

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, DECEMBER 18, 2014**

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
Mr. Burlee Adams
Mr. Michael Fiucci
Ms. Michele Richards

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. Hope Parkin, SMG
Mr. Jim Arthur, SMG
Mr. Vaughn Spencer, Mayor of Reading
Mr. John Lemon, US Sound and Light Technologies

Mr. Albert Boscov was excused.

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

PUBLIC COMMENTS

Mr. John Lemon from US Sound and Light Technologies presented a proposal to the Board to upgrade the lighting in the Arena bowl and outside the facility to LED lights. He explained that a change in the light source to LED bulbs would significantly reduce the amount of energy used by the facility (approximately 50%-75% energy savings). He further noted that the new LED lights would have a more consistent color and provide more complete lighting on the Arena floor while reducing the amount of heat hitting the ice during hockey games. Mr. Lemon stated the new LED bulbs would have a 10 year warranty and an approximate bulb life of 26 years. He provided a brochure and an Estimated Savings Report which noted that the total cost would be \$72,660 and the estimated savings over a 10 year period would be \$150,840.

CHAIRMAN'S REPORT

Upon a motion duly made and seconded, the minutes of the regular meeting of the Board of October 16, 2014 were unanimously approved.

Mr. Ehlerman opened a discussion at the end of the meeting concerning a potential policy regarding the Board members receiving free tickets to events in the Arena and SPAC. Mr. Ehlerman advised that he thought the Board members accepting such tickets would give a bad impression and could be viewed negatively by the general public. As such, he proposed a policy that provided that Board members would not be provided free tickets to any events in the Arena or SPAC. After a period of discussion by the Board members, the policy was revised to contain the following exceptions: (i) Board members could accept an invitation to attend an event for free if invited as a guest of a third party who would be providing the ticket; (ii) if coordinated with Mr. Farrar, Board members would be permitted access to the Arena and SPAC on event days/nights in order to conduct a walk around, but no tickets would be provided for any events; and (iii) the free tickets to the Reading Royals that each Board member previously received from Jack Gulati would be exempt and the members could retain and use them for the current hockey season.

Upon a motion duly made and seconded, the proposed ticket policy was placed to a vote by the Board. By an affirmative vote of 4-1, the new ticket policy was approved.

TREASURER'S REPORT

Mr. Herbein distributed and reviewed the two-month Treasurer's Report containing the financials for the months of October and November 2014. Mr. Herbein noted that the sum of \$441,463.03 was transferred into the Authority's checking account from the Revenue Fund, which represented the excess hotel tax receipts after all debt service payments had been made. Mr. Herbein explained the creation of various new accounts in conjunction with the bond refinance. One of the new accounts was the Construction Fund, which contains approximately \$1,500,000 to be used for capital expenditures and repairs to the Arena and SPAC. Mr. Herbein proceeded to review the Settlement Fund which illustrated the various payments made during the bond refinancing. Mr. Herbein noted that as of the end of October, the Authority had a cash balance of \$1,536,740.34, plus the Construction Fund. Mr. Herbein reviewed the report for November and noted that all accounts in the Settlement Fund used for the bond refinancing have been reduced to zero. Mr. Herbein noted that at the end of November, the Authority had a cash balance of \$1,802,686.49, plus the Construction Fund of \$1,495,596.83.

Mr. Herbein advised that the hotel tax receipts for September and October 2014 were \$129,182.68 and \$198,240.64, respectively, and that these tax receipts were an increase of \$3,008.26 and \$43,838.88 over the same months in 2013, respectively. Mr. Herbein further noted that the total hotel tax receipts through ten months of 2014 were \$1,407,077.95 as compared to \$1,206,386.89 for calendar year 2013. He noted that this is a 16% increase over the 2013 figures, which is largely due to the hotel tax being expanded from a 15 mile radius of the city to the entire county.

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

SOLICITOR'S REPORT

Mr. Mayer advised the Authority that a worker's compensation claim filed by Scott Wietecha was recently settled. The Royals player, who suffered concussion injuries, agreed to settle the lawsuit against the Hershey Bears and Reading Royals for a total payment of \$25,000, which included a full and final settlement of all claims. The Hershey Bears agreed to pay \$12,500 of the \$25,000 and the Reading Royals paid the other \$12,500. The \$12,500 paid by the Royals was further divided in half with the Authority paying \$6,250 and SMG paying \$6,250. The \$6,250 paid by SMG was withheld from the escrow monies recently released from the sale of the Reading Royals and thereafter SMG's one-half of the remaining monies released from escrow were wired to SMG.

MANAGEMENT REPORT

In conjunction with Mr. Lemon's presentation, Mr. Farrar provided the Board with a list of various other capital improvements that are proposed for the facilities.

Mr. Jim Arthur of SMG discussed a proposal to upgrade the lighting control system in the facilities. He noted that the current system is obsolete, breaks down frequently and it is very difficult and expensive to acquire parts for and repair. He further noted that in some instances a failure of the system could be catastrophic to the building and would require a person to stand and manually control the lights. He presented a proposal from Fromm Electric to replace the lighting control system with a system similar to the system recently installed in the Allentown civic center for a total cost of \$76,060.

Mr. Farrar discussed a proposal to upgrade the computer server for the facilities. At the current time, the facilities have 2 servers, both of which are outdated and which are typically down on a monthly basis. He noted that over the past 3 years, the Authority has spent between \$10,000 and \$12,000 each year to keep the servers operating properly. Under the proposal, the two servers would be consolidated into one server installed by Lynx Technologies at a total cost of \$28,255.

Mr. Farrar next discussed a proposal to purchase a new soundboard for SPAC. He advised that at the current time the Authority is forced to rent a soundboard for events in SPAC at a cost of \$500 - \$1,000 for each event. A new soundboard would eliminate these rental costs and could be rented back to promoters in the facility and thus provide an income stream for the Authority. The total cost of the new soundboard would be \$6,295.

Finally, Mr. Farrar submitted a proposal to purchase new cocktail tables for the Arena and SPAC. At the current time, the Authority is required to rent extra tables for weddings and other large events due to the deteriorating condition of the existing tables. These new tables could also be rented back to promoters and thus become an income stream for the Authority. The total cost for the new tables would be \$14,688.

In total, the five proposed capital improvements would cost the Authority \$197,958.00. In addition to the aforementioned capital improvements, Mr. Farrar advised that he would be presenting various other capital improvements at the next meeting, including a new dasher system and upgrades to the Arena's ice plant.

Mr. Farrar advised the Board that SMG is seeking a new Director of Marketing for the facilities. He feels there are various changes that could be made to the marketing practices of the facilities and a new director would bring new life to the position.

Mr. Farrar discussed the event schedule for the facilities. He advised that there are currently 107 events on sale and they continue to look for more to book. He advised that they will be announcing a big concert promoted by Live Nation, scheduled for February 28, 2015. He noted that the two Trans Siberian Orchestra (TSO) shows have sold very well, with one already sold out and the second very close. He further noted that the TSO shows will likely gross \$500,000, which is proof that Reading can exist as its own market since TSO also played Hershey, Wilkes-Barre and Philadelphia. Mr. Farrar noted that the Slipknot and Casting Crowns shows both did very well in December with Casting Crowns grossing over \$140,000. Finally, Mr. Farrar noted that the Jehovah's Witnesses have scheduled to return for five weekends in the summer of 2015.

Upon a motion duly made and seconded, the various capital expenditures proposed by Mr. Farrar were unanimously approved.

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 Santander Arena at 7:00 a.m., Thursday, February 19, 2015. At 8:30 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.