

**BERKS COUNTY CONVENTION CENTER AUTHORITY  
MINUTES OF THE REGULAR MEETING OF  
THURSDAY, JUNE 18, 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 following members were present:

Mr. P. Michael Ehlerman  
Mr. Michael J. Gombar, Jr., Esquire  
Mr. Michael Fiucci  
Mr. Izzy Gonzalez  
Ms. Michele Richards  
Mr. John Ernesto (participated via phone)

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 April 16, 2020 were unanimously approved.

**ASM GLOBAL FINANCIAL REPORT**

Ms. Gilfert provided the Board with an update on the ASM Global financials and projections. Ms. Gilfert noted that the Arena and SPAC have a combined loss of approximately \$665,000 through May of this fiscal year, which is significantly over the budgeted and prior year figures. She also advised the Board that the projection for the combined operations of the Arena/SPAC for the end of the fiscal year is a loss of \$750,000, which is slightly lower than the previously projected loss of \$790,000.

## ROYALS FINANCIAL REPORT

Mr. Long provided the Board with an update on the Reading Royals financials and projections. He advised the Board that he is still working on closing the books for May, but that through April, the Royals are doing better than projected from a profit/loss perspective and that the Royals cash flows are tracking with the projections.

## TREASURER'S REPORT

Ms. Richards provided the Board with the Treasurer's Report, which contained the financials for the months of April and May 2020, and reviewed the report with the Board. Ms. Richards noted that the Authority had a decrease in cash of \$71,383.99 in April resulting in total cash held of \$1,872,152.59 and an increase in cash of \$57,490.84 in May resulting in total cash held of \$1,929,643.43. Notwithstanding the foregoing, Ms. Richards noted that a large portion of the cash, \$926,107.38, is being held in the Authority's bond fund and therefore is not available for use by the Authority.

Ms. Richards provided the Board with an update on the hotel tax receipts paid to the Authority for February and March 2020. She advised that the hotel tax receipts for February were \$109,760.46, which was a decrease of \$56,353.96 compared to February 2019. She further advised the Board that the hotel tax receipts for March were \$86,537.60, which was a decrease of \$49,804.95 compared to March 2019. Ms. Richards noted that February and March is the beginning of the time in which she expects the hotel tax revenues to be significantly lower due to the Coronavirus pandemic. Mr. Ehlerman added that the preliminary hotel tax receipts for April are approximately \$80,000, but he noted that roughly \$30,000 of that figure is attributable to the collection of delinquent hotel tax receipts from previous months. As a result, he said April is likely the first month in which the Authority will not receive the \$70,000 which it needs to cover its monthly principal and interest payments for its bond financing.

Ms. Richards and Mr. Ehlerman provided the Board with an update on their conversations with PNC Bank regarding issues with the Authority's bond financing. They advised the Board that PNC Bank has agreed to defer the Authority's principal payment on its bond financing for six months from July 1, 2020 to January 1, 2021, provided that the Authority continues to pay it monthly interest and swap fees. They noted this doesn't necessarily help the Authority's cash flow as the approximately \$650,000 required for the principal payment must remain in the Authority's bond account and cannot be used by the Authority for other expenses. As a result, Ms. Richards has requested that the principal payment be deferred completely and added to the end of the bond financing term, but she is waiting for a response from PNC Bank on this request. They also advised the Board that Authority's bond account contains approximately \$300,000 in excess funds over and above the \$650,000 needed for the next principal payment. They have requested that PNC Bank allow the Authority to remove these excess funds so that the funds can be used by the Authority for other expenses and they are awaiting a response from PNC Bank.

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.

## BUDGET UPDATES

Mr. Long provided the Board with an update on the Royals budget for next fiscal year. He said the budget is very lean and the Royals are continuing to furlough employees to keep expenses low. They expect the hockey season to start in December as opposed to October due to the Coronavirus pandemic, but a final decision will be made at the ECHL Board of Governors meeting on June 23, 2020.

Ms. Gilfert provide the Board with an update on the Arena/SPAC's budget for next fiscal year. Currently, she is budgeting for a combined loss of \$1,100,000.00 for the next fiscal year. She advised that they continue to cut expenses in order to decrease the projected losses and there may be some room to cut more expenses in the next year.

Mr. Ehlerman advised the Board that the Authority should have sufficient cash to cover the proposed budgets for the next fiscal year, but it will be tight.

Upon a motion duly made and seconded, the various budgets for next fiscal year were unanimously approved.

## FUNDING UPDATE

Mr. Ehlerman provided the Board with an update regarding funding for the upcoming fiscal year. He advised that there have been discussions with the County and if the County gets funds through the next stage of the federal government's pandemic relief, the County will provide a portion of the funds to the Authority. He further noted that Customers Bank has agreed to match any funds provided by the County to the Authority, via a grant or loan, to assist the Authority with its cash flow issues. Mr. Ehlerman noted that Customers Bank is also talking to the City in an attempt to have the City provide some additional funding to the Authority. Finally, Mr. Ehlerman said that the Authority's alternative plan would be to refinance its current bonds which would provide some additional cash for the Authority.

## SOLICITOR'S REPORT

Mr. Mayer advised the Board that he sent a letter to the County Treasurer requesting that pursuant to the County Ordinance, the County distribute up to \$70,000 of all hotel tax receipts for the upcoming months to the Authority, regardless of whether this is in excess of the Authority's allotted 79%, due to the Authority's cash flow issues. He further advised the Board that he is working with Paul Bradshaw, the Assistant County Solicitor to resolve this issue, but there has been no decision at the current time.

Mr. Mayer also advised the Board that he will be speaking with Mike Setley and Customers Bank regarding a possible refinance of the Authority's current bond issue. He will report back to the Board with any updates.

## ROYALS/ASM GLOBAL UPDATE

Mr. Farrar provided the Board with an update on the Arena/SPAC and Royals operations.

Mr. Farrar noted that all events in the Arena have been cancelled or postponed through December 2020. He said some events have been rescheduled for next year, but he is continuing to work with promoters on rescheduling. Mr. Farrar further advised the Board that SPAC has some events still planned for October through December, but he is unsure if these events will occur due to the Coronavirus pandemic. He advised the Board that the Arena/SPAC continues to furlough employees to keep costs down. He also advised the Board that he has been looking at alternate ideas, such as parking lot concerts as a source of income.

As previously stated, Mr. Farrar advised the Board that the Royals' season is expected to start in December this year. He noted that season ticket sales are down approximately \$100,000, but that is because many season ticket holders are waiting to see what happens after the Coronavirus pandemic. He advised the Board that he has secured a deal with the Reading Parking Authority to have free parking for all season ticket holders. He also said they are continuing to work on the youth hockey program and the Kids Club for next year. The Kids Club had about 100 kids this year and they are hoping for 150-200 next year. Finally, he advised the Board that the Royals are nominated for 5 different ECHL awards for the past season.

#### PEARLE BUILDING UPDATE

Mr. Ehlerman provided the Board with an update regarding the Pearle Building. He advised the Board that, with the exception of retention funds, all monies from the Authority have been paid for the Pearle Building. He advised the Board that there is interest from Penn State Health in possibly putting a Culinary School and restaurant in the Pearle Building. He is in discussions with Penn State Health on this topic and has requested and received authority from the Board to expend some funds to conduct a virtual tour of the building for this purpose.

#### CHAIRMAN'S REPORT

The Chairman discussed the upcoming Board reappointments. He noted that Mr. Gombar, Mr. Gonzalez and Mr. Ehlerman all need to be reappointed this year. He also discussed the Board looking for a 7<sup>th</sup> Board member and nominating a person for the 7<sup>th</sup> board position to the County for approval in July. Mr. Gombar made a proposal that due to everything happening at the current time, Mr. Ehlerman remain the Chairman of the Board for 1 more year before officer changes take place.

After some discussion, upon a motion duly made and seconded, the Board unanimously approved keeping all officer positions the same with Mr. Ehlerman serving as the Chairman for an additional 1 year.

The Chairman noted that the Board was going to go into an executive session to discuss employment matters and a potential litigation matter and that the meeting would reconvene after the executive session.

After the executive session, upon a motion duly made and seconded, the Board unanimously approved Mr. Ehlerman and Mr. Gombar to engage in discussions with ASM Global regarding a possible cancellation of the ASM Global Management Agreement.

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 August 20, 2020. At 9:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.