

**BERKS COUNTY CONVENTION CENTER AUTHORITY  
MINUTES OF THE REGULAR MEETING OF  
THURSDAY, AUGUST 16, 2012**

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 (via phone)

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. Matt Salkowski, SMG  
Mr. Mark Wallace, Reading Royals  
Mr. Donald 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 21, 2012 were unanimously approved.

**TREASURER'S REPORT**

Mr. Herbein explained that EHD placed bids for the renewal of the Authority's property insurance policies. As a result of the bids, the Authority changed insurers from Travelers Insurance Company to Philadelphia Insurance Company and saved over \$10,000 in annual premium costs. The new insurance policy provides the Authority with blanket coverage for all facilities of \$54.5 million.

Mr. Herbein distributed and reviewed the two-month Treasurer's Report containing the financials for the months of June and July 2012. Mr. Herbein noted that there were 3

miscellaneous deposits into the Authority's checking account in June, the most important of which was a \$8,257.00 donation from the Leifer family to fund the new lighting board at SPAC. Mr. Herbein further noted that two advances of \$100,000 and \$150,000 were made from the Authority's investment account to SMG and the Reading Royals, respectively, to fund losses incurred by each entity. Finally, Mr. Herbein noted that, as of July 31, 2012, the Authority had a cash balance of \$1,185,267.31.

Mr. Herbein commented that the hotel tax receipts for May and June 2012 were \$116,635.11 and \$135,168.54, respectively. Mr. Herbein noted that the hotel tax receipts for May and June 2012 were greater than May and June 2011 by approximately \$11,000 and \$20,000, respectively.

Mr. Herbein advised the Authority that the Authority's annual audit will begin August 16, 2012 and will be conducted by Reinsel, Kuntz and Leshner.

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.

#### MANAGEMENT REPORT

Mr. Collings distributed and reviewed the most recent Event Schedule. Mr. Collings noted that there are a lot of events scheduled for the Arena and SPAC, but we still need to have good attendance at each event. Mr. Collings explained that Reading's new indoor lacrosse team added six home games to the event schedule. Mr. Collings noted that Cirque de Soleil returned for four shows in October. Finally, Mr. Collings advised the Authority that sales of the subscription plans for the Broadway series in SPAC are at 97% of the 2011-12 total.

Mr. Salkowski discussed the capital improvements to the Arena/SPAC. Three new, smaller and more energy efficient wall-mounted A/C units were installed in the Arena's lounge. New house lighting is being installed in SPAC and mezzanine painting is currently occurring, and both should be completed in early September. Mr. Salkowski noted that the new sound system in the Arena has been working well. Mr. Salkowski and Mr. Collings both confirmed that they are very pleased with the amount and quality of work the Jehovah's Witnesses performed at the Arena/SPAC. Finally, Mr. Salkowski advised that the new merchandise store is approximately 60% complete and is expected to be complete prior to the Reading Royals home opener. Moreover, through a series of trades with the vendors working on the store, the approximately \$25,000 project has only cost SMG \$500.

Mr. Wallace distributed a handout and discussed the various sales and marketing efforts being made on behalf of the Reading Royals. Mr. Wallace noted that full season ticket sales are down approximately \$90,000 from 2011-12; however, \$40,000 of this reduction is tied to tickets associated with the 5.5 suites that are currently up for renewal. Additionally, the 2012-13 dollar

figure only counts paid commitments whereas the 2011-12 figure included verbal, but unpaid commitments. On a positive note, the Royals have already sold 2,400 group tickets for their first 7 games, which is a large increase from last year. Mr. Wallace noted that suite sales are down approximately \$170,000 from the 2011-12 season, but much of that is attributed to the 5.5 suites that are currently up for renewal. Mr. Wallace commented that of the 5.5 suites up for renewal, he projects 4.5 will be renewed, plus they have offers out for another 4 new suite sales. Building advertising is \$50,000 ahead of the 2011-12 season, which is in large part due to the addition of Steve Moyer Subaru as a new major sponsor. Finally, current Royals advertising revenues are approximately \$215,000. This figure is \$3,000 more than last year at this time, but still \$255,000 less than budgeted. Mr. Wallace noted that they have approximately \$225,000 in verbal commitments and he projects the Royals advertising will be between \$540,000 - \$550,000, which is \$20,000 - \$30,000 less than budgeted.

Mr. Wallace also spoke about several upcoming special marketing events. First, the annual Royals Town Hall Meeting is scheduled for August 28, 2012. This meeting will have representatives from the Hershey Bears and Washington Capitals. Second, the Royals have mailed flyers to 1,100 local company presidents/CEOs who have not previously been supporters of the Royals for a special marketing event on September 6<sup>th</sup>. The first 50 people to respond will be treated to hors d'oeuvres and drinks followed by the Barry Manilow concert in hopes of getting them to become Royals sponsors for the 2012-13 season. Finally, Mr. Collings added that the Royals are scheduling another marketing event in which they are using 2 current sponsors to host 20 previous sponsors in an effort to have them become Royals sponsors again.

Finally, Mr. Collings discussed the status of the Economic Impact Study. The study should be completed by the end of the month and Mr. Collings will present it to the Authority at the next meeting. Mr. Collings will also discuss the study at the September 5 Chamber of Commerce breakfast and possibly at other local events and through various media outlets to impress upon the local population the unrecognized impact of the Arena/SPAC.

## 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 18, 2012. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.