



## **AGENDA**

### **Board of Directors Meeting**

**Wednesday, September 9, 2020 – 3:00 p.m.**

#### **Zoom Meeting**

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- Call to Order - Roberts

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#### **Agenda**

- Finance Report – Marzo
  - Second Quarter and General Manager's Report - Kaler
  - Other Business - Roberts
  - Adjournment – Roberts
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**Next Meeting:** Wednesday, November 4, 2020 – 3:00 p.m.  
Location TBD

Buffalo Niagara Convention Center  
Board of Directors Meeting  
Wednesday, May 6, 2020  
Via Zoom Meeting

**PRESENT:** C. Abbott-Letro, J. Dandes, T. Hersey, P. Kaler, T. Long, M. Roberts, D. Spasiano, H. Taran, G. Wells, L. Zemsky

**ABSENT:** D. Gallagher-Cohen, L. Haynes, E. Rath, J. O'Connell

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

**GUEST:** J. Fink (Business First)

Due to the coronavirus pandemic and work from home mandate, the meeting was held via conference call.

**CALL TO ORDER:** The meeting was called to order by Board Chair, Mary Roberts at 3:40 p.m. Ms. Roberts stated that we do not have a quorum for the meeting, so we will not be taking any action.

**FINANCE REPORT:** Mr. Marzo reported the Convention Center underwent its independent audit process at the end of January. The draft reports were issued, reviewed in detail with the Finance Committee and approved at the end of March. The Center posted its audited reports to the Public Authority's website in accordance with the PAAA requirements. Mr. Marzo reported a clean unqualified opinion was issued and there were no adjusting entries made to the internally prepared year-end financial statements that were presented to the Board in February. The management letter did not cite any material weaknesses or significant deficiencies and no fraud was detected.

Mr. Marzo reviewed the March 31, 2020 financial statements and reported that the Center reported just over \$2.2 million in total assets at the end of March. A large portion of the assets is comprised of cash and cash equivalents. Of the \$475,000 accounts receivable balance, a large portion of that was received in April, so we believe collectability is still reasonably assured. With the current situation, however, nothing is certain, so we will closely monitor this and keep the Board updated. Mr. Murphy added that the Center received a large payment today, so the receivables balance is at \$300,000 and the majority of that is made up of two accounts – one is the Hyatt, which is approximately \$185,000 and the other is a portion of the Auto Show. We feel confident about receiving both of those payments. Mr. Murphy also reported that they increased their allowance for bad debt through the end of the year.

The Center received its first County payment for the year and it is believed that this will be the only payment for the year, and we've adjusted the receivable from the grant accordingly. When we entered 2020, we started the year with \$1,100,000 in net assets. We were anticipating a \$200,000 loss, so we were looking to end the year with net assets of \$800,000-\$900,000.

On the statement of activities, Mr. Marzo reported that the Center ended the quarter with a decrease in net assets of \$42,000. January and February were good months for the Center. Relatively speaking, the last two weeks of March impacted the entire first quarter. The impact of the COVID-19 crisis began

impacting events as of late February, as was discussed at the February Board meeting, with some preliminary impact on the Bar Exam which was scheduled for late February which did transpire. Things progressed from there with the cancellation of the second weekend of the Home & Garden Show in early March followed by the orders of the Governor and County Executive to close in mid-March, which forced the cancellation of another ten events through the remainder of March. All of these cancellations resulted in a reduction of food and beverage and venue rental revenues in March alone of about \$205,000. Some events have been rescheduled, but several have been lost. This coupled with the expected reduction in the County grant of about \$933,000 has left the Center at about a \$42,000 loss through March. Expenses overall were off from budget, mostly as a result of the lost business.

Mr. Marzo reported that the Center is working with the insurance broker, Lawley and insurance carriers to seek and obtain refunds and reductions in premiums as a result of lost business revenues and reduced payroll levels. Mr. Murphy added that based on the reduction of activity in the building, we're projecting a decrease in Worker's Comp by about \$62,000-\$65,000 by year end. Depending on the length of time we're unable to operate or the building doesn't have employees working, that number will increase. Based on no activity in the building, Philadelphia Insurance has issued a 25% reduction in our liability insurance. We also discontinued a few minor policies that don't make sense while the building is not operating. The total amounts to about \$115,000 reduction in insurance costs. The longer the building is closed, those numbers will increase.

Mr. Marzo reported that included in the documents that were emailed, were some detailed projections for the Center for the remainder of 2020. Overall, we're projecting to end 2020 with a deficit of about \$900,000. On the revenue side, we expect to be down around \$2.6 million due to the possible reduction in the County Grant, earned revenues and rental activities due to cancelled or postponed events. We currently have some events gradually returning in September, however, it's extremely tentative if they're going to happen and what they're going to look like. Additionally, we've made allowances for business that is still on the books for the back quarter of the year, bringing down the revenue we had budgeted by about 30% or more, depending on the event and any information we have about it.

On the expense side, we have identified about \$1.7 million in expenditures that we can reduce or cut, starting with personnel costs. The Center did qualify for and is the recipient of a PPP loan/grant in the amount of \$650,000, which will delay our planned layoffs by eight weeks during the program's expected time, which will go from April 15-June 15. After that time, we're expecting four positions would be permanently laid off and of the remaining positions, seven would be temporarily furloughed until business levels dictate otherwise. Any remaining staff would be required to work at a 20% reduction in salary. All maintenance, food and beverage and front desk personnel will be laid off until further notice when business levels return. These changes are expected to save about \$300,000 in payroll costs as we work our way through the year. With the cancellation of business from mid-March through September, all event-related costs have declined significantly and it is believed that the savings in cost of goods sold and event-related costs, which includes payroll, would be reduced about \$1.1 million. From an administrative, sales and maintenance perspective, we are looking at costs to be reduced about \$400,000. We're expecting significant savings in our worker's comp and liability insurance premiums as per our communications with Lawley and the carriers. We've cancelled remaining advertising, travel and tradeshow activity for the rest of the year, and the combination of all these cuts, will reduce expenses by about \$400,000.

Mr. Marzo reported we've put these revised projections into our cash flow projections and we are projecting to finish the year with about \$450,000 in cash. However, because of the nature of the business with respect to bringing employees back and being able to host events, we don't anticipate being able to use any more than \$80,000-\$100,000 of the PPP loan to be forgiven. This would mean that we would be left with a \$550,000 loan at the end of the program. We're continuing to look at it to maximize our use of the loan to have it forgiven to the largest extent possible. At the end, we're projecting that we would have enough money to pay it off, but it's a very low interest loan. It might be an option to keep it as loan as opposed to repaying it when we come to year end. Repayment is to begin after six months and is required to be paid in full over the next two years.

Mr. Murphy stated that the Center is going to have to react to the plan that allows businesses to reopen. We're projecting the Center would fall into one of the later phases and everything would revolve around the limitations and guidelines for mass gatherings. Once that is known, that will allow us to work with our customers and events. Some events will likely not be able to happen, some will with revised programs and reduced numbers. Our staff is working with our clients on how that might look, but we're all estimating for now. The earned revenue projection is a moving target. Many events that were moved to summer months, now have cancelled. We were able to reschedule the majority of 2020 cancelled events into 2021.

Mr. Murphy stated that the timeframe built into the PPP loan, doesn't work for the hospitality industry because we cannot bring people back to work now, we're not able to conduct business. There has been some discussion that they may extend the timeframe from eight weeks to twelve or sixteen weeks. If that happens, that would really help us.

Regarding other cost savings, Mr. Murphy reported that they have contacted every vendor they work with. Some were cancelled or discontinued due to lack of business. There has been some success getting reductions from other contracted vendors (technology, maintenance, etc.) that we pay on a monthly basis. That amounts to about \$6,000-\$7,000 per month in savings and we continue to work with them on this. If business does not return, the other expenses that Dave mentioned will reduce automatically due to no activity in the building.

GM/Q1 REPORT: Mr. Murphy reported the first quarter started out good for the Center based on the activity that took place. There was a good trend in revenues. All the good results from January and February were wiped out with the loss of all business from mid-March. We lost the second weekend of the Home Show, many banquets, a convention that we were able to rebook for 2021. In the end, that resulted in negative variances for the first quarter.

Major events hosted in Q1 include the Auto Show, the Home Show (for one weekend), Moog, State of the City luncheon, Bar Exam and Ingram Micro. Major bookings include New York State School Boards returning with their convention in 2023 and the International Snow Symposium for three more years through 2025. Notable activities in the first quarter included a trip with VBN to DC to secure the National Association of County Engineers for 2023.

Mr. Murphy reported the County did not need to activate the plan to convert the Convention Center into a hospital. However, we have been working with ECDOH for conducting antibody testing of County employees at the Center. We have been in contact with the Department of Public Works and County Administration about the potential to repurpose the Center for any of their needs to assist in their response and recovery efforts and to keep the facility active in the future.

The biggest activity for the Convention Center administrative staff at this time is to complete a thorough workplace health, safety and sanitation program that can be introduced to our clients and our staff when we're able to reopen. We are awaiting the mass gathering guidelines which will provide guidance in developing our plan. The contents of our plan will be critical in communicating to our customers and our staff that we are strictly adhering to a program that follows all the guidelines to make them feel safe and comfortable to conduct business in Buffalo and at the Convention Center.

Mr. Murphy reported they are actively engaging with professional associations that are putting together best practices so that those can be incorporated into our plan.

Mr. Murphy continues to work with Erie County DPW on potential capital improvement projects at the Center. We have a fund balance of \$1.8 million for capital projects. For various reasons, we haven't been able to tap into those funds. We have communicated to DPW that a priority project for us is the lobby and hallways. We are currently working with DPW on dates to put forward to the Legislature for approval. We have also submitted our request for an additional \$500,000 in the 2021 budget for future capital improvement projects.

Mr. Murphy reported they are working on updating their Business Plan that will be a blueprint going forward for the staff to continue conducting business and booking groups into the Center.

Mr. Spasiano provided information regarding a free online certification program being conducted by the National Restaurant Association for food service staff. They have extended the program through the end of May. The Center may want to consider having the food service staff take the program.

Meeting adjourned at 4:16 p.m.

Minutes prepared by J. Smith

Approved: Mary F. Roberts  
Mary F. Roberts, Chair */jas*