

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, OCTOBER 18, 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. Brian D’Amico

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
Ms. Stephanie Hackash, Reading Royals
Mr. Donald Spatz, Reading Eagle
Mr. Vaughn Spencer, Mayor – City of Reading

Mr. Albert Boscov and Mr. John Ernesto were 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 August 16, 2012 were unanimously approved.

AUDIT REPORT

Larry Shaub of Reinsel Kuntz Leshner, LLP presented the audit report (the “Audit Report”) to the Board for the Authority’s 2011-2012 fiscal year. Mr. Shaub provided the Board with a detailed report and review of the financial statements contained in the Audit Report and concluded that the Authority’s financial statements present fairly, in all material respects, the financial position of the Authority. Mr. Shaub noted that the Authority’s purchase of a 50% interest in SA Hockey Associates, LLC (which operates the ECHL hockey franchise known as the Reading Royals) accounted for some changes to the Authority’s financial statements as

compared to the previous year. Mr. Shaub also presented and reviewed the Report to the Board of Directors and noted that there was nothing significant or negative to report.

TREASURER'S REPORT

Mr. Herbein distributed and reviewed the two-month Treasurer's Report containing the financials for the months of August and September 2012. Mr. Herbein noted that, as of September 30, 2012, the Authority had a cash balance of \$1,107,230.14.

Mr. Herbein commented that the hotel tax receipts for July and August were \$122,600.38 and \$118,739.74, respectively. Mr. Herbein noted that the hotel tax receipts for July and August were lower than July and August 2011 by approximately \$20,000 and \$14,000, respectively. Mr. Ehlerman noted that some of the difference in the July tax receipts was due to the fact that July of 2011 included a significant past due payment from the Ramada Inn which skewed the 2011 numbers slightly. Notwithstanding that, Mr. Ehlerman advised that tax receipts were lower for both of these months at 9 of the top 10 grossing hotels in the area, which he attributes to the general downturn of the economy and higher gas prices.

Mr. Ehlerman noted that the operating loss for the Arena/SPAC through September 2012 was approximately \$639,000 as opposed to the \$636,000 which was budgeted. He further noted that this loss was \$100,000 less than in 2011. Mr. Ehlerman also noted that the budgeted loss through December 2012 is \$691,000, and if that is met, the Arena/SPAC's loss will be \$300,000 less than in 2011.

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 Audit Report and Treasurer's Report were 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 ticket sales remain a roller coaster, with some events selling really well and others selling poorly. He noted that October is a busy month with 15 events for the month. Mr. Collings noted that SMG has engaged a Booking Coordinator and is trying some different types of events, including dinner theatres. Mr. Collings advised that advertising figures are ahead of the budgeted numbers, and as projected the Arena will meet its budgeted figures and the Royals are expected to be 5% short of its projected figures.

Mr. Salkowski advised that all capital improvements to the Arena/SPAC have been completed. The new lighting at SPAC is working great and the repainting of SPAC continues. Mr. Salkowski further noted that they are still replacing some plaster in the second floor due to water damage, which should be completed by the end of November.

Mr. Wallace provided an update on the Reading Royals. Mr. Wallace noted that season ticket sales are approximately \$28,000 short of the budgeted figures, but there are 88 full season ticket packages and 74 partial season ticket packages pending, which should allow the Reading Royals to reach the projected figures. Mr. Wallace advised that attendance figures are positive this year. The Royals home opener had 1,000 more people than last year, which included 300 more group sales. He also noted that the opening game had over 800 walk up sales, which was much better than last year. He attributes some of the increased attendance to the new affiliation with the Hershey Bears. Mr. Wallace noted that the merchandise store is completed and operational and has received good reviews. The visibility of the merchandise store has improved as the season ticket holders now enter through that area.

Mr. Collings discussed suite renewals. He noted that of the 6 suite renewals that were due, 3 have been renewed, 2 are pending and 1 is definitely not being renewed. Mr. Collings further noted that there are 6 potential customers whom they are targeting to hopefully rent the 1 suite that is not being renewed.

Finally, Mr. Collings distributed the various articles that were published in the Reading Eagle newspaper to the board and sincerely thanked Don Spatz and the Reading Eagle for the positive coverage.

NEW BUSINESS

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 Sovereign Center at 7:00 a.m., Thursday, December 20, 2012. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.