of September 25, 2019 (Attachment 19-79)</u></p> <p>A motion was made and seconded to approve the minutes of the Board of Directors meeting held on <u>September 25, 2019</u>. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1424</u> NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on <u>September 25, 2019</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 19-80)</u></p> <p>Mr. Steel asked Mr. Stout to provide an update to the Board regarding the status of the expansion project. Mr. Stout noted that more than 60% of the construction is complete. The metal panels have been installed on the west end of the spine at Levels 4&5 and at the uppermost portion of the Special Event level. Photos of the construction in September 2018 as compared to that in September 2019 were presented showing that the spine is complete and that the steel erection has reached 11th Avenue and is over 90% complete. Mechanical, electrical and plumbing are being installed and fireproofing is being completed. Masonry, framing and drywall are being installed. The escalators are being set or have been delivered to site. The Transformer Building project is in its last phase. It should be completed in six to eight months. Mr. Stout confirmed that the construction is on time</p>	

<p>Corporate Matters (Continued)</p>	<p>and on budget. In response to a question about what percentage of the budget has been spent, Mr. Stout noted that about 80% of the budget has been spent. Most of the building will be enclosed by February.</p> <p>Mr. Steel reported on the handover schedule and explained that the first part of the handover to the Javits Center will include the Marshalling Building. The first event in the new building will be held in May 2021, following the anticipated completion of the project in March 2021. Mr. Steel next informed the Board that the executive team met on October 28th for a strategic planning session to create a plan for 2020 through 2022. The high-level focus was on the following: (1) planning for the impact of the expansion on business operations, (2) development of human capital, (3) identifying new revenue opportunities, (4) ongoing capital requirements, and (5) improving financial forecasting. Next steps will be to identify action items to assign to responsible executive teams and to finalize the strategic plan to present to the Board at the next meeting in January.</p> <p>Mr. Steel then reviewed with the Board long term capital planning and hotel unit fees (HUFs). He explained that, in 2004, legislation was passed authorizing collection of HUFs and the rate established was \$1.50 per occupied hotel room night. Funds are directed to CCDC and managed by Empire State Development. Collected funds are dedicated to the existing Javits Center. In 2016 there was a new bond issue which raised funds for the expansion and extended the bond term. Hotel room supply and occupancy rates were higher than projected. Collected HUFs exceeded the amounts needed to satisfy bond payments. On November 15, 2018, HUFs collected in excess of the need to satisfy bond payments amounted to \$24 million. Mr. Steel presented charts showing hotel occupancy against bond document estimate as well as projected HUFs excess revenue. Empire State Development has agreed that a portion of the current excess HUFs can be released. Empire State Development has agreed to an annual review of excess HUFs. Mr. Steel reported that the amount released in 2019 is \$11.8 million, approximately 50% of excess at bond year end 2018. Future releases are predicated on the number of available hotel rooms, the occupancy rate of those rooms, tax revenue generated and appropriate protection of bond holders.</p> <p>Mr. Steel informed the Board that life safety and code compliance related capital projects to be funded are:</p> <ul style="list-style-type: none"> • AED machines • Mechanical equipment room upgrades – HVAC system replacement • Fire and life safety system-smoke and arc systems • Lighting controls in 1A, 1D, 1E and 3D halls • 4 transformers in main facility • 1986 black top – level 1 and level 3 • Floor ports 	
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<p>Corporate Matters (Continued)</p>	<ul style="list-style-type: none"> • 1986 loading dock vertical rolling gates with egress doors • Restroom renovations in public space (includes ventilation improvement) <p>The CCDC Board will meet on December 18th to discuss and authorize funding of these capital projects.</p> <p>Mr. Steel also reported that CCDC has issued an RFP for a Comprehensive Facilities Conditions Assessment and Long-Term Capital Asset Plan of the Transformer Building, the Javits Center and the expansion. Kenneth Sanchez led a site visit on Thursday, September 26th, and will participate as an advisor to the review committee. Bids were received Friday November 8th. A final decision is expected in December 2019, and CCOC will provide input on the assessment.</p> <p>Mr. Steel next informed the Board that the rooftop solar farm project is moving forward and construction is expected to be completed in December 2020. 4000 solar panels are to be installed over the air conditioning units on the roof of the existing building and the expansion. The FY 2019 Annual Report is available for those who would like a copy. The Sustainability Report for 2019 is also available and includes reference to \$1.7 million in savings generated through demand response programs. There are now 4 new bird species and 148 birds' nests observed on the green roof.</p> <p>Mr. Steel also reported that we recently co-hosted a reception with Levy/CxRA to launch the Cultivated brand. The Javits Center team along with Cultivated and Levy/CxRA met with a number of existing and new clients, and will follow up for business opportunities. A video of the Cultivated reception was shown to the Board.</p> <p>Mr. Steel next discussed the Cyber Risk Mitigation roadmap and explained that we are adopting a comprehensive strategy to address external threats, including an Identity & Access Management Assessment Strategy, Data Discovery, Classification & Protection Program and Risk Based Vendor Management Program. Our internal auditors will be discussing this with our IT department next week.</p> <p><u>Financial Report – Melanie McManus (Attachment 19-81)</u></p> <p>Ms. McManus provided an internal audit update regarding the executive team's initial meetings with The Bonadio Group.</p>	
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<p>III. Committee Reports</p>	<p><u>Procurement Summaries for Approval (Attachments 19-82 through 19-88)</u> Ms. McManus presented the Board with a packet of individual procurements for approval. Mr. Goldstock 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 – New York Green Roofs, LLC. (Attachment 19-82)</u> Ms. McManus presented a procurement summary seeking Board approval to award a single source contract to New York Green Roofs, LLC (NY Green Roofs) for green roof maintenance and irrigation at the Jacob K. Javits Convention Center (Javits Center). The contract is for three years at an estimated cost of \$270,000 (\$90,000 per year). The contract term is from December 1, 2019 – November 30, 2022.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1425</u> NOW THEREFORE BE IT RESOLVED that the award of a single source contract to NY Green Roofs to provide green roof maintenance and irrigation at the Javits Center for 3 years at the estimated cost of \$270,000 is hereby approved.</p> <p><u>Approval of Contract – Delta Dental of New York, Inc. (Attachment 19-83)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract to Delta Dental of New York, Inc. (Delta Dental) for dental insurance coverage at the Jacob K. Javits Convention Center (Javits Center). The contract term is for 2 years at an estimated total cost of \$290,928 (\$145,464 for year 1 and \$145,464 for year 2). The contract term is December 1, 2019 – November 30, 2021.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1426</u> NOW THEREFORE BE IT RESOLVED that the award of a contract to Delta Dental to provide dental insurance coverage at the Javits Center for a contract term of 2 years at an estimated cost of \$290,928 is hereby approved.</p>	
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<p>Committee Reports (Continued)</p>	<p><u>Approval of Contract – Panel of 12 Law Firms (Attachment 19-84)</u> Ms. McManus presented a procurement summary seeking Board approval to award contracts to the Panel of 12 Law Firms to provide legal services in various areas of law for the Jacob K. Javits Convention Center (Javits Center). The term of the contracts is for 3 years at an estimated cost of \$1,200,000 (\$400,000 per year) for the period of December 1, 2019 – November 30, 2022.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1427</u> NOW THEREFORE BE IT RESOLVED that the award of contracts to the Panel of 12 Law Firms to provide the Javits Center with legal services in various areas of law for 3 years at an estimated cost of \$1,200,000 is hereby approved.</p> <p><u>Approval of Contract – Ecolab, Inc (Attachment 19-85)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract for pest control services at the Jacob K. Javits Convention Center (Javits Center) to Ecolab, Inc. (Ecolab) for \$248,457 for 3 years (\$82,819 per year) with an option to renew for 2 additional years at the discretion of the Javits Center for the period of December 1, 2019 – November 30, 2022. The cost for kitchen facilities paid directly by Cultivated will be \$237,834 (\$79,278 per year).</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1428</u> NOW THEREFORE BE IT RESOLVED that the award of a contract to Ecolab to provide pest control services at the Javits Center for 3 years with a 2-year renewal option at the estimated cost of \$248,457 (with the cost of kitchen facilities paid directly by Cultivated in the amount of \$237,834) is hereby approved.</p> <p><u>Approval of Contract – Sun Life Financial Group (Attachment 19-86)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract to Sun Life Financial Group (Sun Life) for life, accidental death and dismemberment (AD &D), long-term disability (LTD) and voluntary short-term disability (VSTD) for the Jacob K. Javits Convention Center (Javits Center). The contract term is for 2 years at an estimated cost as follows:</p> <ul style="list-style-type: none"> • \$206,998 (\$103,449 per year) for life and accidental death and dismemberment • \$88,164 (\$44,082 per year) for long-term disability 	
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<p>Committee Reports (Continued)</p>	<ul style="list-style-type: none"> • \$0 voluntary short-term disability – paid by the employee with a 2-year guaranteed contract. The contract term is December 1, 2019 – November 30, 2021. <p>A motion was made and seconded. The following resolution passed by unanimous vote: <u>Resolution No. 1429</u> NOW THEREFORE BE IT RESOLVED that the award of a contract to Sun Life to provide life, accidental death and dismemberment (AD &D), long-term disability (LTD) and voluntary short-term disability (VSTD) for the Javits Center for 2 years at a total estimated cost of \$295,162 is hereby approved.</p> <p><u>Approval of Contract – Aetna (Attachment 19- 87)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract to Aetna for Employee Assistance Services (EAP) for the Jacob K. Javits Convention Center (Javits Center). The contract term is for three years at an estimated cost of \$12,174 (\$4,058 per year). The contract term is December 1, 2019- November 30, 2022.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1430</u> NOW THEREFORE BE IT RESOLVED that the award of a contract to Aetna for Employee Assistance Services for the Javits Center for a 3-year contract term at an estimated cost of \$12,174 is hereby approved.</p> <p><u>Approval of Contract – Recycle Track Systems, Inc. (Attachment 19-88)</u> Ms. McManus presented a procurement summary seeking Board approval to award a contract to provide refuse removal, snow hauling services and a comprehensive recycling program at the Jacob K. Javits Convention Center (Javits Center) to Recycle Track Systems, Inc. (RTS). The contract term is for 3 years with an option to renew for 2 additional years at the Javits Center’s discretion, at an estimated cost of \$2,100,000 (\$700,000 per year) for the period of January 1, 2020 – December 31, 2022.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1431</u> NOW THEREFORE BE IT RESOLVED that the award of a contract to RTS to provide refuse removal, snow hauling services and a comprehensive recycling program at the Javits Center for 3 years with a 2-year renewal option at the estimated cost of \$2,100,000 is hereby approved.</p>	
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<p>Committee Reports (Continued)</p>	<p><u>Review of Procurement Summaries – (Attachments 19-89 through 19-91)</u></p> <p>Ms. McManus stated that previously approved service procurement contracts that extended for more than one year was being submitted for annual Board review as required by CCOC’s procurement guidelines. The procurement summaries were included with the packet sent to the Board in advance of the meeting.</p> <p><u>Procurement Contracts for Review:</u> Application Software Technology, LLC., Scientific Fire Prevention, R & R Scaffolding, Ltd. (Attachments 19-89 through 19-91)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Vendor</th> <th style="text-align: center;"># of Years</th> <th style="text-align: center;">Review Period Amount/Year</th> </tr> </thead> <tbody> <tr> <td>Application Software Technology, LLC</td> <td style="text-align: center;">5</td> <td style="text-align: center;">\$ 25,400/2</td> </tr> <tr> <td>Scientific Fire Prevention</td> <td style="text-align: center;">3</td> <td style="text-align: center;">\$50,624/2</td> </tr> <tr> <td>R & R Scaffolding, Ltd</td> <td style="text-align: center;">3</td> <td style="text-align: center;">\$19,760/2</td> </tr> </tbody> </table> <p><u>September 2019 YTD financials for review (Attachment 19-92)</u></p> <p>Ms. McManus presented the Board with the Financial Report for the period ending September 2019. Year to date, there is a total gross revenue of \$93,185,000, against a plan of \$99,655,000. Total operating expenses YTD are \$92,913,000 against a plan of \$99,780,000. Operating surplus before depreciation was \$272,000 against a plan of (\$125,000). Net loss was \$2,443,000 against a planned loss of \$3,384,000. Reforecasting will take place come January to account for changes in the business over the year.</p> <p><u>A. Audit & Finance Committees – Gary Lavine and Ronald Goldstock, Committee Chairmen</u></p> <p>Ms. McManus reported that Steve Morse, Principal, and Terri Folger, Manager, from The Bonadio Group were at the Javits Center the week of October 28th and they interviewed the executive team. They spent some time with Ms. McManus and Bradley Siciliano conducting several walkthroughs in the building to observe different stages of events occurring in the building. Mr. Morse and Ms. Folger are working on a risk assessment and gaining an understanding of the Javits Center’s operations. They also spoke with Mr. Goldstock, and will return next week to gather information on IT services and programs specifically. Their professional IT expert, Chris Salone, will be meeting with Mark Sims and Tim Gaburungyi. Mr. Morse and Ms. Folger are also returning to gain a deeper understanding of CCOC and its event process.</p>	Vendor	# of Years	Review Period Amount/Year	Application Software Technology, LLC	5	\$ 25,400/2	Scientific Fire Prevention	3	\$50,624/2	R & R Scaffolding, Ltd	3	\$19,760/2
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R & R Scaffolding, Ltd	3	\$19,760/2											

<p>Committee Reports (Continued)</p>	<p>Next steps are to provide a report to the Audit Committee at the January 2020 meeting to present the results of their risk assessment and areas of focus.</p> <p><u>B. Human Resources/EEO – Edward P. Kane, Committee Chairman</u> No report.</p> <p><u>C. Facilities – Mark Schienberg, Committee Chairman</u> No report.</p> <p><u>D. Sales & Marketing – Lee Compton, Committee Chairman (Attachment 19-93)</u> Ms. Guerin reported on behalf of the Sales & Marketing Committee. There are 78 days of activity in the fourth quarter of 2019 with a total of 21 events. For the first quarter of 2020 and looking ahead, Ms. Guerin discussed the various meetings that will be held with NYC & Company. Ms. Guerin also noted new and returning business clients, including Immigration Lawyers Association and Lightfair. In addition, the special event sales team has been engaged in an ongoing campaign of local sales calls and numerous site visits to target event production companies, galas and e-gaming sectors.</p> <p>Mr. Steel noted that New York City is increasingly being considered as a venue as it has more affordable hotel rates relative to other cities such as San Francisco (which has also been encountering problems such as increasing homelessness) and Washington, D.C. As a result, clients are thrilled to learn of the expansion which is adding much needed large group space. Mr. Steel also noted that medical associations and the technology sector are in need of adequate meeting space, and they are all receiving the expansion message favorably. Many clients are experiencing Vegas fatigue and are shifting programs out of Las Vegas. Mr. Steel explained to the Board that the Javits sustainability initiatives has resonated considerably with clients as corporate groups, particularly the tech sector, have sustainability goals as a measure of program success and select venues that support those goals.</p> <p><u>E. Governance - Ronald Goldstock, Committee Chairman</u> No report.</p>	
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Approved 1/29/20



IV. Other Business	None	
V. Adjournment	By motion and agreement, the meeting was adjourned at 1:52 PM with the next meeting to be held on January 29, 2020.	