

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, FEBRUARY 19, 2015**

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. John Ernesto
Mr. Michael Fiucci
Mr. Carl Herbein (via telephone)

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. Scott Lebedz, Athletica Sport Systems

Mr. Albert Boscov, Mr. Burlee Adams and Ms. Michele Richards were absent.

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

PUBLIC COMMENTS

Mr. Scott Lebedz from Athletica Sport Systems presented a proposal to the Board to replace the dasher board and glass system for the hockey rink. He explained that Athletica Sport Systems is a preferred supplier of both the NHL and AHL and that the company installs dasher board systems for over 90% of the NHL, AHL and ECHL arenas. He stated that the latest and closest installation was at the PPL Center in Allentown, PA for the Lehigh Valley Phantoms. Mr. Lebedz brought in samples of the Arena’s existing dasher board system and the proposed new dasher board system. He explained to the Board the various safety and technological changes from the Arena’s existing system to the new system. He further explained how the new dasher board system would be safer for the hockey players and improve the viewing experience for the hockey fans. Mr. Lebedz provided the Board with a proposal to replace the Arena’s dasher board system at a cost of approximately \$340,000. Mr. Ehlerman thanked Mr. Lebedz for his presentation and advised him that the Board would consider the proposal and get back in contact with him.

CHAIRMAN'S REPORT

Upon a motion duly made and seconded, the minutes of the regular meeting of the Board of December 18, 2014 were unanimously approved.

TREASURER'S REPORT

Mr. Herbein distributed and reviewed the two-month Treasurer's Report containing the financials for the months of December 2014 and January 2015. Mr. Herbein noted that the form of the report changed slightly as he added the Construction Fund which will track the money acquired in the bond refinancing that is earmarked for capital improvements to the Arena and SPAC. Mr. Herbein noted that all of the bond refinancing expenses and proceeds have been properly accounted for in the Authority's books. Mr. Herbein explained that pursuant to the terms of the bond refinancing documents when the Authority commits to capital improvements to be paid out of the Construction Fund, there is a Disbursement Request Form that must be completed and submitted to the bank in order to properly release monies from the Construction Fund.

Mr. Herbein noted that as of December 31, 2014, the Authority had a cash balance of \$3,471,725.63, which included \$1,495,615.69 in the Construction Fund. Mr. Herbein reviewed the entries for the various accounts during January 2015 and reported that as of the end of January 2015, the Authority had a cash balance of \$3,485,984.34.

Mr. Herbein advised that the hotel tax receipts for November and December 2014 were \$125,187.47 and \$90,009.31, respectively, and that the tax receipts for November were an increase of \$4,268.11 over November 2013, while the tax receipts for December were a decrease of \$28,796.47 as opposed to December 2013. Mr. Herbein further noted that the total hotel tax receipts for calendar year 2014 were \$1,622,274.73 as compared to \$1,446,112.03 for calendar year 2013, which is an increase of \$176,162.70. Mr. Ehlerman commented that the County received an extra \$358,000 in hotel tax receipts for calendar year 2014 as a result of the reporting area being expanded to the whole County, and that the Authority received approximately \$289,000 of this increased amount. Finally, Mr. Herbein noted that he is going to discuss various issues with the County Treasurer concerning the hotel tax receipts, including but not limited to, the formal audit procedures and collection of late/delinquent accounts.

Mr. Ehlerman proceeded to discuss the financials for SMG, as they are reported to the Authority. He noted that at this point in the fiscal year, SMG has incurred a loss of approximately \$258,000, as compared to a loss of approximately \$238,000 (excluding hockey operations) over the same period last fiscal year. With that said, the beginning of 2015 has been very good for SMG with January recognizing an \$85,000 profit which exceeds the budgeted loss of \$40,000 for the same time period. Mr. Herbein will add a page to future Treasurer's Reports which will provide a short summary of SMG's financials.

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 had nothing of significance to report.

MANAGEMENT REPORT

Mr. David Farrar and Mr. Jim Arthur discussed a proposal to replace the Arena's ice plant with the Board. They noted that the initial quote was \$445,000, but when the proposal was submitted the amount increased to \$592,000. They explained that part of the increase was due to the fact that the initial quote was to rebuild the existing ice plant, whereas the new proposal is to replace the ice plant with a brand new system. Mr. Farrar advised the Board that they are seeking additional quotes and will report back to the Board at the April meeting as a decision will need to be made at the April meeting in order to have the ice plant work completed during the hockey off season.

Mr. Farrar noted that the LED lights were installed in the Arena and they are working well. The new LED lights have increased the lumens and decreased the electricity drawn, but he noted that it is too early to see any cost savings over the prior lighting system. He also advised the Board that the scholarship letters have been mailed and that they will promote the scholarship via social media.

Mr. Farrar advised that the next few months are very busy for both the Arena and SPAC with a lot of big shows that have been selling well and/or selling out. Mr. Farrar advised that they sold a suite to the Doubletree Hotel which is a 3 year deal that will begin in March, and as a result, the Arena only has 2 open suites.

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 16, 2015. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.