

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, APRIL 19, 2018**

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 Santander Arena, 700 Penn Street, Reading, Pennsylvania.

The following members were present:

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

The meeting was chaired by Mr. Herbein.

Also present:

Mr. Matthew Mayer, Esquire, Leisawitz Heller Abramowitch Phillips, P.C.
Mr. Mark Wallace, SMG
Mr. Jesse Garwood, SMG
Ms. Christina Gilfert, SMG
Mr. Eric Burkey, Burkey Corporation
Mr. Ed Swoyer, Greater Reading Chamber Alliance

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 15, 2018 were unanimously approved.

PEARLE BUILDING UPDATE

Mr. Swoyer provided the Board with a packet of documents related to the proposed renovations to the Pearle Building. The packet of documents included the following: (i) an AIA Construction Manager Contract between the Authority and Burkey Corporation; (ii) an Architectural and Engineering Proposal from Entech Engineering; (iii) an Environmental Proposal and Agreement from Element Environmental Solutions; and (iv) a Report from Element Environmental Solutions regarding the environmental findings and abatement needed at the

Pearle Building. In addition to those documents, Mr. Swoyer also provided the Board with: (i) a preliminary Construction Budget and timeline prepared by Burkey Corporation and (ii) information regarding a grant from Berks Alliance for facade improvements to the Penn Street properties. Mr. Swoyer reviewed the various documents with the Board and discussed the proposed plans for the renovations of the Pearle Building.

After discussion about the Pearle Building project, subject to the further review by Mr. Ehlerman and Mr. Mayer, a motion was duly made, seconded and unanimously approved to: (i) approve the engagement of Burkey Corporation as the construction manager; (ii) approve the engagement of Entech Engineering to perform architectural and engineering services; (iii) accept an assignment of a Proposal and Agreement between Element Environmental Solutions and the Greater Berks Development Fund to initiate the environmental assessment work; (iv) accept the findings and recommendations from Element Environmental Solutions for the required environmental abatement; (v) authorize Mr. Swoyer to serve as the Authority's project representative for grant matters and RACP matters; (vi) authorize Mr. Swoyer to submit a grant application to the PA Department of Community and Economic Development under the Industrial Sites Reuse Program; and (vii) authorize Mr. Swoyer to submit a grant application to the Berks Alliance for a grant related to facade improvements.

TREASURER'S REPORT

Ms. Richards distributed and reviewed the two-month Treasurer's Report containing the financials for the months of February and March 2018. Ms. Richards reviewed and explained the report to the Board. Ms. Richards noted that there was an increase in cash in February 2018 in the amount of \$227,489.76, for a total cash balance of \$4,467,102.41. She also reviewed the March 2018 statement, which indicated an increase in cash of \$246,499.23, for a total cash balance of \$4,713,601.64.

Ms. Richards proceeded to review the hotel tax receipts for January and February 2018. She advised that the hotel tax receipts for January were \$139,776.47, which was an increase of \$5,831.73 as compared to January 2017. She further advised that the hotel tax receipts for February were \$120,754.38, which was a decrease of \$24,307.78 as compared to February 2017. Mr. Ehlerman noted that the hotel tax receipts for February 2018 were lower than February 2017 because the February 2017 receipts contained a significant portion of past due payments and Hampden Inn did not get their February 2018 payment in prior to the deadline.

Ms. Gilfert provided an update on the financial operations of the Arena and SPAC. She noted that the Arena and SPAC have produced a profit of \$112,000 as compared to the projected loss of \$36,000 and a profit of \$109,000 for the same time period in 2017. Ms. Gilfert also noted that she is projecting a profit of \$147,000 for the current fiscal year.

Upon a motion duly made and seconded, it was unanimously moved to approve all bills paid in January through April 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.

SCHOLARSHIP UPDATE

Mr. Fiucci provided an update on the scholarships. He advised the Board that we had 8 good and qualified applicants this year. Mr. Fiucci shared the applications with the Board and advised the Board that the two applicants selected were: (i) Lauren Blackwood from Kutztown HS who will be attending Temple University and majoring in Sports Management and (ii) Justin Delvecchio from Governor Mifflin HS who will be attending Penn State University and majoring in Music. He noted that the two scholarship recipients will be invited to the Authority's June meeting to be presented with the scholarships. Upon a motion duly made and seconded, it was unanimously moved to approve the award of the scholarships to these two students.

SMG REPORT

Mr. Wallace provided a report on the upcoming scheduled events for the Arena and SPAC. Mr. Wallace first thanked Ms. Gilfert and Mr. Garwood for all of their help with the recent transition of general managers for the Arena and SPAC. He advised the Board that he and Mr. Garwood will be jointly handling the booking going forward and that they just met with SMG's booking directors and they have great support from prior general managers and SMG as they move forward.

Mr. Wallace distributed and reviewed a current events list with the Board. He noted that the Arena and SPAC have a busy schedule for the next couple of months with many shows either sold out or almost sold out for April, May and June. He further advised that the Jehovah's Witnesses will be returning for 5 weekends from July through August. He also noted that he is currently working to get five Broadway shows scheduled for SPAC.

SOLICITOR'S REPORT

Mr. Mayer advised the Board that the Second Addendum to License Agreement and Trade Fixture Agreement regarding the Video Board has been fully executed by the Authority and the Reading Royals.

Mr. Mayer also discussed with the Board a letter he received from Donald VanGilder concerning a complaint about the recent Little Big Town concert. The Little Big Town concert was on a day where significant snow was forecasted for the region and while Berks County did not receive much snow, some of the surrounding counties did receive snow. The concert was not cancelled, but he was upset that people from outside of Berks County were unable to make it to the concert and were not provided a refund of their ticket purchase. Mr. Wallace is aware of this issue and discussed it with SMG who advised that if the concert is held, typically no refunds are provided. The Board authorized and advised Mr. Mayer to draft a letter back to Mr. VanGilder explaining the Arena's policy.

UPDATE ON BOARD POSITIONS

Mr. Gombar provided an update on the Board positions. He advised the Board that his appointment to the Board has been moved over to a City-appointed position. He also advised that the potential appointment of Mr. Izzy Gonzalez has been placed on hold until Mr. Gonzalez

addresses and completes all property maintenance and code issues he has with his rental properties in the City of Reading. The Board discussed this and recommended placing a timeline on Mr. Gonzalez to complete the repairs or they may need to look for another person to fill the open Board position.

READING ROYALS

Mr. Ehlerman provided an update on the status of the Reading Royals. He noted that the Royals attendance is still significantly down for the year and that he has serious concerns about the viability of the Royals. Due to the Royals being an integral part of the Arena's operations, Mr. Ehlerman has been exploring ways to remedy the Royals' problems.

Mr. Ehlerman discussed several issues concerning the Royals. As noted above, the attendance numbers are drastically down with the largest segment being group sales. He also advised that Jack Gulati, the owner of the Royals has been trying to convince the Berks County Community Foundation to purchase the Royals with a combination of fan monies.

Mr. Ehlerman has engaged a consultant to assist with resolving the Royals issues. The consultant is well versed in the hockey world having served as both an ECHL and NHL coach in the past. The consultant will review the Royals' operations, provide a report on the major issues and possible solutions and assist with the potential sale of the team and also the replacement of the general manager and operations manager. Mr. Ehlerman also advised the Board that he would like to offer the Royals a payment of \$100,000 for the next season to assist with the hiring of a new general manager and operations manager who would be approved by the Board.

Mr. Ehlerman advised the Board that Mr. Gulati made two requests of the Authority. First, he wanted the Authority to purchase the Video Board from the Royals and Mr. Ehlerman told him the Authority would not purchase it. Secondly, he requested that the Authority distribute the monies it receives from suite holders for Royals tickets as soon as it is received as opposed to on a game-by-game distribution as this will assist with the Royals cash flow. Mr. Ehlerman discussed this with the Board and the members agreed to this proposal.

Upon a motion duly made and seconded, it was unanimously moved to: (i) approve the engagement of the consultant with a fee of up to \$25,000 to review the Royals and provide a report to the Board; (ii) approve payment of the monies received by the Authority from suite holders upon receipt instead of on a game-by-game basis; and (iii) approve the commitment of \$100,000 to the Royals for next season to assist with the hiring of a new, Board-approved general manager and operations manager.

CHAIRMAN'S REPORT/NEW BUSINESS

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., Thursday, June 21, 2018. At 8:40 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.