

Approved 6/21/23



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

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

MINUTES

MEMBERS PRESENT:

Lee H. Perlman, Chairman
Quenia Abreu
Hugh L. Carey II
Joseph F. Chan
Fred W. Dixon
Brian O'Dwyer
Christine Ferer
Ronald Goldstock
Gary Lavine - Webex

OTHERS PRESENT:

STAFF:

Alan E. Steel, CEO
Bradley A. Siciliano, President
Doreen Guerin, SVP, Sales & Marketing
Mark S. Sims, SVP & CFO
Christine McMahon, SVP, Labor Relations and Show Operations
Sonia Low, VP, General Counsel & Corporate Secretary
Kenneth Sanchez, Chief Sustainability Officer and SVP, Facilities Management
Kenneth Dixon, SVP of Security & Safety Solutions
Shane Beardsley, VP Guest Experiences
Melissa Kanen, Paralegal

DATE:

April 12, 2023

Time:

1:00 PM

Location:

**Large Conference Room
and Webex**

ABSENT:

Steven C. Koppel
Andrew Murstein
Joseph Spinnato

GUEST/VISITORS:

Kleber Faria, Technology Solutions Network Engineer
Yashi Dadhich, Director of Energy and Sustainability

Call to Order	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 Lee H. Perlman, Chairman.
Agenda	Discussion
I. Approval of the Minutes	<p><u>Approval of the Minutes of February 9, 2023 (Attachment 23-17)</u></p> <p>A motion was made and seconded to approve the minutes of the Board of Directors meeting held on <u>February 9, 2023</u>. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1565</u> NOW THEREFORE BE IT RESOLVED that the minutes of the Board of Directors meeting held on <u>February 9, 2023</u>, are hereby approved.</p>
II. Corporate Matters	<p>Before proceeding further, Mr. Perlman 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 regards to such item or items. No one identified any conflict at this time, and the meeting proceeded.</p> <p><u>CEO's Report - Alan Steel (Attachment 23-18)</u></p> <p>Mr. Steel presented the budget outlook for the fiscal year 2023. In summary, the Javits Center overperformed against the budget by approximately \$19 million, with an approximately \$9 million loss against a budgeted net loss of \$28 million. Some events exceeded planned budgets and the Javits Center experienced a higher margin of business. Also, the interest income overperformed by \$1.6 million and Cultivated overperformed by 20%.</p> <p>Mr. Steel then reported on the current state of events. During the fiscal year 2023, major trade show events continued to expand at a steady pace, and commentators are predicting a return to pre-COVID levels by the end of the 2024 calendar year. Regarding corporate growth, the Javits Center has experienced a significant increase in corporate meetings and technology events as well as a higher spend than anticipated by many corporate groups during the post-COVID period. One of the most common pre-COVID measurements of success for events was the number of attendees. Post-COVID the Javits Center is seeing a greater emphasis on the quality of attendance in terms of serious buyers. For the 2024 fiscal year, the Javits Center is seeing more moderate investments from corporate customers largely due to current economic uncertainties. Mr. Steel also reported that certain trade</p>

<p>II. Corporate Matters (Continued)</p>	<p>and public events are experiencing realignment in the markets, with consequent impact on their spending with the Javits Center. These disruptions are anticipated to have an overall negative impact on the budget forecast for the fiscal year 2024.</p> <p>Mr. Steel highlighted recent events held at the Javits Center, including Coterie, MAGIC New York, International Restaurant Food Service Show, VinExpo America, International Beauty Show, Manufacturing Jewelers and Suppliers of America Expo, New York Build Expo, Jewelers of America Spring NY, Vision Expo East, Gemological Institute of America, Career Fair and NYC & Company’s Annual Meeting, noting that VinExpo has shown substantial growth year over year.</p> <p>Mr. Fred Dixon reported on NYC & Company’s new name and branding. At the annual meeting at the Javits Center, the organization announced a new name and brand identity, New York City Tourism + Conventions. Aimed at travelers from around the world, it includes a new brand strategy and a comprehensive visual identity system.</p> <p>Mr. Steel next presented an update on the Javits Center’s marquee. The marquee on 11th Avenue has been replaced with a state-of-the-art screen that was operational as of March 28th. Mr. Steel noted that revenue-producing advertisements began running last week. The Javits Center is anticipating a minimum of \$430,000 in revenue for the 2024 fiscal year, in addition to the no-cost installation of the new marquee. Mr. Steel credited Mr. Siciliano for leading the negotiations.</p> <p>Mr. Steel then announced that the Javits Center has joined the Net Zero Carbon Events Pledge (Pledge), a global industry effort to tackle climate change by improving the sustainability of events. The Javits Center has issued a Sustainable Event Guide to assist event organizers in reducing the overall impact of their events at the Javits Center. Statistics on energy consumption and waste diversion are being produced to set benchmarks for events. Mr. Steel introduced the new Sustainability Director, Ms. Yashi Dadhich, who had been recently appointed and introduced her to the Board. Ms. Dadhich has been charged with developing an action plan to fully achieve the Pledge.</p> <p>Mr. Steel next discussed waste diversion at the Javits Center. Waste diversion is a measure of the waste diverted from landfill. In the 2023 fiscal year, the Javits Center sent a little over 1,000 tons of event waste to landfill. The Javits Center diverted approximately 431 tons. Mr. Steel noted the Javits Center’s target for diverted waste for the 2024 fiscal year is to increase diversion to at least 50%. The Javits Center’s ultimate goal is 90% diversion rate.</p> <p>Mr. Steel informed the Board of the Javits Center’s plan to install an experimental wind turbine on the rooftop this year. Mr. Steel noted that if the test is successful, the Javits Center’s goal would be to install up to 35 wind turbines. These turbines are impact sensitive: they can be stopped by a person’s hand and are not life threatening to birds. All wind power generated will be used for the Javits Center’s operations and stored on site in batteries. Mr. Steel explained that by 2024, the Javits Center will be able to generate electrical power from two sustainable sources – solar and wind.</p>
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<p>II. Corporate Matters (Continued)</p>	<p>Mr. Steel next reported on the State of the Center. In March, more than 300 employees gathered in the Special Events Hall for the annual State of the Center ceremony. The State of the Center is an annual presentation on the organization’s past, present and future, including event operations, recent infrastructure improvements and team goals for fiscal year 2024. Attendance included representatives of all labor unions, executive staff, administrative staff and vendors.</p> <p>Mr. Steel then presented to the Board three live cam videos of the roof from the Green Roof Cam, the Bee Cam and the Farm Cam.</p> <p>Mr. Steel reported that the Javits Center rooftop and farm tours had resumed in April with its Ambassador team. These tours are designed to engage with community members and illustrate the importance of a sustainable building. The tours have been well received by elementary schools, universities, corporate teams, environmental advocates and the community visitors. These tours are also offered to event attendees and can be booked online.</p> <p>Mr. Steel also informed the Board that the Javits Center is currently in discussions with the Marian B. and Jacob K. Javits Foundation to continue the Javits Juniors Scholarship Program. This program started in 2018 and has distributed approximately \$180,000 in college scholarships to high school students. Mr. Steel also noted that other donors have included event organizers and vendors who asked to participate in this scholarship program.</p> <p>Mr. Steel then announced the retirement of Robin Stout, President of New York Convention Center Development Corporation, on March 31, 2023. The new President, Rebecca Pellegrini, has been appointed and the Javits Center will work with Ms. Pellegrini on ongoing capital plans for the Javits Center. The Board thanked Mr. Stout for his contributions. A resolution was presented for the Board to approve.</p> <p><u>Recognition of Former President of the New York Convention Center Development Corporation, Robin Stout (Attachment 23-19)</u></p> <p>A motion was made and seconded. The following motion was passed by unanimous vote:</p> <p>NOW THEREFORE BE IT RESOLVED that the Board of Directors hereby acknowledges and commends Robin Stout, President of the New York Convention Center Development Corporation, on his retirement. Mr. Stout is recognized for overseeing the expansion of the Javits Center. The important achievements and advances he has made with the expansion project at the Javits Center would not have been possible without his wise counsel and insightful advice. The Board thanks Mr. Stout for his dedicated service and wishes him the best in all his future endeavors.</p>
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<p>III. Committee Reports</p>	<p><u>A. Audit & Finance Committees – Ronald Goldstock and Gary Lavine, Committee Chairmen</u></p> <p>The Audit & Finance Committees met on April 12, 2023 and reviewed the operating plan for the fiscal year 2024, the audit plan, the financial report as of March 31, 2023 and other general items on the agenda.</p> <p><u>Financial Report</u></p> <p><u>Procurement Summaries for Approval (Attachments 23-20 through 23-23)</u></p> <p>Mr. Sims presented the Board with procurements for approval. The Chairman advised the Board 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: Uniform Rental & Cleaning Services (Attachment 23-20)</u></p> <p>Mr. Sims presented a procurement summary seeking Board approval to award a contract to Cintas Corporation to provide uniform rental and cleaning services to the Jacob K. Javits Convention Center (Javits Center). The contract term is for 3 years at an estimated total cost of \$216,576 (\$72,192 per year) The contract period is from April 1, 2023 – March 30, 2026, with an option to renew for two additional years.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1566</u></p> <p>NOW THEREFORE BE IT RESOLVED that the award of a contract to Cintas to provide uniform rental and cleaning services to the Javits Center for the contract period April 1, 2023 – March 30, 2026 at an estimated total cost of \$216,576 is hereby approved.</p> <p><u>Approval of Contract: Insurance Program (Attachment 23-21)</u></p> <p>Mr. Sims presented a procurement summary seeking Board approval to award general liability and other insurance contracts through Marsh USA, Inc. for the Jacob K. Javits Convention Center (Javits Center). The contracts are for 1 year (other than the Felonious Assault contract which is for 3 years) at an aggregate cost of \$7,120,990.56 for the fiscal period of April 1, 2023 – March 31, 2024.</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><u>Resolution No. 1567</u> NOW THEREFORE BE IT RESOLVED that the award of general liability and other insurance contracts through Marsh USA, Inc. at an estimated cost of \$7,120,990.56 for the fiscal period of April 1, 2023 – March 31, 2024 is hereby approved.</p> <p><u>Approval of Experimental Contract: Water, Energy and Climate Research Project (Attachment 23-22)</u> Mr. Sims presented a procurement summary seeking Board approval to award an experimental contract to Drexel University to conduct three sets of research activities: monitoring the water and energy balance; exploring the renewable energy capability; and developing a climate action plan on the Jacob K. Javits Convention Center’s (Javits Center’s) green roof. The contract is for two years at a total cost of \$537,086 (\$353,856 for the 1st year and \$183,230 for the 2nd year). The contract term is from April 1, 2023 -- March 31, 2025.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1568</u> NOW THEREFORE BE IT RESOLVED that the award of an experimental contract to Drexel University to conduct three sets of research activities on the Javits Center’s green roof at an estimated total cost of \$537,086 (\$353,856 for the 1st year and \$183,230 for the 2nd year) for the contract period of April 1, 2023 – March 31, 2025 is hereby approved.</p> <p><u>Transformer & North Building Heating Ventilation Air Conditioning Preventive Maintenance (Attachment 23-23)</u> Mr. Sims presented a procurement summary seeking Board approval to award a single source contract to MIH Systems Group LLC to provide Heating Ventilation and Air Conditioning (HVAC) Preventative Maintenance Services at the Jacob K. Javits Convention Center’s (Javits Center’s) Transformer and North Buildings. The contract is for one year at an estimated cost of \$176,486 (Transformer building \$31,030 and North Building \$145,456). The term of the contract is from February 1, 2023 – January 31, 2024.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1569</u> NOW THEREFORE BE IT RESOLVED that the award of a single source contract to MIH Systems Group LLC to provide Heating Ventilation and Air Conditioning (HVAC) Preventative Maintenance Services at the Javits Center Transformer and North Buildings at an estimated cost of \$176,486 (Transformer building \$31,030 and North Building \$145,456) for the contract term February 1, 2023 – January 31, 2024 is hereby approved.</p>
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<p>III. Committee Reports (Continued)</p>	<p><u>Review of Procurement Summaries – (Attachment 23-24 through 23-25)</u> Mr. Sims 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.</p> <p><u>Procurement Contracts for Review:</u></p> <p>United Rentals and Ecolab, Inc.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;">Vendor</th> <th style="width: 20%;">Procurement Review Period</th> <th style="width: 50%;">Review Period Amount</th> </tr> </thead> <tbody> <tr> <td>United Rentals</td> <td>2/5</td> <td>\$0</td> </tr> <tr> <td>Ecolab, Inc.</td> <td>2/3</td> <td>\$280,597</td> </tr> </tbody> </table> <p><u>Financial Update:</u></p> <p>Mr. Sims reported on the actual revenue and expenses compared to the budget month-to-date February 28, 2023. The Javits Center had a total of five events (four recurring events and one new event) during February 2023. The total operating revenue for the month was \$7,768,000, which was \$933,000 better than plan due to favorable event performance and one unplanned event. Expenses were \$975,000 higher than plan, mostly due to (1) an increase in event labor, netted against a lower cost in GASB 68, OPEB and house labor, and (2) higher than plan in Facility costs due to timing of window cleaning and NY Power Authority energy surcharge adjustments. Operating Loss of \$4,256,000 before depreciation was \$42,000 better than plan and Net Loss of \$4,660,000 was \$109,000 better than plan due to the net of revenue and expenses described previously.</p> <p>Mr. Sims then reported on the Javits Center’s performance compared to budget year-to-date February 28, 2023. The Javits Center had a total of 98 events from April 2022 to February 2023 (70 were from recurring events and 28 were new events). Revenue of \$158,450,000 was approximately \$27.1 million better than plan due to: (1) favorable event performance and 24 unplanned events, (2) better than plan F&B Commissions and advertising revenue. Expenses were \$8.5 million more than plan, mainly due to an increase in event labor and event related professional services. This was partially offset by deferring various facility maintenance tasks. An Operating Loss of \$366,000 before depreciation was \$18.6 million better than plan and a Net Loss of \$4,817,000 was approximately \$20.3 million better than plan due to the net of revenue and expenses described previously.</p>	Vendor	Procurement Review Period	Review Period Amount	United Rentals	2/5	\$0	Ecolab, Inc.	2/3	\$280,597
Vendor	Procurement Review Period	Review Period Amount								
United Rentals	2/5	\$0								
Ecolab, Inc.	2/3	\$280,597								

<p>III. Committee Reports (Continued)</p>	<p>Mr. Sims next presented a slide which shows a graphical representation of the actual month/year-to-date February 28, 2023 compared to the budget month/year-to-date February 28, 2023.</p> <p><u>Approval of Fiscal Year 2024 Operating Plan – (Attachment 23-26)</u></p> <p>Mr. Siciliano presented the Board with the Operating Plan for Fiscal Year 2024. He reiterated that Fiscal Year 2023 had been better than plan, driven by over performance on the revenue, as well as better than plan performance on expenses, notably in deferred maintenance and open headcount. Nonetheless, the industry is still recovering from the pandemic, which is reflected in the Fiscal Year 2024 Operating Plan, being submitted for approval. Revenue is anticipated to increase to \$174.1 million, a \$4.3 million or 3% improvement, with growth coming primarily from event-related services. At the same time total plan expenses for Fiscal Year 2024 are expected to be \$184.4 million, a 7% increase. Accounting for depreciation expenses, the Javits Center is projecting a Net Loss of approximately \$17 million. Key drivers in the increased expense include:</p> <ul style="list-style-type: none"> ▪ Staffing levels migrating toward pre-pandemic levels; ▪ Resuming of COVID deferred facility maintenance; ▪ State mandated cyber security requirements; ▪ A change in accounting rules in connection with software implementation costs; ▪ Insurance premiums increases of \$1.1 million. <p>Notwithstanding the projected loss, the Center’s cash position remains positive.</p> <p>The Board reviewed the Operating Plan for the Fiscal Year 2024 and held a general discussion. The Board recognized Mr. Steel, Mr. Siciliano, Ms. Guerin and the executive team for their efforts and nimbleness in getting events back to the Javits Center as soon as possible given that the market is unpredictable, and companies are scaling back. The Board noted that the Javits Center expansion space has proven to be beneficial to customers and the space is being leased quickly for its optimal use, thereby showing a return on investment. This additional space has allowed the Javits Center to be much more flexible in its comeback as the space is built and well-suited for corporate type events. The Board also noted that, although a budget deficit in the Operating Plan was expected, the positive change and mix of current corporate business and leasing of the space has helped bring in additional revenues for the Javits Center. The Board stated that it is very pleased with management’s performance in managing the finances conservatively, minimizing costs and responding to the challenges set forth and the transition moving forward.</p> <p>The Board noted that, although the Operating Plan reflects an overall net loss for Fiscal Year 2024, it commended management’s performance in managing the finances of the organization, controlling spending and preserving funds for the continued operations</p>
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<p>III. Committee Reports (Continued)</p>	<p>of the Center, including some funds for capital improvements. The Chair noted that the Operating Plan was a starting point for the fiscal year, but that the Board would work with management on managing the Center’s finances throughout the year and, as was achieved in Fiscal Year 2023, work to improve on the plan and exceed initial projections as the year went on. The Board is very pleased with how well the Javits Center team managed the Operating Plan and cashflow this year.</p> <p>A motion was made and seconded. The following resolution passed by unanimous vote:</p> <p><u>Resolution No. 1570</u> NOW THEREFORE BE IT RESOLVED that the Fiscal Year 2024 Operating Plan is hereby approved.</p> <p><u>B. Human Resources Committee/EEO – Hugh L. Carey, II, Committee Chairman</u> No report.</p> <p><u>C. Facilities/Operations Committee – Joseph Chan, Committee Chairman</u> No report.</p> <p><u>D. Sales & Marketing Committee – Doreen Guerin, SVP Sales & Marketing (Attachment 23-27)</u> Ms. Guerin reported on behalf of the Sales & Marketing Committee that the Javits Center had a solid first quarter of the fiscal year. Javits Center will be hosting 32 events, of which nine are new, including Disney AB DTCI Upfront and Night of Covenant House Stars (presented by Delta Airlines). Ms. Guerin then presented the event index which reflects the industry and type of events. For the first quarter of fiscal year 2024, there were 15 special events, 15 trade shows and 1 public show in industries ranging from education to technology to apparel. Some of these events were returning events although the budgets had been reduced due to market conditions and layoffs in technology companies. The sales team is working through these challenges. Ms. Guerin next provided an update on marketing. The sales team is creating an all-inclusive package for large-scale holiday events which will facilitate booking with ease. The package has been well received and marketed through various channels. Currently, the sales team is licensing 3 holiday events, PWC, KPMG and NBA. In addition, this month, the sales team is joining New York City Tourism + Conventions for a four-day sales mission in San Francisco, focusing on meetings and events to present the Javits Center to clients in the technology and tradeshow industries.</p> <p><u>E. Governance Committee – Ronald Goldstock, Committee Chairman</u> No report.</p>
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Approved 6/21/23



IV. Other Business	
V. Adjournment	By motion and agreement, the meeting was adjourned at 1:56 p.m. with the next meeting to be held on June 21, 2023.