

**BERKS COUNTY CONVENTION CENTER AUTHORITY  
MINUTES OF THE REGULAR MEETING OF  
FRIDAY, FEBRUARY 14, 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

The following members participated by telephone:

Mr. Carl Herbein  
Mr. Michael Fiucci  
Mr. Burlee Adams  
Mr. Brian D’Amico  
Mr. Albert Boscov  
Mr. John Ernesto

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. Mark Wallace, Reading Royals  
Mr. Don Spatz, Reading Eagle

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

**PUBLIC COMMENTS**

There were no comments from the public.

Upon a motion duly made and seconded, the minutes of the regular meetings of the Board of October 17, 2013 and December 19, 2013 were unanimously approved.

**READING ROYALS**

The members were previously provided with two letters of intent pertaining to offers to purchase the Authority’s membership interests in SA Hockey Associates, LLC and in turn the Reading Royals hockey team. These letters of intent were reviewed and discussed at length by the hockey committee and during a special workshop specifically concerning these items.

After these previous reviews, a motion was made to accept the revised letter of intent, evidencing Jack Gulati's intent to purchase the Reading Royals from the Authority as modified by a certain First Addendum to the Revised Letter of Intent drafted by Mr. Mayer to clarify a few terms included in the revised letter of intent. As per the motion, the Revised Letter of Intent and First Addendum were to be signed by all parties on Saturday February 15, 2014 and Mr. Gulati would be permitted to begin his due diligence investigation a week after the documents were signed.

The members discussed the sale of the Reading Royals at length. Mr. D'Amico and Mr. Fiucci expressed their concerns and reservations with selling the team, which included but were not limited to, the Authority not receiving a high enough purchase price, the offer requiring too many significant concessions by the Authority regarding rental payments and food and beverage entitlements and there being other options for the Authority to retain the team and attempt to make it profitable. Mr. Adams expressed his views in favor of selling the Reading Royals and commented that while he understood the positions of Mr. D'Amico and Mr. Fiucci, when looking at the financial situation of the Authority in the long run, he thought the sale of the Reading Royals made good financial sense. Mr. Herbein commented that selling the Reading Royals would assist in stopping the steady decrease in the Authority's cash reserves, which have been used to cover operating losses incurred by the hockey team. He also noted that although the Royals were having a very good year this year and the best in the past 3 years, the team was still expected to incur an operating loss of \$250,000. Finally, Mr. Ehlerman provided his comments. He noted that the Royals have lost \$1,200,000 over the past three years and although they are having their best year this year due to the efforts of Mr. Collings and Mr. Wallace, they will still sustain a \$250,000 loss. He remarked that the Authority can simply not continue to sustain these losses. He further noted that the Authority and the Arena are in their 13<sup>th</sup> year of existence and that he expects the Authority to have to fund some significant capital improvements to the Arena in the next 2 years or so and continuing to fund the Royals' losses will consume valuable monies to fund these projected improvements. Finally, Mr. Ehlerman noted that the original purpose of the Authority purchasing the Royals was to keep the team in Reading and even though they are now being sold, by selling them to Mr. Gulati, who is a local businessman, it is the best of both worlds as it will ensure the Royals are kept in Reading and playing in the Arena, while at the same time removing the risk to the Authority of having to cover the operating losses of the team.

Following the discussions, a motion was made and the board members voted on whether or not to accept Mr. Gulati's offer to purchase the Royals and in doing so to move forward with negotiations on a definitive stock purchase agreement with Mr. Gulati and allow Mr. Gulati to begin his due diligence. The motion passed by a vote of 5 -2, with Mr. D'Amico and Mr. Fiucci voting "no" and all other members voting "yes".

### TREASURER'S REPORT

Due to the majority of the members participating via telephone, Mr. Herbein was unable to distribute and review the two-month Treasurer's Report containing the financials for the months of December 2013 and January 2014. These financials will be discussed at the next regular meeting of the Authority.

Mr. Herbein noted that he will work with Ms. Parkin, Mr. Mayer and Mr. Ehlerman to assist with Mr. Gulati's due diligence and that he does not expect any big surprises to surface during the due diligence investigation.

#### SOLICITOR'S REPORT

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

#### MANAGEMENT REPORT

Mr. Collings distributed the most recent event schedule for the Arena and SPAC to the members physically attending the meeting and agreed to email the same to those members participating via telephone. He advised that it continues to be a busy year for SPAC, but that it has slowed down somewhat for the Arena due to various acts pushing back their performance dates or cancelling shows.

Mr. Collings noted that he received a bid of \$45,000 to fix the plaster in SPAC due to the broken water pipe. He will continue seeking bids on this problem and report back to the Board when he has more information.

Mr. Collings stated that in resolving the ice issue, he found out that both the emergency dialer and the emergency phone line need to be replaced to avoid any future issues with the ice plant chiller.

Finally, Mr. Collings noted that there are 3 full and 3 half suites open and that he may have 1 of the 3 full suites sold in the next 10 days.

Mr. Wallace reported that ticket sales for the Royals continue to be strong. They have sold over 4,000 tickets for the annual Pink in the Rink game on Saturday, February 15, 2014 and expect significant additional sales on the day of the game to get close to the 6,000 tickets that were sold last year.

#### 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, April 17, 2014. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.