

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, FEBRUARY 15, 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 7:25 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. David Farrar, SMG
Ms. Christina Gilfert, SMG
Mr. Izzy Gonzalez

Prior to the commencement of the meeting, the individuals listed above conducted a walk-through of the Pearle Building with Mr. Eric Burkey and Mr. Ed Swoyer to review and discuss the possible renovations to the building.

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 December 21, 2017 were unanimously approved.

PEARLE BUILDING UPDATE

Following the tour of the Pearle Building, Mr. Ehlerman provided an update on the proposed renovations to the building. Mr. Ehlerman estimated that it will likely cost the Authority \$2,000,000 to make the renovations in addition to the \$1,500,000 in RCAP funds. Mr. Ehlerman advised that if the Authority wants to proceed with the renovation of the building,

there are several tasks that can and should be started immediately. He advised that the repairs to the cupola, replacement of the roof, environmental testing and remediation, demolition and architectural/engineering were the issues he would like to begin as soon as possible. He noted that these items would cost approximately \$350,000 and he has confirmed that if the Authority spends these monies now, they will qualify for and be counted towards the RCAP fund match. Mr. Ehlerman also advised the Board that the State will retain 5-15% of the RCAP funds upon completion of the renovations until an audit is completed which usually takes a couple of months. After discussion, upon a motion duly made and seconded, the Board unanimously approved the commitment of \$350,000 for the beginning renovation tasks noted in this paragraph.

TREASURER'S REPORT

Ms. Richards distributed and reviewed the two-month Treasurer's Report containing the financials for the months of December 2017 and January 2018. Ms. Richards reviewed and explained the report to the Board. Ms. Richards noted that there was an increase in cash in December 2017 in the amount of \$175,308.26, for a total cash balance of \$4,131,155.21. She also reviewed the January 2018 statement, which indicated an increase in cash of \$108,457.44, for a total cash balance of \$4,239,612.65.

Ms. Richards proceeded to review the hotel tax receipts for November and December 2017. She advised that the hotel tax receipts for November were \$156,739.10, which was an increase of \$35,519.40 as compared to November 2016. She further advised that the hotel tax receipts for December were \$140,746.71, which was an increase of \$7,736.17 as compared to December 2016. Ms. Richards noted that the total hotel tax receipts for calendar year 2017 were \$2,089,614.60, which was an increase of \$161,029.80 as compared to calendar year 2016.

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

SOLICITOR'S REPORT

Mr. Mayer advised the Board that he had sent the Second Addendum to License Agreement and Trade Fixture Agreement regarding the Video Board in the Arena to Jack Gulati, but that he had not received any response. Mr. Ehlerman said he would address the issue with Mr. Gulati at an upcoming meeting.

READING ROYALS

Mr. Ehlerman provided an update on the status of the Reading Royals. He noted that the Royals attendance is down 22.5% for the year and that the continued existence of the Royals is a major concern for the Authority. Mr. Ehlerman advised that Mr. Gulati is looking to sell the Royals and also advised that he is meeting with Mr. Gulati next week to discuss the Royals year to date financials and a possible sale of the Royals.

MANAGEMENT REPORT

Mr. Farrar advised the Board that he will be leaving SMG as of February 16, 2018, but that Ms. Gilfert and Mr. Garwood would be handling issues until his replacement is found. Mr. Ehlerman advised the Board that he is working with Mr. Cavaliere on finding a replacement for Mr. Farrar. He also advised the Board that Mr. Farrar has done an outstanding job in his time at SMG and with the Arena/SPAC. In particular, he noted that the results for the first six months of the fiscal year for the Arena and SPAC show a loss of \$48,000 as compared to a \$267,000 loss for the same time period last fiscal year. He noted that the biggest change has been in SPAC which showed a profit of \$76,000 as compared to a loss of \$119,000 last fiscal year. The Board commended and thanked Mr. Farrar for all of his hard work with SMG and wished him well in his new employment.

Mr. Farrar advised the Board that the bookings were complete through July and both the Arena and SPAC will be busy. He advised the Board that the general manager at the Sands in Bethlehem will be assisting with booking issues until his replacement is hired. He said March will be a big month and the Slayer show in June has already sold out. He also estimated a \$100,000+ profit for the Arena and SPAC for the current fiscal year. He thanked the Board for all of their work with him during his tenure at SMG.

UPDATE ON BOARD POSITIONS

Mr. Gonzalez advised the Board that he has applied for the open City of Reading appointment on the Board. He is working through the approval process with Ms. Kelleher and City Council and said he has to resolve some building code issues in properties he owns in the city prior to being approved.

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, April 19, 2018. At 8:35 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.