

**BERKS COUNTY CONVENTION CENTER AUTHORITY
MINUTES OF THE REGULAR MEETING OF
THURSDAY, OCTOBER 20, 2011**

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. Michael Fiucci
Mr. Carl Herbein
Mr. Burlee Adams
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
Ms. Stephanie Hackash, Reading Royals

Mr. Brian D’Amico was 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 18, 2011 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 2010-2011 fiscal year. Mr. Shaub provided the Board with 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. As stated in the Audit Report, the Authority’s net assets decreased by \$841,123 as compared to the previous fiscal year. The Authority’s long-term debt decreased by \$391,809 to \$10,656,660 outstanding as of June 30, 2011. The Authority’s operating revenues increased by 1.7% or \$68,088 to \$4,112,520 and its operating expenses increased by .6% or \$29,269 to \$4,459,776. Finally, while the Authority’s net assets decreased

by \$841,123 over the previous year, it is important to note that the Authority's net assets still exceed its liabilities for \$21,511,925, which is a useful indicator of the Authority's financial position.

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 for the financials of August and September 2011. Mr. Herbein reviewed the opening and closing balances as well as the statements of account of the Authority. Mr. Herbein pointed out that as of September 30, 2011 the Authority had a cash balance of \$1,626,253.92.

Mr. Herbein commented that the hotel tax receipts increased for July and August as compared to the 2010 figures. The hotel tax receipts were \$142,360.50 and \$132,731.51 for July and August, respectively. Mr. Herbein noted that the increase in the hotel tax receipts for July is slightly skewed as it features a significant "catch-up" payment from Ramada Inn for taxes that were not previously paid in the required months.

Mr. Herbein noted that the Authority will make a \$20,000 contribution to the Downtown Improvement District as has been done in previous years.

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 since the last meeting.

MANAGEMENT REPORT

Mr. Collings began his report by presenting a flyer produced by the Reading Eagle commemorating the 10th Anniversary of the arena. He noted that the news coverage and articles by the Reading Eagle were very much appreciated and he offered his thanks to the Reading Eagle.

Mr. Collings noted that all of the scheduled capital projects have been completed. He further stated that SMG continues to work through some issues related to the consolidation of services resulting from the Authority's purchase of the Reading Royals. In particular, SMG is trying to negotiate an early termination to its lease for the merchandise store at 645 Penn Street, but noted that if an early termination cannot be achieved, the lease will expire on June 30, 2012.

Mr. Wallace and Mr. Collings presented a joint report on the status of the Reading Royals. Mr. Wallace reported that there are currently \$626,000 worth of season ticket sales, which equates to 1,702 season tickets sold as compared to 1,774 sold in 2010. Mr. Wallace reported that the Royals have secured \$713,000 in sponsorship and market revenue toward the budgeted amount of \$1,000,000; however, this figure does not include any beer advertising monies which are expected to be approximately \$100,000. Mr. Wallace and his sales team are currently focusing on group sales and voucher book sales. Mr. Wallace reported that they have presold 2,700 tickets for the Royals' Opening Night game on Saturday, October 22, 2011, but they hope to have more people purchase tickets the night of the game. The Royals' main focus is increasing attendance for the first half of the season as the team averaged 3,500 attendees for the first half of last season as compared to an average of 5,500 attendees for the second half of the season. Finally, Mr. Wallace reported that the Royals have sold \$427,000 in suite sales of a budgeted \$436,000, but they are still working with a few entities for potential suite sales.

Mr. Collings ended his report by distributing the current event schedule for the arena and theater from October 2011 through May 2012. He noted that ticket sales are average but not overly good or bad. Most events are coming in short of the projected attendance, but are at least selling tickets.

NEW BUSINESS

Mr. Ehlerman did not have any new business for the Board.

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 15, 2011. At 8:00 a.m., upon a motion duly made and seconded, the Board unanimously resolved to adjourn.