

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
WEDNESDAY, AUGUST 19, 2009**

The regular meeting of the Board of Directors (the "Board") of the Berks County Convention Center Authority (the "Authority") was called to order at 7:00 a.m. in the SMG Board Room, the Sovereign Center, 700 Penn Street, Reading, Pennsylvania.

The following members were present:

Mr. P. Michael Ehlerman
Mr. Brian D'Amico
Mr. Burlee Adams
Mr. John Ernesto
Mr. Carl Herbein

Mr. Albert Boscov and Mr. Michael Fiucci were absent.

The meeting was chaired by Mr. P. Michael Ehlerman.

Also present:

Mr. Zane Collings, SMG
Matthew M. Mayer, Esquire, Leisawitz Heller Abramowitch Phillips, P.C.
Ms. Crystal Seitz, Greater Reading Convention and Visitors Bureau
Mr. Rick Etherington, SMG Director of Food and Beverage
Mr. Matt Salkowski, SMG
Mr. Mark Wallace, SMG
Ms. Hope Parkin, SMG
Mr. Donald Spatz, Reading Eagle

The Chairman declared that a quorum was present and proceeded with the meeting.

No members of the public chose to speak to the Board.

Upon a motion duly made and seconded, the minutes of the regular meeting of the board of June 17, 2009 and the continued meeting of June 25, 2009 were unanimously approved.

TREASURER'S REPORT

Mr. Herbein delivered to the meeting the Treasurer's Report, which was distributed. Mr. Herbein advised that an audit of the past fiscal year's financials had begun and should be completed in the fall. Mr. Herbein also advised that he and Mr. Collings had been talking to Mr. Tony Garo regarding renewing BCCCA's insurance coverage. Mr. Herbein announced that the City of Reading has retained Reinsel & Company to perform an audit on the payment of the hotel tax for the past 3 years. Mr. Ehlerman commented that BCCCA was paying \$8,000 toward the cost of this audit.

Mr. Ehlerman stated that the hotel tax receipts were lagging for the first half of 2009 as compared to last year. He further explained that BCCCA will run a cash deficit (before depreciation) for the fiscal year of approximately \$420,000. He stated that part of this deficit is due to the fact that SMG Operations will lose approximately \$250,000 and the tax receipts are down approximately \$181,000. However, Mr. Ehlerman said that from a financial standpoint there are sufficient assets, including credit availability, to cover operations for the year. Mr. Collings commented that SMG cut over \$300,000 in expenses in the past 6 months and hopes to continue to cut expenses for the remainder of the year. Mr. Ehlerman and Mr. Herbein stated that it will be very important for SMG to try and operate within the budget allotted to it this year.

Upon a motion duly made and seconded, the Board unanimously approved the Treasurer's Report as well as the approval of all the bills that have been paid.

SOLICITOR'S REPORT

Mr. Mayer reported that there was no significant activity since the last meeting.

MANAGEMENT REPORT

Zane Collings reported that the soffit issue at SPAC has been completed and that Burkey Construction discounted the cost of the repairs to Mr. Collings' satisfaction.

Matt Salkowski reported that recycling efforts have been fully implemented in both the Sovereign Center and SPAC. The recycling is combined recycling which handles paper, plastic and glass, which has resulted in costs savings on trash hauling as there is much less trash to be collected. Mr. Salkowski also commented that new paper dispensers have resulted in a decrease in overall paper usage.

Zane Collings informed the council that SMG has joined the Berks County Cooperative Purchasing Council (BCCPC) for the cost of \$100. The BCCPC is a cooperative which is working towards purchasing large blocks of power to decrease the costs to its members. SMG decided to join BCCPC in an effort to gain savings on the cost of electric and to hopefully limit the impact of the projected increase in the cost of electricity going into effect in 2011. American PowerNet is brokering the deal on behalf of BCCPC. Mr. Collings said there has been no measurement of savings yet as the BCCPC is still waiting for the prices to be set, but once they are set, SMG will have the option to join or continue receiving electric service on its own. Upon a motion duly made and second, the Board approved SMG joining the BCCPC and approved Mr. Collings as the agent. A short discussion was also held concerning the viability of solar power, but at the current time there is not enough data regarding its feasibility. SMG has implemented solar power at its Atlantic City venue so Mr. Collings will report back on the efficiency thereof.

Mr. Collings distributed a Schedule of Events for the Sovereign Center and SPAC for the remainder of calendar year 2009. He explained that while there are fewer events scheduled than in 2008, the venues are faring better than some venues that don't have any events scheduled.

Mr. Collings and Mark Wallace of SMG led a discussion concerning the status of advertising and suite sales. The advertising budget for this year was set at \$550,000, which is

\$75,000 over last year's budget of \$475,000. There is concern about the ability to reach this budget figure. Due to the state of the economy, some large advertisers have been lost and some have committed to advertising again, but in smaller amounts than last year. One sponsor who provided \$80,000 last year in sponsorship was lost; however, \$40,000 has already been replaced and another \$40,000 has been received in verbal commitments since July 1, 2009. Mr. Collings advised that SMG is currently renegotiating its beer contract with a further report to be made in the future. As for suite sales, Mr. Collings reported that 2 suites are up for renewal this year and they have not received a commitment from either suite owner for the coming year. With that said, Mr. Collings believes one suite owner will renew, but the other may not. He said they have been offering ½ suites as opposed to full in an attempt to fill all the suites.

Mr. Collings provided an update on the Penn Corridor project and advised that the focus has shifted to Riverplace and working towards "clean and safe" in conjunction with DID.

MISCELLANEOUS

Mr. Ehlerman reported that BCCCA set aside \$10,000 – 11,000 to maintain and provide upkeep to the new Albert Boscov statue.

Mr. Ehlerman reported that BCCCA signed off on Act 205 but that it has no effect on BCCCA since BCCCA has no employees who would receive a pension.

Mr. Ehlerman advised the group that he spoke with a gentleman who is writing a book on economic redevelopment and has written a chapter dealing solely with Reading. Mr. Ehlerman will distribute copies of the chapter when he receives it.

Mr. Ehlerman advised that the Reading Royals contacted him seeking a reduction in their contract and requesting to reopen negotiations on their contract. Mr. Ehlerman provided a report to Mr. Herbein and they will discuss further in the future.

There being no further business before the Board, the Chairman announced that the next regular meeting of the Board would be held at the Sovereign Center at 7:00 a.m., Wednesday, October 21, 2009. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.

BERKS COUNTY CONVENTION CENTER AUTHORITY

TREASURER'S REPORT

Activity - July 2009

MEETING DATE:

Checking - Sovereign (general account)

Beginning Balance	\$55,126.40
Deposits from SMG - special project	\$0.00
Interest	0.00
Fees	-27.49
Advance - Sovereign LOC	0.00
Paydown - Sovereign LOC	0.00
Transfer from M&T Revenue Fund	0.00
Transfer to Investment Account	0.00
Checks	0.00
Transfer from Investment Account	0.00
Ending Balance	\$55,098.91

Investment Account - Sovereign

Opening Balance	\$2,189,289.96
Transfer to Sovereign General	\$0.00
Transfer from Sovereign General	\$0.00
SWAP deposit	\$3,979.70
SWAP transfer	-\$3,640.21
Bank Fees **	-\$364.84
Interest	\$464.87
Ending Balance	\$2,189,729.48

* Effective 5/1/09 - FDIC Insurance fee - 20 basis points on the average ledger balance

Total Cash Held \$2,244,828.39

Total Tax Receipts Received:

June 2009 \$118,852.66

Expenses - Bills Paid:

F&E - SC - 1611	0.00
F&E - SPAC - 1609	0.00
Legal Fees - 7500	0.00
Professional Fees - 7510	0.00
Consultants	0.00
Insurance - 7570	0.00
Advertising	0.00
Utilities - 7605	0.00
Contributions	0.00
Maintenance - 7608	0.00
MG - Incentive Fee	0.00
MG - loan	0.00
Repairs - 7609	0.00
Special Project	0.00
Total	\$0.00

M&T - Bond Accounts - as of 7/09	
Debt Service Fund	
Opening Balance	\$1,412,549.40
Transfer from Revenue Fund	74,265.82
Interest	-37.99
Received from Sovereign - Interest due	0.00
Payment to Corp Trust Bondholders	-354,162.63
Transfer to Revenue Fund	0.00
SWAP Payment to Sovereign Bank	-28,804.25
Transfer from Debt Service Reserve Fund	0.00
Ending Balance	\$1,103,810.35
Balance includes:	
\$734,654.59- A/C #1854177160	
\$281,027.47- A/C #1854177170	
\$45,099.62- A/C #1854177110	
\$43,028.67 A/C #1854177100	
Special Hotel Room Tax Fund - Acct #1854177180	
Opening Balance	\$241,027.31
Transfer from Revenue Fund	\$0.00
Interest Paid to Sovereign Bank	\$0.00
Interest	-10.82
Ending Balance	\$241,016.49
Revenue Fund - Acct #1854177060	
Opening Balance	\$66,260.51
Transfer from Special Hotel Room Tax	\$0.00
Transfer from Debt Service Fund	\$0.00
Transfers to Sovereign Gen Acct	0.00
Transfers to Debt Serv Fund	-74,265.82
Interest	1.04
Hotel Tax Receipts	74,141.54
UCC Continuation Fees	0.00
Transfer Excess Funds to Sovereign	-66,137.27
Ending Balance	\$0.00
Monthly Hotel tax receipts are deposited to this fund)	
JS Government Money Market Accounts)	

Berks County Convention Center Authority

Hotel Tax Receipts paid to the Authority	
July 1, 2008 - June 2009	
July 2008	\$132,807.36
Aug	\$133,268.95
Sep	\$119,808.94
Oct	\$117,949.41
Nov	\$90,507.63
Dec	\$76,749.34
Jan 2009	\$68,325.78
Feb	\$76,159.35
Mar	\$89,272.62
Apr	\$89,322.94
May	\$74,141.54
June	\$118,852.66
Total	\$1,187,166.52

Berks County Convention Center Authority

<u>Hotel Tax Receipts paid to the Authority</u>				
January 1, 2009 - December 31, 2009				
	2009		2008	Variance
Jan	\$68,325.78		\$93,777.50	-\$25,451.72
Feb	\$76,159.35		\$87,736.62	-\$11,577.27
Mar	\$89,272.62		\$99,729.95	-\$10,457.33
Apr	\$89,322.94		\$111,982.93	-\$22,659.99
May	\$74,141.54		\$109,734.34	-\$35,592.80
Jun	\$118,852.66		\$129,786.84	-\$10,934.18
July	\$0.00		\$132,807.36	\$0.00
Aug	\$0.00		\$133,268.95	\$0.00
Sep	\$0.00		\$119,808.94	\$0.00
Oct	\$0.00		\$117,949.41	\$0.00
Nov	\$0.00		\$90,507.63	\$0.00
Dec	\$0.00		\$76,749.34	\$0.00
Total - PTD - thru June 2009	\$516,074.89		\$632,748.18	-\$116,673.29

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
WEDNESDAY, OCTOBER 21, 2009**

The regular meeting of the Board of Directors (the "Board") of the Berks County Convention Center Authority (the "Authority") was called to order at 7:00 a.m. in the SMG Board Room, the Sovereign Center, 700 Penn Street, Reading, Pennsylvania.

The following members were present:

Mr. P. Michael Ehlerman (by phone)
Mr. Albert Boscov
Mr. Michael Fiucci
Mr. Brian D'Amico
Mr. John Ernesto
Mr. Carl Herbein

Mr. Burlee Adams was absent.

The meeting was chaired by Mr. Carl Herbein.

Also present:

Mr. Zane Collings, SMG
Mervin A. Heller, Jr., Esquire, Leisawitz Heller Abramowitch Phillips, P.C.
Mr. Matt Salkowski, SMG
Mr. Vaughn Spencer, Council President, City of Reading
Mr. Charles Broad, Reading DID
Mr. Larry Shaub, Reinsel Kuntz & Leshner, LLP
Mr. Kevin Barnhardt, Berks County Commissioner
Ms. Hope Parkin, SMG
Mr. Donald Spatz, Reading Eagle

The Chairman declared that a quorum was present and proceeded with the meeting.

Chuck Broad appeared on behalf of the Reading DID and wanted to make sure that the annual request for funding had been received and was considered by the Board. In response to this request, he was informed that it was in the BCCCA budget for this year.

Upon a motion duly made and seconded, the minutes of the regular meeting of the board of August 19, 2009 were unanimously approved.

TREASURER'S REPORT

Mr. Herbein delivered to the meeting the Treasurer's Report, which was distributed. Mr. Herbein advised that an audit of the past fiscal year's financials was completed and introduced Larry Shaub of Reinsel Kuntz & Leshner, the BCCCA Auditor, to report on the audit. Mr. Shaub

stated that it was a clean, unqualified opinion with no exceptions and then proceeded to outline the remainder of the report. In addition, he covered both the audit and the financial report that he highlighted which was distributed to the members of the Board. Upon completion of Mr. Shaub's report, there was as motion to accept the report of the audit, which was unanimously passed.

Mr. Herbein then continued his Treasurer's Report by reporting that the Authority was still in a good cash position because of the required reserve funds that the Authority has maintained. On a calendar basis, the hotel occupancy tax was down 11.9%, showing a loss of \$155,184.02. On a fiscal year, the drop was 13.2%. Despite the loss in tax revenue, he reported that the Authority was ahead of budget through September in revenue at both the Sovereign Center and SPAC.

Upon a motion duly made and seconded, the Board unanimously approved the Treasurer's Report, as well as the approval of all the bills that have been paid.

SOLICITOR'S REPORT

Mr. Heller reported that there was no significant activity since the last meeting.

MANAGEMENT REPORT

Zane Collings reported that 2 suites did not renew and that advertising sales will be off by approximately \$100,000 from the previous year. There are 5-1/2 open suites, and they are still aggressively trying to market them. There will be a series of package deals put together to enhance the sale of the unsold suites. The performances and shows at the Sovereign Center have a full calendar, with a great balance of shows. Ticket sales are better than expected, but are still a challenge. Hope Parkin expressed a concern about suite sales and advertising sales, but there is still a strong possibility of making budget.

Matt Salkowski reported that hand sanitizers have been placed throughout the facility because of the swine flu virus, and that for emergencies the Sovereign Center has agreed to be the "safe haven" for the 10th & Elm Grade School in Reading.

Zane Collings completed his report by stating that the Allentown Arena was still a possibility, and that if constructed, would affect the operational ability of the Sovereign Center because there are only so many entertainment shows that can be booked in one area. It would put Hershey, Reading and Allentown in direct competition for those entertainment shows. He further reported that despite the difficult economic times, attendance at both the Sovereign Center and SPAC is up, but part of this is because promoters are "papering the house". He did not enter into an electric cooperative at the present time because he feels the cost for the arena for electricity could be an increase of 38% at the Sovereign Center and 42% at SPAC. He felt it was better to wait and see how the market will play out before committing to an electric purchase strategy.

It was then announced that there would be a brief Executive Session to discuss a lease, and that there would be no official action taken, and upon the conclusion of the Executive Session, the meeting would adjourn.

There being no further business before the Board at the public session, the Chairman announced that the next regular meeting of the Board would be held at the Sovereign Center at 7:00 a.m., Wednesday, December 16, 2009. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.

BERKS COUNTY CONVENTION CENTER AUTHORITY	
TREASURER'S REPORT	
Activity - September 2009	
MEETING DATE: October 21, 2009	
Checking - Sovereign (general account)	
Beginning Balance	\$107,379.58
Deposits from SMG - special project	\$0.00
Interest	0.00
Fees	21.67
Advance - Sovereign LOC	0.00
Paydown - Sovereign LOC	0.00
Transfer from M&T Revenue Fund	0.00
Transfer to Investment Account	0.00
Checks	20,000.00
Transfer from Investment Account	0.00
Ending Balance	\$87,357.91
Includes "Bosco Statue" maintenance fund in the amount of \$11,220.23)	
Investment Account - Sovereign	
Opening Balance	\$2,190,399.28
Transfer to Sovereign General	\$0.00
Transfer from Sovereign General	\$0.00
SWAP deposit	\$3,176.99
SWAP transfer	\$3,467.65
Bank Fees **	\$365.01
Interest	\$449.98
Ending Balance	\$2,190,193.59
* Effective 5/1/09 - FDIC Insurance fee - 20 basis points on the average ledger balance	
Total Cash Held	\$2,277,551.50
Hotel Tax Receipts Received:	
August 2009	\$119,846.79
Expenses - Bills Paid:	
F&E - SC - 1611	0.00
F&E - SPAC - 1609	20,000.00
Legal Fees - 7500	0.00
Professional Fees - 7510	0.00
Consultants	0.00
Insurance - 7570	0.00
Advertising	0.00
Utilities - 7605	0.00
Contributions	0.00
Maintenance - 7608	0.00
SMG - Incentive Fee	0.00
SMG - loan	0.00
Repairs - 7609	0.00
Special Project	0.00
Total	\$20,000.00

M&T - Bond Accounts - as of 9/09	
Debt Service Fund	
Opening Balance	\$1,126,639.13
Transfer from Revenue Fund	70,098.76
Interest	1.19
Analysis Fee	-40.66
Received from Sovereign - Interest due	0.00
Payment to Corp Trust Bondholders	-13,052.20
Transfer to Revenue Fund	0.00
SWAP Payment to Sovereign Bank	-27,229.40
Transfer from Debt Service Reserve Fund	0.00
Ending Balance	\$1,156,416.82
* Balance includes:	
\$734,570.06- A/C #1854177160	
\$281,027.47- A/C #1854177170	
\$62,957.23- A/C #1854177110	
\$77,862.06 A/C #1854177100	
Special Hotel Room Tax Fund - Acct #1854177180	
Opening Balance	\$241,005.94
Transfer from Revenue Fund	\$0.00
Analysis fee	-\$10.47
Interest Paid to Sovereign Bank	\$0.00
Interest	0.00
Ending Balance	\$240,995.47
Revenue Fund - Acct #1854177060	
Opening Balance	\$50,146.43
Transfer from Special Hotel Room Tax	\$0.00
Transfer from Debt Service Fund	\$0.00
Transfers to Sovereign Gen Acct	0.00
Transfers to Debt Serv Fund	-70,098.76
Interest	1.57
Hotel Tax Receipts	107,718.79
UCC Continuation Fees	0.00
Transfer Excess Funds to Sovereign	0.00
Ending Balance	\$87,768.03
Monthly Hotel tax receipts are deposited to this fund)	
US Government Money Market Accounts)	

Berks County Convention Center Authority

Hotel Tax Receipts paid to the Authority				
January 1, 2009 - December 31, 2009				
	2009		2008	Variance
Jan	\$68,325.78		\$93,777.50	-\$25,451.72
Feb	\$76,159.35		\$87,736.62	-\$11,577.27
Mar	\$89,272.62		\$99,729.95	-\$10,457.33
Apr	\$89,322.94		\$111,982.93	-\$22,659.99
May	\$74,141.54		\$109,734.34	-\$35,592.80
Jun	\$118,852.66		\$129,786.84	-\$10,934.18
July	\$107,718.79		\$132,807.36	-\$25,088.57
Aug	\$119,846.79		\$133,268.95	-\$13,422.16
Sep	\$0.00		\$119,808.94	\$0.00
Oct	\$0.00		\$117,949.41	\$0.00
Nov	\$0.00		\$90,507.63	\$0.00
Dec	\$0.00		\$76,749.34	\$0.00
Total - PTD - thru Aug 2009	\$743,640.47		\$898,824.49	-\$155,184.02
			\$1,303,839.81	

BERKS COUNTY CONVENTION CENTER - SUMMARY OF BILLS - SEPTEMBER & OCTOBER 2009

MEETING DATE OF	VENDOR	DESCRIPTION	AMOUNT	INVOICE NUMBER	INVOICE DATE	PAID	CK #	EXPENSE ACCT	EXPENSE DESCRIPTION
UNPAID BILLS FOR APPROVAL @ OCTOBER 21, 2009 MEETING:									
	City of Reading	water/sewer - Pearle - September	\$ 288.28		10/07/09				Utilities
	Reinsel Kuntz Leshner	partial billing - 6/30/09 audit	\$ 4,000.00	72849	09/30/09				Prof Fees
	Sovereign Performing Arts	soffit repair	\$ 1,616.00	1110	09/23/09				Repairs
		TOTAL	\$ 5,904.28						
PAID BILLS:									
PAID IN OCTOBER 2009:									
	M&T Investment Group	Annual fee - Hotel Room Tax Revenue Bond	\$ 2,600.00		08/15/09	10/2/2009	2015		Prof Fees
		Annual fee - Hotel Room Tax Revenue Bond	\$ 3,120.00						
			\$ 5,720.00						
	Leisawitz Heller	General Business	\$ 437.50		09/04/09	10/2/2009	2016		Legal
	City of Reading	water/sewer - Pearle -	\$ 288.25		09/09/09	10/2/2009	2017		Utilities
	Reinsel Kuntz Leshner	partial billing - 6/30/09 audit	\$ 9,500.00	71944	08/31/09	10/2/2009	2018		Prof Fees
		TOTAL	\$ 15,945.75						
PAID IN SEPTEMBER 2009:									
	Burkey Construction	SPAC - reconstruct 1st floor ceiling & soffit	\$ 20,000.00	07-02	07/22/09	9/11/2009	2014		FFE - SPAC