

**MINUTES OF THE MEETING
OF THE
MASSACHUSETTS CONVENTION CENTER AUTHORITY
ADMINISTRATION, FINANCE AND PERSONNEL COMMITTEE
January 11, 2018**

A meeting of the AF&P Committee was convened on January 11, 2018, at the Boston Convention & Exhibition Center in Board Room 201. Committee Members in attendance were: Secretary Heffernan, Emme Handy, John Natoli, Barbara Capuano, Michelle Consalvo, and Fred Wittman.

Staff members present were: David Gibbons, Fred Peterson, Dennis Callahan, Michael Esmond, Nate Little, Shu Hsia, Kingsley Aguh, Anthony Kinahan, Devin Taylor, Cortney Hersom, Theresa Ruane, Brendan Flynn, Shifa Khan, Jermain Sparrock, Mark Evers, and Christopher Donato.

I. ROLL CALL

The meeting was called to order at 4:07 p.m., and a quorum was established by a call of the roll.

II. MINUTES

Upon motion duly made and seconded, the minutes of the November 9, 2017 meeting were approved.

III. PROCESS IMPROVEMENTS UPDATE

1. PURCHASING AND ASSET MANAGEMENT

Theresa Ruane, Director of Purchasing, Brendan Flynn, Procurement Asset Manager, Shifa Khan, Senior Procurement Asset Coordinator, Jermain Sparrock, Procurement Asset Coordinator, and Mark Evers, Warehouse Manager, gave a presentation on the improved process of purchasing and asset management.

As of December 2016, the procurement team initiated the consolidation and centralization of purchasing responsibility by taking over purchasing from the individual departments. Over the past several months, the Procurement Department has made efforts to record all significant savings that were achieved due to newly adopted purchasing policies and by changing the procurement culture within the Authority. The team has worked to increase competition for all purchase requests resulting in approximately \$104,966.54 in savings to the Authority.

In addition, the team has adopted a decommissioning policy for Authority assets and obsolete inventory. The team first looks to see if there are any other needs or purposes within the Authority that can be met by reassigning the asset to another department or project. If there is no internal need but the asset has residual value, the team puts the asset up for auction in an attempt

to recover a portion of the Authority's investment. The team also explores other means of disposal such as donation, state surplus, recycle/scrap or possible trade-in. So far, the team has auctioned various trailers bringing vehicles and other miscellaneous assets bringing a total of \$311,161.05.

Some other notable procurement policies and achievements include the following: development of IT SOPs in collaboration with the ITSS team to streamline IT equipment acquisition and disposition policies and procedures; consolidation of orders to take advantage of economies of scale; bulk orders for items bought on a regular basis for maintenance and house-keeping; meeting with vendors to discuss saving mechanisms available and compare prices with other vendors; and, the procurement team has successfully completed the Public Contracting Overview Course offered by the Massachusetts Certified Public Purchasing Official Program.

Looking ahead, the procurement team plans on doing the following: developing and incorporating vendor evaluation procedures; providing timely updates on the purchasing process to all necessary parties; incorporating a culture of ethical standards by bringing accountability and structure to the procurement process; negotiating enhanced financial terms with vendors; and seeking to get the best value for the Authority without compromising on quality.

In addition, the Authority is in the process of creating a central warehouse for the storage of assets as opposed to having each individual department having their own personal storage area. The purpose for the central warehouse is to provide better customer service, lower operating costs, maximize utilization of storage space, maximize asset utilization, reduce material handling, better track inventory and reduce order filling time.

2. QUALITY ASSURANCE

Michael Esmond, introduced Cortney Hersom, Director of Quality Assurance, who gave a presentation on the quality assurance initiative. The areas of focus for this initiative are: contract management, capital project planning, data integrity, customer survey improvements industry standards and comparable programs.

In FY'17, there were nineteen (19) revenue generating contracts that generated gross revenue of \$68,578,156 and fifty-seven (57) service (expense) contracts that resulted in \$25,586,476 paid to contracted vendors. The formal review process for all third party contracts involved the following: preliminary internal meetings with Authority staff; contract reviews to determine deliverables and risks; third party communications and meetings; testing/procedures based on contract type and risk; identify findings and issue reports; and ensure Authority employees responsible for contract monitor future compliance.

The Authority is in the process of achieving APC – Quality Standards Re-Certification. AOPC standards focus on how quality is managed at a convention center. The rationale for this

approach is to implement a process of continuous improvement which will help to increase the ability to meet or exceed customer expectations.

IV. MCCA WORKFORCE AND LONG-TERM LIABILITIES

Michael Esmond, Chief Financial Officer, gave a presentation on the Authority's workforce and retiree liabilities.

As of December 29, 2017, the Authority has 409 employees, 247 of which are full-time. Thirty-one (31) employees are currently retirement eligible (55 years old with 10 years of service). This number will increase to fifty-seven (57) over the next five (5) years and ninety-six (96) within ten (10) years. There are currently sixty (60) retirees or beneficiaries. The number of retirement eligible Authority employees will grow to one hundred fifty-two (152) by 2037.

Mr. Esmond provided a chart that showed the breakdown of retirement eligible Authority employees by position type and by department for 2017 and 2037.

V. FY 2018 UPDATE

Michael Esmond stated that the overall financial results from November 2017 were strong. Most of the bigger shows have met or exceeded expected revenue. The big challenge is the Boston Common Garage as it appears that more people are relying on alternative means of transportation such as Uber and Lyft. As a result, the Boston Common Garage is seeing less daily parkers.

VI. OLD BUSINESS

There was no old business.


VII. NEW BUSINESS

There was no new business.

VIII. ADJOURNMENT

The meeting was adjourned at 5:26 p.m.

Attest:


Christopher R. Donato
Associate General Counsel

Dated: 2/12/18