

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, AUGUST 15, 2013**

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

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

Also present:

Mr. Zane Collings, SMG
Matthew Mayer, Esquire, Leisawitz Heller Abramowitch Phillips, P.C.
Ms. Hope Parkin, SMG
Mr. Jesse Garwood, SMG
Mr. Mark Wallace, Reading Royals
Mr. Vaughn Spencer, Mayor, City of Reading
Mr. Don Spatz, Reading Eagle

Mr. Albert Boscov was absent.

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

There were no comments from the public.

Upon a motion duly made and seconded, the minutes of the regular meeting of the Board of June 20, 2013 were unanimously approved.

TREASURER'S REPORT

Mr. Herbein noted that the Authority's annual audit has been started by Reinsel Kuntz Leshner and that it will be completed and presented to the Board at the October meeting.

Mr. Herbein commented that there was no improvement in the annual financials as compared to the previous fiscal year. The total losses sustained by the Authority were similar to last year and that the Authority needs to work to cut expenses and increase revenue to improve its financial situation. The lack of attendance at events, which is evidenced by a 16% decline in

attendance over the past 5 years, contributes greatly to the Authority's financial woes. Mr. Collings commented that the decline in attendance is partly attributable to the reduced availability of good talent and the increased local competition for talent, which makes it harder to obtain good-drawing acts. The Authority is working to decrease expenses and also trying to increase revenue. The Pennsylvania Roar, a minor league professional soccer team has been added for the 2013-2014 season which will feature 10 home games and will hopefully increase revenue. Additionally, suite sales are ½ suite away from the budgeted figure and there are 5-6 additional suites being contemplated, so the suite sales should exceed the budgeted figure, thereby further increasing the Arena's revenue. However, Mr. Collings noted that the Arena has many large sponsors to renew this year, which account for over \$600,000 in total sponsorship, which will be critical to maintaining or increasing revenue.

Mr. Herbein distributed and reviewed the two-month Treasurer's Report containing the financials for the months of June and July 2013. Mr. Herbein noted that the Authority had total cash held of \$852,332.55 and \$854,005.06 at the end of June and July, respectively.

Mr. Herbein advised that the hotel tax receipts continue to be positive. Upon reviewing the Treasurer's Report, the hotel tax receipts for May and June 2013 were \$145,483.40 and \$146,407.65, respectively, which represented an increase of \$28,848.29 and \$11,239.11 when compared to the same months in 2012. Mr. Herbein further noted that additional payments in the amounts of \$3,420.32 and \$12,391.38 were received for April and May, respectively, which were the result of late payments made by certain hotels. Mr. Ehlerman noted that the new legislation expanding the hotel tax to all hotels in the county, as opposed to those only within a 15 mile radius of the city, will go into effect in September and should increase the total tax receipts received by the Authority. The total tax receipts for the past fiscal year were approximately \$1,400,000, and Mr. Ehlerman estimates that the new legislation should increase the total tax receipts for the current fiscal year by at least \$100,000 to approximately \$1,500,000.

Upon a motion duly made and seconded, it was unanimously moved to approve all the bills paid within the period and to pay all bills listed that had been unpaid during this period. Further, upon a motion duly made and seconded, the Treasurer's Report was approved.

SOLICITOR'S REPORT

Mr. Mayer stated that there was no significant legal activity to report.

SPECIAL REPORT

Mayor Spencer provided the Authority with a special report concerning the City's recent purchase of 5 center city buildings and the city's acceptance into the Main Street and Elm Street programs. Mayor Spencer explained that the Main Street and Elm Street programs are designated to assist the City in securing Federal and State monies for improvements to "main" and "off-main" areas of the city, respectively. He noted both programs require a private investment of matching funds, but that this was a positive step in improving properties in the City.

MANAGEMENT REPORT

Mr. Collings introduced Jesse Garwood, who is replacing Matt Salkowski as the Operations Manager for the Arena/SPAC.

Mr. Collings noted that SMG continues to work on its grant writing program and he distributed a spreadsheet of various grants that are being considered and/or applied for.

Mr. Collings distributed the most recent event schedule for the Arena and SPAC and reported that ticket sales continue to be up and down. He further noted that the number of events is down slightly and that they are searching for additional events to try and reach a 12-month high. Mr. Collings distributed the final designs for the logo change when the facilities change from using the "Sovereign" name to the "Santander" name.

Mr. Collings noted 1 new suite contract was recently signed and that two \$25,000 advertising proposals are currently being reviewed by potential sponsors.

Mr. Wallace provided an update on the Reading Royals. He noted that season ticket sales have increased by 4% over last year, which accounts for an increase of \$40,000. He noted the next two months are critical as they will continue to push the season ticket sales in anticipation of the home opener in October. Mr. Wallace noted that they had good success with parading the Kelly Cup around the area and that several events outside Berks County are still planned. Finally, he noted that the Royals have their annual Town Meeting scheduled for August 19, 2013 at SPAC and that they are hoping for good attendance.

NEW BUSINESS

Mr. Ehlerman noted that there was no new business to discuss. 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., Thursday, October 17, 2013. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.