

Approved - 3/10/21



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

MINUTES

MEMBERS PRESENT:

Henry Silverman, Chairman
Robert Azeke
Hugh L. Carey II
Fred Dixon
Edward Kane
Steven C. Koppel
Gary Lavine
Andrew Murstein
Lee H. Perlman
Mark Schienberg

OTHERS PRESENT:

STAFF:

Alan E. Steel, President & CEO
Bradley A. Siciliano, Chief Operating Officer
Doreen Guerin, SVP Sales & Marketing
Melanie McManus, SVP & CFO
Christine McMahan, 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
Tony Sclafani, SVP & CCO
Mariam Karim, VP Guest Experiences
Kareem Salvant, Event Logistics & Facilities Support Manager
Shirley Coley, Legal Assistant

DATE: January 27, 2021
Time: 1:00 p.m.
Location: Audio/Video Webex

ABSENT:

George Tsunis
Ronald Goldstock
Brian O'Dwyer
Joseph Spinnato
Christine Ferer

Guests/Visitors:

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

<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 1:01 p.m. A quorum was present. The meeting was presided over by Henry R. Silverman, Chairman. In light of safety concerns related to the COVID-19 outbreak, the meeting was conducted via Webex rather than in person as authorized by Executive Order 202.1 and any extension thereof, suspending the Open Meetings Law requirements.</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 November 18, 2020 (Attachment 21-01)</u></p> <p>A motion was made and seconded to approve the minutes of the Board of Directors meeting held on <u>November 18, 2020</u>. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1474</u> NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on <u>November 18, 2020</u>, are hereby approved.</p>	
<p>II. Corporate Matters</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 one identifying any conflict, the meeting proceeded.</p> <p><u>President’s Report - Alan Steel (Attachment 21-02)</u></p> <p>Mr. Stout provided a status update of the expansion project and presented slides of the views from the east. The Truck Marshalling Building is complete and the permitting process is coming together. The Temporary Approval of Occupancy (which is equivalent to a Certificate of Occupancy) for the Transformer Building was received from DASNY on January 11, 2021. Mr. Stout also reported that there continues to be much progress on the meeting and special events rooms, as well as the ballroom, and the spine. Project completion of over 91% was</p>	

<p>Corporate Matters (Continued)</p>	<p>achieved by the end of December, with the roofing work substantially completed and the west tower crane now removed from the site. The curtain wall and installation of the atrium skylight are near completion. The exposition space which is almost complete is currently being used for storage and staging. The meeting rooms, pre-function space and special events level continue to progress well and are rapidly coming to conclusion. The Interior Fit-out, including electrical and plumbing work, is also progressing well. The enclosure along with the cladding and atrium are very close to completion; installation of the curtain wall of the enclosure is 95% complete. The pavilion steel installation is over 80% installed, the glass panels are in place and the interior work is commencing. East of the pavilion is the greenhouse which continues to progress well and the steel structure is in place. Mr. Stout next reported that CCDC had concluded a settlement with Lendlease Turner regarding claims for costs and schedule relief stemming from the two-month pause in April and May 2020 due to the COVID 19 pandemic. He also reported that the expansion project is expected to be completed by May 3rd and is still on budget.</p> <p>There was a general discussion about the expansion site, the pavilion and the farm.</p> <p>Mr. Steel presented an update on the expansion site and reported that CCOC is maintaining the Transformer Building and will formally accept handover of it upon completion of outstanding punch list items. He also reported that CCOC secured insurance for the Transformer Building as of January 19, 2021, and is also covering the cost of staff to maintain the building. The base completion of the expansion project is expected as of May 3rd and CCOC will assume occupancy on that day. Management is creating a ninety-day plan to identify major tasks to prepare the expansion space for occupancy. Management is anticipating the farm to be ready by the summer of 2021, and continues to work closely with CCDC on construction related issues and furniture, fixtures and equipment purchases for the expansion.</p> <p>Mr. Steel informed the Board that the New York Medical Station in Halls 3A and 3B remain in place in case of a resurgence of COVID-19. Halls 3E and 3D are being used for the vaccination center operation, and the Office of General Services continues to use Hall 1A for warehousing related to emergency supplies. Hall 1E and 1E and 2D meeting rooms are being used for National Guard support activities, and the River Pavilion is being used as the vaccination command center. Cultivated is providing catering to all personnel subject to an established agreement with the Department of Health.</p> <p>Mr. Steel next discussed the COVID-19 vaccination center which opened on January 13, 2021 and includes four main areas throughout Level 3 – check-in, registration, vaccination and monitoring. The Javits Center is distributing about 1,000 vaccines a day, and it takes no more than one hour to complete the entire process of</p>	
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<p>Corporate Matters (Continued)</p>	<p>vaccination. The Javits Center could vaccinate more people if there were more vaccines available. As of the date of the meeting, more than 10,000 New Yorkers have received the COVID-19 vaccine at Javits Center. There have been discussions about building out further space to accommodate a greater number of vaccinations but given the supply issues at the moment, no decisions have been made.</p> <p>Mr. Steel discussed that the vaccination center is expected to be operational for an extended period through at least the end of May but that is not certain and may in fact be longer depending on the distribution of the vaccines. The Javits Center is administering the Pfizer vaccine. Management continues to bill for labor and services provided which Ms. McManus will discuss in the financial report. Mr. Steel also reported that all furloughed staff have been offered temporary positions by the Department of Health to support the vaccination center.</p> <p>Mr. Steel provided a status update on the current status of events as the event calendar continues to move towards late third and fourth quarters of 2021. Recent cancellations for 2021 include Toy Fair New York and National Retail Federation, and event organizers are now beginning to commit to licenses in late 2021. Mr. Steel indicated that negotiations with organizers are complicated by concerns about future infectious disease outbreaks, but there have been no changes to the force majeure clause in the license agreements. The sales team is booking events for 2022 and beyond, and seeking short term corporate and special event business. The team is focused on bringing events to the new space, particularly the rooftop, as customers are looking at the expansion space as a potential venue. Management is anticipating an increase in conferences and short term and special events. The Javits Center continues to lease the employee parking lot to Manhattan Parking Group on a short term basis. The Javits Center is also leasing unused space to Molinari Media for use as a cable television studio for financial broadcasts.</p> <p>Mr. Steel next reported that full salaries were restored to non-furloughed staff on January 7, 2021 in light of the increased work demands in connection with the vaccination center. The number of administrative exempt and non-exempt employees as well house labor was 276 prior to the pandemic. Through two rounds of furloughs that number decreased to 103 employees by December 2020. In light of the increased demands of the vaccination center, employed staff has increased up to 161 employees in January 2021, not included those staff who have been able to work through the Department of Health.</p> <p>Mr. Steel also discussed the status of the reopening plan. There is no change in current guidance for meetings and gatherings which remain as was reported at the last board meeting. Attendance is still limited to no more than 50 participants per event. The Javits Center is in discussions with the Governor’s Office regarding participation in the Creatives Rebuild initiative which focuses on safely bringing back arts and entertainment with</p>	
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<p>Corporate Matters (Continued)</p>	<p>“pop-up” events. This initiative is led by Scott Rudin who is working with entertainment producers to create the events. The Javits Center will host the first “pop-up” event and management hopes this will provide an opportunity to show how safely events can be conducted. bring back convention business of similar size. The Governor did approve Buffalo Bills’ playoff games where approximately 7000 attendees were allowed to attend upon showing negative COVID-19 test results upon entry. The games were considered successful, and there is hope that it may help accelerate the Javits Center’s reopening plan.</p> <p>Regarding strategic planning, management is moving the interim strategic plan review, which had been scheduled for the current meeting, to the next board meeting as the demands of the vaccination center prevented the management team to focus on that project.</p> <p>The Board held a general discussion on NYC and NYS working together on vaccine distribution, and how the timing and distribution of vaccinations could help Javits Center return to functioning a convention center. The Board also discussed that there will most likely be a transition period where people feel comfortable to travel and can show a negative COVID-19 test result upon request through an app or system. There is some indication that the Medical Station may be disassembled and removed by or before the summer as health officials are seeing a stabilization and decrease in hospitalizations in NY. Mr. Steel informed the Board that the overall reaction by the public has been extremely positive and the staff has received quite a number of compliments. The Board praised management and staff for their hard work.</p> <p>Mr. Steel next reported on the continued progress of major capital projects, including the upgrade of and installation of equipment in Mechanical Equipment Rooms (MER) 1 and 2 which will be completed by April 30th. There is still no funding for MER 3 labor so that project will be put on hold until further notice. On the Fire Alarm and Life Safety Systems, the work continues on upgrading the fire alarm and life safety systems in the existing building to satisfy current applicable building codes and to ensure compatibility with the new life safety systems in the expansion project. Installation of the fire alarm system is 90% completed. Regarding the perimeter security project, the sidewalks between 34th and 35th Street and 36th and 37th Street were demolished in preparation for the security bollards installation. Installation was expedited due to the vaccination center operation and phase I is now complete. Management is now working on the installation of a smaller set of bollards along the vaccination center to close off access to the inner roadway.</p>	
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III. Committee Reports	<u>Review of Procurement Summaries – (Attachments 21-03 through 21-12)</u> 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 CCOC’s procurement guidelines. The procurement summaries were included with the packet sent to the Board in advance of the meeting.		
	<u>Procurement Contracts for Review:</u> AT & T, Brooklyn Grange, LLC, Building Intelligence, Inc., WSP, USA, Turtle & Hughes/Adco Electrical Corporation, Business Compliance & Investigation, Bronsnan Risk Consultants & MG Security Services, Offsite Vision Holdings, Hudson Group Retail, LLC, Brooklyn Grange, LLC, (Attachments 21-03 through 21-13)		
	Vendor	# of Years	Review Period Amount/Year
	Groome Door Mechanical Systems, Inc.	3	\$36,529/2
	AT & T	2	\$11,564/2
	Brooklyn Grange, LLC	8 Months	\$14,079/6 th Month
	Business Intelligence, Inc.	5	\$544,803/2
	WSP USA	3	\$432,000/2
	Turtle & Hughes/Adco Electrical Corporation	13 Months	\$312,647/11 th Month
	Business Compliance & Investigation, Bronsnan Risk Consultants & MG Security Services	3	\$1,270,000/2
	Offsite Vision Holdings	2	\$19,600/2
	Hudson Group Retail, LLC	5	\$0/2
Brooklyn Grange, LLC	5	\$459,758/2	
Ms. McManus presented the Members with the latest chart showing the COVID-19 impact on revenues for both FY20 and FY21 events. The revenue impact for cancellations for FY20 and FY21 is a loss of approximately \$198M in revenue, of which, \$188M is 100% of the FY21 budgeted event revenue.			

<p>Committee Reports (Continued)</p>	<p>She also provided a brief status update on the Javits New York Medical Station billing. Total billings related to the Medical Station currently amount to \$47.5 million, of which approximately \$43.3.6 million has been paid or approved to be paid. Ms. McManus also provided the unbilled services for the vaccination center operation, JAVAX, totaling \$786,036 as of January 26, 2021. Javits Center expects that it will be paid for the full amount.</p> <p><u>Financial Update (Attachment 21-13)</u> Ms. McManus presented the Board with the Financial Report for the period ending December 30, 2020. Year to date, there is a total gross revenue of \$48,378,169. Total operating expenses YTD are \$(41,528,256). Operating surplus (loss) before depreciation was \$6,849,913. Net Surplus after depreciation and interest was \$2,736,461. The forecast for January through March is an operating loss before depreciation of \$(11,414,247) and net loss of \$(13,156,040) The forecast for FY21 is an operating loss before depreciation of \$(4,564,334) and net loss of \$(10,419,579). The FY21 revenue forecast assumes approximately \$1M per month on the hospital maintenance and vaccination set up and maintenance revenue, small in house tenant revenue and no event related revenue through March 31, 2021. The forecast of expenses includes increases in labor and service contracts (elevator, door, utilities, etc.) related to the vaccination center and no event related expenses through March 31, 2021.</p> <p>The current cash forecast is updated as of January 21, 2021 and anticipates positive cash through May 2021.</p> <p><u>A. Audit & Finance Committees – Gary Lavine and Ronald Goldstock, Committee Chairmen</u></p> <p>The Audit & Finance Committee met on December 22, 2021 and reviewed the status of operations and the financial report as of November 30, 2020.</p> <p><u>B. Human Resources/EEO – Hugh L. Carey, II, Committee Chairman</u></p> <p><u>C. Facilities – Mark Schienberg, Committee Chairman</u> No report.</p> <p><u>D. Sales & Marketing – Edward P. Kane, Committee Chairman (Attachment 21-14)</u> Ms. Guerin reported on behalf of the Sales & Marketing Committee and presented the event cancellation calendar and the event calendar forecast for 2021. She informed the Board that, at this time, although fifty events have canceled and moved their dates to the following year (2022), more than fifty events have committed to moving forward with events in the third and fourth quarters of this year. This brings optimism to the events industry. Twenty-six of the fifty-three events have signed license agreements and there are eleven events new to the Javits</p>	
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	<p>Center. Events in May (Cannabis Business Expo) and June (Luxe Pack) of 2021 will be moved to the fourth quarter of the year or to 2022. Mr. Steel added that the occupation of the Javits Center as a vaccination center is a factor that customers have begun to question and while there is no clear answer now, there will be more clarity as NYS sees how the vaccination distributions are progressing.</p> <p>The Board held a general discussion on the tradeshow and tourism industries and bringing back convention business to the Javits Center. They discussed how to distinguish the Javits Center from other convention centers so that the Center will be the first destination as places begin to reopen and international travel fully resumes. The newly expanded building will provide 90,000 sq. ft. of exhibit space and 30,000 sq. ft. of meeting space which will be beneficial to customers.</p> <p><u>E. Governance</u> - Ronald Goldstock, Committee Chairman No report.</p>	
<p>IV. Other Business</p>	<p>None</p>	
<p>V. Adjournment</p>	<p>By motion and agreement, the meeting was adjourned at 1:56 p.m. with the next meeting to be held on March 10, 2021.</p>	