

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, APRIL 16, 2020**

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, Santander Arena, 700 Penn Street, Reading, Pennsylvania. The meeting was also conducted via Zoom Meeting due to the Coronavirus pandemic.

The following members were present:

Mr. P. Michael Ehlerman
Mr. John Ernesto
Mr. Michael J. Gombar, Jr., Esquire
Mr. Michael Fiucci
Mr. Izzy Gonzalez
Ms. Michele Richards

The meeting was chaired by Mr. Ehlerman.

Also present:

Mr. Matthew Mayer, Esquire, Leisawitz Heller Abramowitch Phillips, P.C.
Ms. Christina Gilfert, SMG
Mr. David Farrar, Reading Royals
Mr. John Long, Reading Royals

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

PUBLIC COMMENTS

There were no comments from the public.

APPROVAL OF MINUTES

Upon a motion duly made and seconded, the minutes of the regular meeting of the Board of February 20, 2020 were unanimously approved.

SOLICITOR’S REPORT

Mr. Mayer had no comments for the Board.

ASM GLOBAL FINANCIAL REPORT

Ms. Gilfert provided the Board with an update on the ASM Global financials and projections, which were provided to the Board in advance of the meeting. She provided the Board with a cash flow analysis and noted that ASM Global will need between \$250,000 -

\$300,000 in cash for the remainder of the fiscal year. Ms. Gilfert further noted that ASM Global will need the aforementioned cash beginning in late April/early May to meet its obligations. Mr Ehlerman add that Ms. Gilfert's cash projections did not include capital expenditures, which would constitute another \$175,000 - \$180,000. Ms. Gilfert noted that as of the end of February, the operations of the Arena and SPAC are showing a combined loss of \$337,980, as compared to a budgeted profit of \$7,656. Ms. Gilfert further advised that based on the foregoing figures and the effects of the Coronavirus pandemic, she is projecting a total fiscal year loss of \$791,396.

Mr. Farrar discussed some changes with ASM Global's workforce in light of the Coronavirus pandemic. He advised the Board that all part-time employees of ASM Global have been laid off. He noted that ASM Global still has 11 full-time employees. Four of the 11 full-time employees were furloughed 2 weeks ago, but ASM Global is still paying for their healthcare and any accrued vacation days that the employees have, which are being applied during the furlough period. Mr. Farrar noted that the other 7 full-time employees are alternately working every other week, with the exception of Mr. Farrar, Ms. Gilfert and the ticketing manager, who are working every day. Notwithstanding the foregoing, Mr. Farrar noted that the ticketing manager's work schedule will be reduced when all of the ticket refunds from Jazz Fest have been completed.

ROYALS FINANCIAL REPORT

Mr. Long provided the Board with an update on the Reading Royals financials and cash flow analysis, both of which were provided to the Board in advance of the meeting. He advised the Board that the Royals applied for and received a Paycheck Protection Program loan under the CARES Act in the amount of \$99,400. He advised that these loan funds will be used for payroll and will help cover the Royals costs through the end of the fiscal year. He did advise the Board that based on his projections, the Royals will need approximately \$50,000 in cash in June 2020. Mr. Long further advised the Board that even with the shortened hockey season, the Royals year end figures will be better than projected. He also noted that due to the shortened hockey season, the Royals have a lot of giveaways and promotional products that will be saved for next year and help reduce costs for next season.

Upon a motion duly made and seconded, it was unanimously moved to approve the Royals application for the Paycheck Protection Program loan.

TREASURER'S REPORT

The Treasurer's Report, which contained the financials for the months of February and March 2020, was provided to the Board in advance of the meeting. In reviewing the financials, the Authority had an increase in cash of \$69,913.00 in February resulting in total cash held of \$2,175,872.91 and a decrease in cash of \$232,336.33 in March resulting in total cash held of \$1,943,536.58.

Mr. Ehlerman discussed with the Board how the closures due to the Coronavirus would affect the Authority's finances. Mr. Ehlerman advised the Board that the Authority would have sufficient cash through the end of the fiscal year and he projects the Authority will have approximately \$850,000 in cash at the end of June 2020. He did note that that the Authority will

have cash flow issues beginning in the first quarter of the next fiscal year. He advised the Board that the Authority would need to use its \$1,000,000 line of credit, which will help get the Authority through the first half of the next fiscal year, but he is concerned about the second half of the next fiscal year. He noted that due to the Coronavirus closures, there will not be any income for the Authority from events in the Arena or SPAC, until ~~the Fall/Winter of 2020~~ most likely ~~June 2020~~ at the earliest. In addition, he discussed the effect the Coronavirus has had on the hotel occupancy and hotel taxes. For March 2020, he expects the hotel taxes to be approximately \$35,000, which is 25% of the total for March 2019. He further expects the Authority to see little, if any, hotel tax receipts for April, May or June of 2020, which will have a significant impact on the Authority's cash position.

After further discussion on the financial situation of the Authority, the Board agreed it would be prudent to contact the City, County and Judy Schwank in an effort to obtain financial assistance. The Board also discussed its budget for the next fiscal year and agreed upon a date of June 4, 2020 at 4:00 pm for a Budget Workshop.

Upon a motion duly made and seconded, it was unanimously moved to approve all bills paid and to pay all bills listed that are scheduled to be paid. Secondly, upon a motion duly made and seconded, the Treasurer's Report was unanimously approved.

ROYALS/SMG UPDATE

Mr. Farrar provided the Board with an update on the SMG and Royals operations.

Mr. Farrar advised the Board that since the Royals' season has been cancelled, all payments to the hockey players have ceased which helps maintain the Royals cash flow. He advised the Board that the Royals are working on ticketing for next year and averaging about \$10,000/week, which is slightly behind last year. He is also working on sponsorships for next year, and is concerned about the level of sponsorships due to the financial issues facing businesses as a result of the Coronavirus pandemic. Finally, he advised the Board that they are working on plans for next year since it is the Royals' 20th anniversary season.

Mr. Farrar also provided the Board with an update on the Arena and SPAC. As previously noted, ASM Global is cutting expenses and furloughing people in response to the Coronavirus pandemic. He advised the Board that only 2 shows were cancelled due to the Coronavirus pandemic and that most other shows have been postponed until the Fall. He advised the Board that there are no events for April or May and that a lot of events scheduled for June are postponing. He advised the Board that August, September and October should be very busy months for the Arena and SPAC, but he is still worried about the ability to have large crowds at that time due to Coronavirus concerns.

PEARLE BUILDING UPDATE

Mr. Ehlerman provided the Board with an update regarding the Pearle Building. He advised the Board that no activity has occurred and the punch list has not been completed yet. He advised the Board that the City has agreed to the required modifications to the sidewalk in

front of the Pearle Building to meet handicap requirements, which will proceed as soon as construction is allowed by Governor Wolf's order.

SCHOLARSHIP REPORT

Mr. Fiucci advised the Board that he received 5 Scholarship applications with 1 applicant being very qualified. After discussing the scholarship program, the Board unanimously decided that in light of the potential financial concerns for the Authority, no scholarship will be awarded this year.

CHAIRMAN'S REPORT

The Chairman discussed the Board appointments and noted that several Board members' appointments will need to be renewed this year.

The Chairman advised all Board members to complete the State Ethics form and provide a copy of it to Mr. Mayer.

In light of its potential financial concerns, after some discussion, the Board unanimously decided to cancel all support to outside organizations for the next fiscal year.

The Chairman noted that the Board was going to go into an executive session to discuss a potential litigation matter and that the meeting would not reconvene after the executive session.

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 Santander Arena at 7:00 a.m., on June 18, 2020. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.