



**Board of Directors Meeting
Wednesday, November 17, 2021
Buffalo Niagara Convention Center**

PRESENT: M. Alnutt, D. Castle, M. Chiazza, N. Fletchall, M. Glasgow, P. Kaler, T. Long, K. Minkel, M. Murphy, M. Roberts, D. Spasiano, H. Taran, G. Wells

ABSENT: T. Beauford, S. Bieler, J. Dandes, D. Gallagher

STAFF: M. Even, E. Healy, C. Kincaide, D. Marzo

GUEST: J. Fink, J. McCaul

CALL TO ORDER: Board Chair, Mary Roberts, convened the meeting of the Buffalo Niagara Convention Center at 4:30 pm.

APPROVAL OF MINUTES: Ms. Roberts made a motion to approve the August 14 minutes, which was seconded by Mr. Taran. Motion carried.

FINANCIAL REPORT: Mr. Marzo reported that the building continued to be closed through September, and that the statements presented are for the nine months ending September 30, 2021.

At the end of September, the Center had \$2.3 million in total assets, comprised mostly of cash. The remaining assets are consistent with the previous year.

On the Liability side, in March, the Center received a second PPP Loan in the amount of \$375,000 which is reflected in the liabilities section of the Balance Sheet. In October, the Center received notification from the Bank their PPP loan forgiveness had been approved. Upon final approval and bank funding from the SBA, the Center will then recognize the forgiveness as revenue.

Statement of Activities:

For the nine months ended September 30, the Center finished with a decrease in net assets of approximately \$268,000, which is \$275,000 behind budget. This resulted from the continued closure of the building through the beginning of October. The continued closure has resulted in third quarter budgeted revenues not materializing as anticipated. This, coupled with various maintenance and capital expenditures undertaken while the building was closed, has resulted in the lower-than-expected revenues.

Revenues – Since the building was still closed, no earned revenues were generated through September 30.

Expenses – Overall expenses are running ahead of budget by \$125,000.

Personnel Costs - Most of this variance is due to timing from the monthly PTO accruals. This will fall back in line as the year finishes up.

Professional Fees – Up from budget due to the continued pursuit of the outstanding Hyatt Hotel receivable and the successful defense of an EEOC claim brought by a former employee.

Equipment Rental/Maintenance – Significant engineering related expenses to the Marquee, elevators and HVAC system were made in 2021.

Travel/Promotional - As with VBN, travel and tradeshow and promotion related expenses are down as most of the shows and opportunities have been held virtually or cancelled.

Projections - We are projecting to finish 2021 with an approximate deficit of \$307,000. It is expected that if the PPP loan forgiveness is officially granted in 2021, we will finish the year at a breakeven level.

Ms. Roberts called for a motion to accept the financial statements through September 30, 2021. Mr. Castle made the motion, which was seconded by Ms. Minkel. Motion carried.

Mr. Marzo presented the 2022 budget for the Convention Center. He stated that the budget was reviewed in depth with the finance committee and was approved without exception.

Overall, 2022 is expected to be another tricky year. Events have been booked, but the size, nature and scope of this business is in flux. We are forecasting for a breakeven budget, with total revenues and expenses totaling \$5 million, which is in line with where the Center was pre-pandemic.

Revenue:

Earned Revenues – Consisting of F&B activity, building & equipment rent, and electrical services generated from events in the building, combined are expected to generate around \$ 3.1 million in total revenues.

This revenue estimate is based on current levels of definite, tentative and possible business already identified. We believe that barring any unforeseen COVID related issues, these revenue levels will be achievable since we currently have over 50% of the total coming from definite pieces of business already booked. The percentage of definite pieces of business at this point is consistent with pre-pandemic levels. The balance of the revenue to be generated by events booked in the year for the year is about 15% higher than in past years however we still believe we can successfully attain these sales goals.

To combat the continually increasing food costs, the Center implemented a price increase in the fourth quarter of 2021.

County Grant – Based on the tentative 2022 County budget, we are planning to receive \$1.923 million, 3% higher than in 2021. We are awaiting final approval of the County operating budget in December.

Expenses:

Cost of goods sold – We are budgeting for significant price increases in both food and beverage as well as labor costs. The current marketplace and inflation have affected food and payroll costs dramatically and we don't anticipate a change anytime soon. The combination of this has resulted in higher than ordinary costs of sales. We will continue monitoring and will make appropriate changes in menu and pricing as warranted.

Personnel Costs - For 2022, we are budgeting for increases in personnel costs as business levels rise and staff is brought back on a regular basis. This, along with increases in hourly wage rates for CBA staff which is currently being negotiated, are expected to result in the proposed increase in the personnel costs budgeted. Benefit costs will be higher based on increased payroll costs.

Operating Expenses:

Professional Fees - will increase partially due to higher payroll processing costs due to the large increase in the number of employees for 2022. This, along with shared costs with VBN for the Graphic Artist position will result in the increase of current year.

Supplies/Communication and Occupancy Costs – All increased due to anticipated increases in business levels. Occupancy costs will be mitigated somewhat as we have entered into long-term contracts for both electric and gas, while insurance will be down due to reduced claims incurred while the building was closed.

Advertising/Promotion – Increases from prior year as building is open and ready for business.

This is a breakeven budget, somewhat aggressive on the revenue side but also leaves us with enough flexibility to make changes on the fly.

Ms. Roberts called for a motion to accept the 2022 operating budget for the Buffalo Niagara Convention Center. Motion made by Mr. Murphy, seconded by Ms. Fletchall. Budget approved.

Ms. Roberts referred to the Three-Year Strategic Plan presentation given earlier by Mr. McCaul from MMGY and asked for a motion to accept as presented, which was seconded by Mr. Taran. Plan approved.

Q3 President's Report: Mr. Kaler highlighted upcoming business through 2024. The staff at both VBN and the BNCC have been working diligently to fill the calendar.

There are 113 pieces of business on the books for 2022. Mr. Kaler thanked Mr. Castle for bringing a piece of business in September of 2022, and the calendar is filling in through 2027.

A memorial service was held for Paul Murphy and Mayor Brown named a portion of Franklin Street to be Paul Murphy Way. The Ballroom has also been dedicated in memory of Paul.

As mentioned earlier, we are in the midst of union negotiations with all three unions.

A reminder that the Turkey Trot is Thanksgiving Day and the World's Largest Disco that Saturday, with 6,700 anticipated attendees.

The County's Department of Public Works will begin work on the façade of the building in March, to be completed by the end of the year. The plan will be to divide the building in half, doing one side at a time, taking into account any business on the books including the Auto Show, Home Show and Motorama.

Mr. Even thanked members of the board, especially the General Managers of the hotel properties, for their help during his tenure as interim General Manager of the Convention Center.

ADJOURNMENT - Ms. Roberts asked for a motion to adjourn the meeting, made by Ms. Minkel, seconded by Mr. Spasiano. Meeting adjourned at 4:55pm.

Minutes prepared by Cindy Kincaide

Approved: _____ s/ Mary F. Roberts
Mary F. Roberts, Chair