

Buffalo Niagara Convention Center Management Corp.
Annual Members Meeting
February 1, 2017

PRESENT: C. Abbott-Letro, D. Boswell, J. Dandes (via tele-conference), D. Hartmayer, T. Hersey, P. Kaler, R. Kramer, D. Murphy, B. Niland, M. Patel, E. Rath, M. Roberts, B. Rossi, J. Sandoro, P. Snyder, H. Taran, T. Vazquez, L. Zemsky

ABSENT: S. Boyd, D. Gallagher-Cohen, L. Haynes

STAFF: E. Healy, C. Kincaide, D. Marzo, P. Murphy, J. Smith

CALL TO ORDER: Ms. Roberts chaired the meeting in Mr. Dandes' absence. The annual meeting of the Buffalo Niagara Convention Center Management Corp. members was called to order at 3:13 p.m.

ELECTION OF DIRECTORS: Ms. Roberts presented the slate of directors, recommended by the Executive Committee. Mr. Spasiano has been nominated to fill the open at-large position. His resume was provided to the members prior to the meeting.

3 representatives of the hotel industry:

Minesh Patel
Paul Snyder III
Huseyin Taran

6 at-large directors:

Steve Boyd
Jonathan A. Dandes
Mary F. Roberts
Brent Rossi
Donald Spasiano
Leslie Zemsky

A motion was made by Legislator Rath and seconded by Ms. Abbott-Letro to elect the slate as recommended by the Executive Committee. Motion carried.

ADJOURNMENT: Ms. Roberts stated that this concludes the annual members meeting and asked for a motion to adjourn the meeting. Motion to adjourn by Mr. Kramer and seconded by Ms. Zemsky. Motion carried and meeting adjourned at 3:14 p.m.

Minutes prepared by J. Smith

Approved: Mary Roberts
Mary Roberts, Chair-Elect /jas

**Buffalo Niagara Convention Center Management Company
Annual Board of Directors Meeting
February 1, 2017**

PRESENT: C. Abbott-Letro, D. Boswell, J. Dandes (via tele-conference), D. Hartmayer, T. Hersey, P. Kaler, R. Kramer, D. Murphy, B. Niland, M. Patel, E. Rath, M. Roberts, B. Rossi, J. Sandoro, P. Snyder, H. Taran, T. Vazquez, L. Zemsky

ABSENT: S. Boyd, D. Gallagher-Cohen, L. Haynes

STAFF: E. Healy, C. Kincaide, D. Marzo, P. Murphy, J. Smith

CALL TO ORDER: Ms. Roberts chaired the meeting in Mr. Dandes' absence. The meeting was called to order at 3:15 p.m.

APPROVAL OF MINUTES: A motion was made by Ms. Abbott-Letro and seconded by Mr. Boswell to approve the October minutes. Motion carried.

ELECTION OF OFFICERS: Ms. Roberts presented the 2017 slate of officers as follows:

Jonathan A. Dandes, Chair
Cindy Abbott-Letro, Treasurer
Dennis P. Murphy, Past Chair

Mary F. Roberts, Chair-Elect
Toni Vazquez, Secretary
Patrick J. Kaler, President

A motion was made by Ms. Zemsky and seconded by Mr. Boswell to elect the officers as presented. Motion carried.

FINANCE REPORT: Mr. Marzo reviewed the financial statements for the year ended December 31, 2016. These statements are still subject to audit which will take place during the month of February.

For the year, the Convention Center had a decrease in net assets of \$37,568, resulting from year end purchases of capital equipment. The Finance Committee met in October and reviewed and approved the capital purchases which were to be made.

Mr. Snyder questioned the lack of overhead expenses being charged to F&B. Mr. Marzo responded that food and beverage costs are charged directly to F&B and a percentage of occupancy, payroll, supply and maintenance costs are allocated to F&B.

A motion was made by Mr. Kramer and seconded by Mr. Boswell to approve the December financial statements. Motion carried.

Q4 REVIEW: Mr. Murphy reported on the Center's Q4 activities. Earned revenues for the year were up over goal by 15% and food and beverage revenues were up 14%. Guest satisfaction fell slightly and was down 1.3% compared to 2015. This downturn is mainly due to negative comments about the condition of the building.

At the direction of the Board, Mr. Murphy met with Lawley Insurance to review the Center's coverage in light of the Mecca lawsuit. The Center's current liability insurance is \$1 million with a \$15 million umbrella policy. The cost to increase the umbrella policy by another \$5 million would be an additional \$5,000-\$6,000 per year. Our insurance brokers didn't think it was necessary or appropriate to increase the umbrella policy. The current carrier did cancel our policy, but Lawley was able to get us the same coverage with another carrier for an additional \$15,000 per year, and the new carrier is aware of the Mecca decision. Dennis Murphy asked for a committee to be assigned to meet with Lawley representatives and investigate increasing the level of commercial liability insurance.

Mr. Murphy also reported on the attorney's update of the Mecca case that was emailed to the Board, which outlined the original verdict and post-trial motions. The plaintiff sought to increase the verdict and we were looking to reduce the award to Mr. Mecca. Judge Drury granted the entirety of the plaintiff's suggested increases in their motion and increased the award to \$12.5 million. The insurance company is actively seeking an appeal. Judge Drury retired at the end of the year and we are now waiting for the case to be reassigned. The insurance company believes the case will be reassigned to Judge Montour. The plaintiff's attorney has written to Judge Montour asking for a pre-trial conference to set a trial date. An attempt has been made at mediation in hopes of reaching a settlement. The plaintiff made a demand of \$10,000,000 and our attorneys countered with an offer of \$2,000,000. The cost of the BNCC defense in this matter and any appeal process is covered by our insurance. We did engage Bond Schoeneck in August prior to the trial starting to review the matter and protect our interests going forward, and to date the legal expense for the professional service is approximately \$5,000. We will keep the Board updated as settlement discussions continue.

CONVENTION CENTER SALES, MARKETING AND OPERATIONS: Mr. Murphy gave a presentation on the banquet and catering sales operation of the Center:

- The booking window for this type of business is limited to inside 12 months and banquet revenues make up 33% of total earned revenues annually.
- 20% of all banquet events are groups larger than 800 guests; 62% of the Center's events are repeat annual events and 70% of all earned revenue is generated by repeat business.
- A review of competitive set pricing shows the Center falls in the middle (tied with the Marriott Amherst) with the Hyatt, Marriott Harbor Center and Embassy Suites at the top. The Rochester Riverside Convention Center, Adam's Mark and Conference Center of Niagara Falls fall below the BNCC.
- The Center does not do outside sales solicitation for banquet events; local advertising is limited to joint advertising with VBN in Business First for the Bring it Home campaign.

Mr. Murphy also gave a presentation on the walkway between the Convention Center and the Hyatt:

- The doors to the walkway are open and closed based on the needs of the event; it is not left open/unlocked due to prior issues with vandalism, safety and liability concerns.
- The Center schedules a security guard to patrol the walkway during all conventions and major events.
- Keeping the walkway clean, updated and safe is imperative to the Center's sales competitiveness.
- Determination of walkway access is based on type of event, setup of exhibit hall at entrance doors, registration/check-in requirements of client, additional expense of ticket takers at entrance, potential for leakage of ticket and registration revenue, entrance on the first floor is not convenient to lobby and drops guests in the back hall.

- In 2016, the Center installed wireless speakers, a video monitor, new carpeting and painted the concrete areas of the walkway.
- In 2017 Erie County DPW performed maintenance work on the HVAC system and did repairs to the roof.

Mr. Snyder made reference to the contract/agreement between BURA, the Convention Center and Hyatt that allows for access to the walkway, so that people can use the walk to go all the way through from Main Street to Niagara Square without having to cross several streets. The Hyatt does not believe the Center is operating in accordance with the agreement to keep the walkway opened and maintained. Mr. Murphy stated he is not aware of that formal directive on the hours of operation and, in practice, the BNCC has never followed set hours. Mr. Snyder stated there is a contractual agreement and this organization is a party to it. Mr. Kaler stated we will review the contract and get more clarity on what the agreements are and report back to the Board.

Discussion was held about whether Mr. Snyder should recuse himself during discussions and decisions in matters related to the walkway.

ADJOURNMENT: A motion was made by Mr. Murphy and seconded by Mr. Patel to adjourn the annual directors meeting. Motion carried.

Meeting adjourned at 4:13 p.m.

Minutes prepared by J. Smith

Approved: Mary Roberts
Mary Roberts, Chair-Elect *gas*