



Buffalo Convention Center

Board of Directors Meeting
Wednesday, October 30, 2024
RiverWorks Buffalo

PRESENT: M. Alnutt, M. Brown, D. Castle, A. Chase, B. Karmazyn, P. Kaler, T. Long, K. Minkel, S. Ranalli, M. Roberts, D. Spasiano, M. Urbanczyk

ABSENT: C. Abbott-Letro, T. Beauford, M. Chiazza, D. Gallagher, M. Glasgow, D. Schutte, W. Paladino

STAFF: J. Bialek, J. Calkins, M. Even, K. Fashana, D. Marzo, H. Nowakowski, R. Toney

GUEST: C. Karpik

CALL TO ORDER: Board Vice-Chair, Kim Minkel, convened the meeting of the Buffalo Convention Center Board of Directors at 4:10 p.m.

APPROVAL OF MINUTES: A motion was made M. Urbanczyk and M. Alnutt to approve the February minutes. Motion carried.

AUDIT REVIEW: Ms. Karpik, of Lumsden McCormack CPA, reported the audit reports, management letter and required communications were reviewed in detail and approved by the Finance Committee at a meeting in October.

It was observed that challenges in the controller position over the past 18 months have affected financial processes. A new controller, Jamie Flood, was hired in July 2024. Ms. Flood brings extensive experience in the hospitality industry and has made significant progress in addressing key financial issues and completing the audit. Her efforts have also contributed to the preparation of the 2024 financial statements.

Required Communications: The audit resulted in an unmodified opinion, the highest level of assurance, indicating the financial statements are fairly presented in all material respects in accordance with generally accepted auditing standards.

As a public authority, the audit also adhered to government auditing standards, focusing on internal controls and compliance.

Financial highlights included a loss of \$522,000 for 2023, revenues increased by \$591,000 due to more events and a 3% rise in county contract revenue, though this was offset by one-time revenues from 2022. Expenses rose by \$895,000 because of increased event activity and wage adjustments to stay competitive.

Total assets declined mainly due to cash expenditure for operations, while liabilities stayed stable. Net assets fell to \$407,000, raising concerns about possible future deficits if similar losses happen in 2024.

Key footnotes:

Footnote 1 is related to the Erie County contract and surplus calculations.

Footnote 3 pertains to the line of credit details and an outstanding balance of \$200,000 as of December 31, 2023, along with additional notes regarding service concession arrangements and employee retention credit.

The report identified a material weakness related to delays, mispostings, and untimely reconciliations, particularly in cash accounts. The management response includes corrective actions, such as hiring a more qualified controller. The management letter is being finalized.

Several questions were raised. A question addressed whether the financial issues were due to skill deficiencies or fraud. The audit and discussions confirmed it was entirely a skill set issue. Audit results will be submitted to Erie County and posted to the New York State Authority Budget Office (ABO) website through the Public Authorities Reporting System. Suggestions were made for regular check-ins, such as quarterly reviews, to ensure ongoing oversight and accuracy.

The board recognized previous challenges with earlier controller hires. It pointed out that recent changes, including Jamie Flood's appointment, have already enhanced communication and processes. These enhancements are expected to resolve the issues noted in the material weakness reports for 2022 and 2023.

The board expressed optimism regarding the direction of financial management under the new controller. Ongoing collaboration between the Convention Center's financial team and auditors will be essential for ensuring accuracy and transparency.

A motion was made by Ms. Roberts and seconded by Ms. Urbanczyk to approve the audited financial statements as presented. Motion carried.

Q3/GENERAL MANAGER'S REPORT: Mr. Calkins reported that the events in Q3 were strong this year. He indicated that total revenue year-to-date has increased by 30%. This upward trend in revenue is expected to continue through the fourth quarter, with no signs of slowing down.

Overall, events and conventions are on the rise, which has been a key factor in our success. While banquets and public shows experienced a slight decline, he pointed out that these categories are expected to rebound in the fourth quarter. He credited the success of the third quarter to several unexpected new events that enabled the Center to surpass last year's third-quarter totals.

The American Cheese Society event proved to be a success, drawing significant popularity and positive attention. The Massachusetts Institute of Technology (MIT) returned to the Convention Center after several years, hosting a series of meetings. New events, such as a local vendor trade show and a meeting

led by a coordinator from the New York State Department of Corrections, added to the positive momentum.

One of the highlights of the quarter was the return of the Common Council's Senior Ball, which had last taken place in 2019. This year, attendance rose from 800 to 1,300 senior citizens, representing a significant increase. Another notable event was the New York State Association for Affordable Housing conference, which took place in August and helped stabilize the typically slower summer period for the Convention Center.

Mr. Calkins announced that the Convention Center has finalized the plans for a new communications infrastructure, which includes Wi-Fi and internet upgrades. Physical work on these enhancements commenced recently and is anticipated to be finished within four weeks, with a firm deadline established for the World's Largest Disco event.

Future bookings and contracts will continue to benefit the Convention Center. A five-year extension has been secured with the New York State Bar to host two exams each year. This agreement guarantees three years of in-person exams, with the last two years depending on the Bar's potential shift to more online testing. Even if the footprint decreases during those final two years, some presence is still anticipated. Furthermore, the Convention Center has been awarded contracts to host the National Academic Advising Association conference in 2025 and the Society of Information Fusion conference in 2027. Jeff highlighted these as two significant achievements for the quarter.

Mr. Calkins announced that Terry O'Brien, the longtime Director of Operations, has departed. Mike Will, who previously served as Terry's assistant, has been promoted to the role. He has already made positive changes and brings enthusiasm to the position.

Jeff concluded his report with upcoming fourth-quarter events. The schedule includes returning favorites such as the Urban League Gala, the World's Largest Disco, and the Festival of Trees. New additions to the lineup feature the fall edition of Nickel City Comic-Con, the New York State Public Transportation Association's meeting, and the New York State Financial Aid Administration Association's conference. This weekend, the Convention Center will host a new event, Brick Fest Live, which has enjoyed success across the country.

ADJOURNMENT: With no further business, D. Spasiano moved to adjourn the meeting, and T. Long seconded. The motion carried, and the meeting was adjourned at 4:34 p.m.

Minutes prepared by J. Bialek

Approved:  1/29/2025
Kimberley Minkel, Vice Chair