

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, AUGUST 18, 2016**

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. Carl Herbein
Mr. John Ernesto
Ms. Michele Richards
Mr. Michael Fiucci

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

Also present:

Mr. Matthew Mayer, Esquire, Leisawitz Heller Abramowitch Phillips, P.C.
Mr. David Farrar, SMG
Ms. Christina Gilfert, SMG

Mr. Burlee Adams and Mr. Albert Boscov were absent.

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

PUBLIC COMMENTS

There were no public comments.

CHAIRMAN’S REPORT

Upon a motion duly made and seconded, the minutes of the regular meeting of the Board of June 16, 2016 were unanimously approved.

TREASURER’S REPORT

Mr. Herbein began by reviewing SMG’s unaudited Financial Reports for the fiscal year ending June 30, 2016. He noted that SMG’s operations suffered a loss of \$181,000, which was slightly less than the budgeted loss of \$199,000. He further noted that this loss was more than the prior fiscal year, which was a loss of \$129,000.

Mr. Herbein distributed and reviewed the two-month Treasurer’s Report containing the financials for the months of June and July 2016. Mr. Herbein noted that the Authority had

normal activity during the month of June and had an increase in cash of \$128,648.90 at month's end, for a total cash balance of \$4,044,391.80. He reviewed the July statement and noted that the Authority paid its annual principal payment to the bondholders in the amount of \$601,000. This large payment resulted in a decrease of cash in the amount of \$472,241.91 at month's end, for a total cash balance of \$3,572,149.89.

Mr. Herbein proceeded to review the hotel tax receipts for May and June 2016. He advised that the hotel tax receipts for May were \$164,430.62, which was an increase of \$21,404.07 over May 2015. He advised that the hotel tax receipts for June were \$176,527.29, which was a decrease of \$11,907.85 as opposed to June 2015. Mr. Ehlerman noted that the decrease in June 2016 is primarily due to the fact that there was a huge increase in payments in June 2015 which caused its figures to be overstated. Mr. Herbein noted that for calendar year 2016, the hotel tax receipts are \$116,797.52 greater than for calendar year 2015.

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. Secondly, upon a motion duly made and seconded, the Treasurer's Report was approved.

SOLICITOR'S REPORT

Mr. Mayer had nothing of significance to report.

MANAGEMENT REPORT

Mr. Farrar introduced Christina Gilfert, SMG's new controller, to the Authority.

Mr. Farrar distributed the latest event schedule to the Board. He noted that Marc Anthony and Eric Church are big shows that have been booked. He also noted that there are a lot of dates being held for shows in the Spring which is promising. Mr. Farrar advised the Board that there were approximately 3,500 people in attendance for the Downtown Alive concert on August 17th, which was a good showing. Mr. Farrar advised the Board that SMG paid \$309,000 in Amusement Tax for the recently ended fiscal year, which is significantly more than the \$68,000 paid by the Reading Royals. Mr. Farrar advised the Board that there is a new tax credit being provided to venues for having large name acts play in lower level venues. He said the tax credit is complicated and he will report back when he has more details to determine if it could benefit SMG and the Authority.

Mr. Farrar distributed the latest capital improvements list to the Authority. He advised that the eddy current test on the chiller went well and he foresees the chiller being operative for another 5 to 10 years. He noted that after discussions with Mr. Ehlerman, certain emergency repairs were made to replace 3 ice makers and 3 water pumps, all of which were the original items from 15 years ago, for the cost of \$16,500 and \$25,339, respectively. He also asked the Board to consider upgrading the building automation system for the heating and air conditioning to a more modern system that can be controlled from mobile electronic devices at a cost of \$60,000.

Mr. Farrar noted that the Jehovah's Witness convention has been going well and this coming weekend should be the final and largest weekend.

Upon a motion duly made and seconded, it was unanimously moved to approve the replacement of the 3 ice makers, 3 heat pumps and the upgrade of the building automation system.

NEW BUSINESS

Mr. Fiucci reported that the Authority's contract with BCTV for its monthly television show was up for renewal at a cost of \$1,000. Mr. Fiucci noted the show has been going well and he has received good reviews of the show. Upon a motion duly made and seconded, it was unanimously moved to approve the renewal of the BCTV contract at a cost of \$1,000.

Mr. Ehlerman advised the Board that he had received a call and email from Alan Shuman regarding Mr. Shuman's interest in purchasing SPAC. He advised the Board that the book value of SPAC is approximately \$6,200,000 and that Mr. Shuman was offering a purchase price between \$1,500,000 and \$2,000,000. After discussion, the Board agreed to reject any such purchase proposals from Mr. Shuman.

Mr. Ehlerman advised the Board that he had discussions with Jack Gulati of the Reading Royals regarding several requests Mr. Gulati had with regard to the Arena. Mr. Gulati requested the Authority install a removable deck at one end of the Arena. Mr. Ehlerman told Mr. Gulati the Authority would try a temporary deck and see if it is successful. Mr. Gulati requested the Authority remove the old video scoreboard from the end of the Arena to allow room for more fan space. Mr. Farrar initially got a quote of \$12,000 for the removal. SMG will work to remove the scoreboard but is seeking a much lower quote. Mr. Gulati requested the temporary use of an additional room near the locker room for the hockey team. Mr. Ehlerman advised Mr. Gulati that they could break a hole in the concrete to temporarily use a small room next to the locker room, but any such work would be solely at the Reading Royals' expense. Finally, Mr. Gulati asked about the Authority installing a weight room and Mr. Ehlerman told him no.

Mr. Ehlerman noted that there was no new business to discuss and then announced that there would be an executive session following the public session for discussion of certain legal matters and that the Board would not reconvene after that meeting.

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, October 20, 2016. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.