

Buffalo Niagara Convention Center Management Corp.
Board of Directors Meeting
August 1, 2013

PRESENT: C. Abbott-Letro, D. Boswell, S. Boyd, D. Gallagher-Cohen, D. Hartmayer, R. Kramer, S. LoTempio, L. Marinelli, J. Mills, K. Mitchell, D. Murphy, M. Patel, G. Praetzel, M. Roberts, J. Sandoro, M. Whyte

ABSENT: J. Dandes, P. Snyder, T. Vazquez, L. Zemsky

GUEST: D. Gonser, Lumsden & McCormick

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

The meeting was called to order at 9:17 a.m.

2012 Audit Report: Ms. Gonser gave a presentation on the audited financial statements. She reported the field work was performed in March and a detailed report was presented to and approved by the Finance Committee in April. A clean opinion was issued and the financial statements were presented fairly with no modifications to accounting principles. During the audit, there were no difficulties or disagreements with management, significant accounting policies were consistently applied and the accounting estimates were reasonable. Ms. Gonser noted in performing the audit, they take a risk-based approach; as such they assessed audit and fraud risk with respect to revenue recognition, refundable advances and deferred revenue, accounts receivable and collectability and the Erie County contract. Ms. Gonser reported they are required to perform limited fraud procedures which include journal entry reviews, interviews of accounting and non-accounting personnel and expense report and credit card testing. They found no unusual items. The 2012 audit adjustments related to expensing of capital items, recording of encumbrances and accounts payable.

The Auditors' Observations and Recommendations include the need for more segregation of duties; review the need for numerous credit cards; implementation of an accounting policies and procedures manual, inventory of property and equipment and compliance with the NY public authority accountability act. Mr. Marzo reviewed the progress report prepared by staff regarding the audit recommendations and reported that the recommendations have been or will be addressed over the next few months.

On the Statement of Activities, total revenues were approximately \$4.6 million compared to \$4.8 million in 2011. This variance is due to revenues generated from the food service provided to the Erie County correctional facilities in 2011. The Erie County grant remained the same at \$1.65 million.

Expenses were fairly consistent from year to year. Personnel costs were higher due to some salary increases and an increase in health care costs. There was a significant decrease in occupancy costs due to lower utility costs and a mild winter.

On the balance sheet, the Center had \$2,270,905 in assets; \$1,233,384 in cash, which is up about \$500,000 from 2011. This is related to the ESD technology grant received in 2012. There is also a corresponding increase in the deferred revenue line which is also related to the technology grant. The Center ended the year with \$1,350,260 of unrestricted net assets.

A motion was made by D. Gallagher-Cohen and seconded by M. Roberts to accept the audited financial statements as presented. Motion carried.

Finance Report: Mr. Marzo reviewed the Center's financial statements for the period ending June 30, 2013 and reported that the Center realized a decrease in net assets of \$57,445. To date, the County grant is down about \$82,000 as a result of the 10% retainage. On the expense side, all the items that are under budget are planned cuts, made in anticipation of the reduction in the County grant.

A motion was made by D. Boswell and seconded by R. Kramer to approve the financial statements as presented. Motion carried.

Q2 Report: Mr. Murphy reviewed the Center's Q2 report and noted that revenues for the quarter are down about 8% due to some new events that didn't take place and lower than projected revenues on the Golden Age Games. Year to date numbers are all very positive. Guest satisfaction surveys have come in very strong with a 50% response rate and ranking at 4.69.

Director's Report: Mr. Murphy reported the County Legislature has approved the funding and contracts for the ballroom project and we are on schedule for the project to take place in December.

Mr. Murphy reported the technology upgrades are near completion. Once finished we will have 12 times the internet speed and will have capacity for over 5,000 devices. Later this month, we will have staff training and testing of the system. We'll go live by the end of the month and will be up and running by Fall.

Review of ABO Options: Dennis Murphy reviewed the current status of the Convention Center/ABO issue as of January 1, 2013, when the Center was formally declared a public authority. The Center has been providing certain information and documentation to the ABO over the past several months as we work through the options and determine the best course of action. Discussions have been held with the County Executive, Deputy County Executive, Maria Whyte and the Executive Committee. At the Board's request, we have prepared a document that explains the options and the pros and cons of each. Mr. Murphy reviewed the options and stated that Option B appears to be the preferred option. Included in the Board materials is a timeline of actions that need to be taken in the event the Board chooses to pursue option B. Mr. Murphy stated that we'll take action on this at the September 30 meeting. He asked the Board to review the materials and be prepared to provide input at that time.

Adjournment: A motion was made by S. Boyd and seconded by D. Boswell to adjourn the meeting. Motion carried.

Meeting adjourned at 10:02 a.m.

Minutes prepared by J. Smith

Approved: Dennis P. Murphy
Dennis P. Murphy, Chair
/jw