

LUZERNE COUNTY CONVENTION CENTER AUTHORITY MEETING

JANUARY 16, 2019

The meeting of the Board of Directors of the Luzerne County Convention Center Authority was called to order at 12:02pm by Vice-Chairperson Donna Cupinski on January 16, 2019.

PLEDGE OF ALLEGIANCE, LED BY CHAIRMAN MICHELLE REILLY, WAS SAID BY ALL IN ATTENDANCE.

ROLL CALL: PRESENT: Carmen Ambrosino, Peter Biscontini, Hal Bloss (via phone), Donna Cupinski, Neal DeAngelo, Gene Rafalli, Michelle Reilly, John Ruckno, Anthony Ryba, Tom Woods, and Gary Zingaretti. ABSENT: Also present were members of the SMG Administration and Attorney Murray Ufberg, Rosenn Jenkins & Greenwald.

Vice-Chairwoman Donna Cupinski welcomed everyone to the board meeting and explained that the Chairman Ed Harry was not reappointed to the board by Luzerne County Council. She introduced and welcomed the new board members, Gene Rafalli and Peter Biscontini and stated that the Authority has a strong board. She further introduced Mr. Bob Cavalieri from SMG Corporate office in Philadelphia, Attorney Dan Taroli and Attorney Murray Ufberg, Solicitor, both from Rosenn Jenkins & Greenwald. Also present are Michael Vind, Financial Advisor, and Brian Koscelansky, Bond Counsel. They will present information during the Finance Report.

CORRESPONDENCE

There was no correspondence to report for this month's meeting.

PUBLIC COMMENTS

There were no public comment requests.

APPROVAL OF DECEMBER 12, 2018, REGULAR MEETING MINUTES

Vice-Chairman Cupinski asked for a motion to accept the board minutes as written. Motion made by Gary Zingaretti and seconded by Carmen Ambrosino to approve the December 12, 2018, Regular Meeting Minutes. ON THE QUESTION: All those in favor of the motion to accept the minutes signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

PAYMENT OF BILLS

Vice-Chairman Cupinski asked for a motion to pay all the bills as noted on the attached agenda. Motion made by Tom Woods and seconded by John Ruckno to accept the payment of bills as listed on the agenda. ON THE QUESTION: All those in favor of the motion to pay the bills listed signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

GENERAL MANAGER'S REPORT

SMG General Manager, Mr. Brian Sipe, said that Mr. Steve Poremba, Director of Marketing, would pass out the upcoming event sheet. He stated that there are a lot of varied events coming up in 2019. There are a lot of events that attract various demographics and happy about that. He informed the board that he and Donna Cupinski completed the Wi-Fi grant paperwork and forwarded it to the Redevelopment Authority and are making sure that the recommendation letters are complete and is hoping to receive good news on that project in the next few months. He mentioned that he attended some meetings with promoters and agents in New York in early January. There were about 20 meetings that were arranged by the SMG Booking Department. He is hoping to keep the momentum going with all the shows that the venue has had recently. He plans to be in Los Angeles in February and will call into the board meeting adding that if

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circumstances change and he is needed in Wilkes-Barre, he will change his plans to be present. He stated that Ms. Carrie Grantuskas will be in his chair as the Assistant General Manager. Mr. Sipe added that GailAnn Gorski is working to ensure that the two (2) new members are scheduled for the Board Member Orientation. He also informed the board that he has been asked to be on the Wilkes-Barre Chamber Board and will begin participation in a few weeks.

Vice-Chairwoman Cupinski stated that since the January meeting is considered the Annual Meeting, the incoming chairman will have the right and the power to appoint the committees. For now the committees will stay the same until others are appointed by the new Chairperson.

COMMITTEE REPORTS

CAPITAL IMPROVEMENTS & STRATEGIC PLANNING COMMITTEE

Ms. Donna Cupinski informed the board that the most pressing thing that they have going on is the Pedestrian Bridges. We were hoping for some warm weather outside to do some testing but the weather has not cooperated to allow that to happen. She explained to the new board members that the bridges had some work done on them and now the coating is a little slick so this is a work in progress. We might just have to wait until the spring to get the project complete.

FINANCE COMMITTEE REPORT

Mr. Gary Zingaretti stated that at the November 2018 board meeting, the board authorized the solicitation of bids to refinance the two (2) existing bonds that we have. Mr. Mike Vind will give a short presentation to the board, but the outcome is that the proposed debt service term will actually be lower than what is being paid today depending on the term chosen, it could be \$500,000 to \$800,000 lower over the life of the note and it includes one (1) additional year in the new scenario. It eliminates some of the restrictive covenants that are in the current notes and gives us much more flexibility.

Mr. Michael Vind, Financial Advisor, reviewed the packet of information for the Refinancing of the Bonds. There are currently two (2) long-term debt issues outstanding of about \$23,745,000. One is the 1998A and the other is the 2012 bonds. They are variable rate demand bonds which means that the interest rate fluctuates on a weekly basis. They are currently hedged with various interest rate swaps but there is a degree of risk involved with those products. There is some mismatch but they are fixed. They are secured by a letter of credit from PNC Bank, which is required for all variable rate publicly traded issues. Every three (3) years we have to go back and negotiate with PNC because they secured the bonds and it costs the authority money to do so. They extend the term for three (3) years. We want to extend that term and eliminate one of those costs and that risk that every three (3) years the costs go up or the rate changes. In December 2019 if the board doesn't do the refinance now, they will have to go back in December and refinance then. In November, the Finance Committee and board authorization, allowed them to go out into a competitive bid process to refinance the loans to local banks. Instead of doing a publicly traded bond issue, it will now be done through a bank loan scenario which reduces cost. Instead of three (3) years, they asked for seven (7), ten (10), or longer terms so the board does not have to incur the fees every three (3) years. They went out to ten (10) banks and four (4) proposals were returned with options for all three options including a fifteen (15) year loan. The fifteen (15) year option can be locked in at a rate of 3.27% right now for the fifteen (15) year term. There would be no risk of anything moving forward during that term similar to a fixed rate mortgage at 3.27%. Moving forward there would be smooth annual level payments and get rid of all the existing covenants. There would be an average reduction of \$214,000 annually through the years of 2020 through 2033. FNB is the lowest proposal at the 15 year option. Mr. Gary Zingaretti stated that the Finance Committee met prior to the board meeting and agreed unanimously to recommend approval of the resolution for the fifteen year refinancing term. Mr. Brian Koscelansky, Bond

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Counsel, explained the resolution that was placed at everyone's seat. It authorizes everything that needs to happen to go from today through the closing. Attorney Peter Biscontini asked if there is a lower rate with the ten (10) year term as opposed to the fifteen (15) year term. Mr. Brian Koscelansky stated that either the ten (10) or fifteen (15) year terms were lower than any other bank, unless the board approved a different bank for a shorter term. He added that all the documents have to be drafted and the solicitor will need to review, and if the resolution is approved today, the closing should be sometime right around the beginning of March 2019. Motion made by John Ruckno and seconded by Tony Ryba to approve the resolution to move forward with the refinancing of the 1998A and 2012 bonds to be closed on in early March 2019. ON THE QUESTION: All those in favor of the motion signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

Mr. Gary Zingaretti explained that the Authority has four (4) vehicles that are used and two (2) are 2001 and 2003 models with one that is not street worthy and the other is in pretty bad shape as well. SMG is suggesting to bring the fleet down to three (3) vehicles and replace them with one (1) new vehicle. Fortunately, the Authority is part of COSTARS, which is a state program where you are essentially guaranteed the same price that a vendor would sell to any state government agency. Some quotes were received for comparable vehicles through COSTARS and they are listed before all the board members. The Finance Committee has reviewed the quotes that were received and recommends the purchase of the 2019 Nissan Titan at a total cost of \$34,126.00 with a plow. There were bids from Ford, Chevy and Dodge that were all comparable pick-up trucks with plows. Motion made by Tom Woods and seconded by Peter Biscontini to purchase the Nissan Titan at a total cost of \$34,126.00 with a plow. ON THE QUESTION: All those in favor of the motion signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

Ms. Michelle Reilly asked what will happen to the vehicles that are being retired. Mr. Brian Sipe stated that the Nissan dealer has agreed to trade-in the two (2) retired vehicles. He added that there will be more money that the dealer will give back to the Authority.

Lastly, Mr. Zingaretti informed the board that SMG has provided the Finance committee with a budget. The committee is reviewing it now and it will be distributed to all members of the board in advance of the February meeting for approval at that meeting.

LAND DEVELOPMENT COMMITTEE REPORT

Mr. Gary Zingaretti stated that the Wilkes-Barre Township Planning Board had a meeting. Mr. Mike Wilczynski stated that the arena typically has someone attend the monthly meetings, but something came up this month and they could not get over to the meeting. He stated that he spoke to Tom Zedolik from the Township and it turns out that this meeting was not land development but sub-division. So the owner of the property presented how they would like to sub-divide the property, essentially chop it up into pieces and sell it. Nothing has changed with the development of it and next month they are supposed to return to give an updated development plan for it. This month did not affect us but Mr. Zedolik will let the arena know when the meeting is and someone will attend to see what will be changing. He did mention that the Lidl Store did back out but there are still some people interested in purchasing smaller areas of the land. They will then present what they are going to do with the property. Mr. Tom Woods asked if there will be individual lots offered for sale and was it the Planning Commission or Zoning Board. Mr. Wilczynski said that he was not sure what their intentions were but was told that the next meeting will be with the Planning Commission. He understood that they now want to sub-divide the land first before moving forward.

SUITES & CLUB SEATS COMMITTEE

Mr. Tom Woods stated that the program is still status-quo. There is nothing new to report.

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RIGHT TO KNOW

There was nothing to report this month.

OLD BUSINESS

There was nothing reported under Old Business.

NEW BUSINESS

ELECTION OF OFFICERS FOR 2019

SECRETARY of the Board for 2019

Vice-Chairwoman Cupinski asked for a motion to open nominations for Office of SECRETARY. Motion made by Gary Zingaretti and seconded by Tony Ryba to open nominations for Secretary. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. THE TABLE WAS OPEN FOR NOMINATIONS. Gary Zingaretti and Michelle Reilly nominated Tom Woods for Secretary. Vice-Chairwoman asked for other nomination three (3) times. There were no other nominations at this time. Mr. Tom Woods accepted the nomination. Motion made by Tony Ryba and seconded by Gene Rafalli to close nominations for Secretary. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. Motion made by Carmen Ambrosino and seconded by Neal DeAngelo to elect Tom Woods for Secretary. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

TREASURER of the Board for 2019

Vice-Chairwoman Cupinski asked for a motion to open nominations for Office of TREASURER. Motion made by Peter Biscontini and seconded by Gary Zingaretti to open nominations for Treasurer. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. THE TABLE WAS OPEN FOR NOMINATIONS. Gene Rafalli and Gary Zingaretti nominated Anthony Ryba for Treasurer. Vice-Chairwoman asked for other nomination three (3) times. There were no other nominations at this time. Mr. Tony Ryba accepted the nomination. Motion made by Gary Zingaretti and seconded by Neal DeAngelo to close nominations for Treasurer. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. Motion made by Neal DeAngelo and seconded by John Ruckno to elect Tony Ryba for Treasurer. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

VICE-CHAIR of the Board for 2019

Vice-Chairwoman Cupinski asked for a motion to open nominations for Office of VICE-CHAIR. Motion made by Gary Zingaretti and seconded by Tom Woods to open nominations for Vice-Chair. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. THE TABLE WAS OPEN FOR NOMINATIONS. Tony Ryba and Tom Woods nominated Donna Cupinski for Vice-Chair. Vice-Chairwoman asked for other nomination three (3) times. There were no other nominations at this time. Ms. Donna Cupinski accepted the nomination. Motion made by Tony Ryba and seconded by Michelle Reilly to close nominations for Vice-Chair. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. Motion made by Tony Ryba and seconded by Neal DeAngelo to elect Donna Cupinski for Vice-Chair. ON THE

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QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

CHAIRMAN of the Board for 2019

Vice-Chairwoman Cupinski asked for a motion to open nominations for Office of CHAIRMAN. Motion made by Michelle Reilly and seconded by Tom Woods to open nominations for Chairman. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. THE TABLE WAS OPEN FOR NOMINATIONS. Donna Cupinski and John Ruckno nominated Gary Zingaretti for Chairman. Vice-Chairwoman asked for other nomination three (3) times. There were no other nominations at this time. Mr. Gary Zingaretti accepted the nomination. Motion made by Tony Ryba and seconded by Neal DeAngelo to close nominations for Chairman. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed. Motion made by Tom Woods and seconded by Tony Ryba to elect Gary Zingaretti for Chairman. ON THE QUESTION: All those in favor signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

The newly appointed Chairman thanked everyone and stated that the board will continue to keep doing the good deeds that they have been doing and make sure that they will communicate with everyone. For now, the committee structure will stand until there is an opportunity to review, so anyone that is on existing committees will remain in those positions. With some new members on board he stated he wanted to speak with them to see where they can be added to the committee list.

RIGHT TO KNOW OFFICER

Vice-Chairman asked Chairman Zingaretti if he had anyone that he wanted to appoint to the position. He asked for a volunteer for the position. Vice-Chairwoman Cupinski explained that the position is responsible for responding to anyone that requests information under the Right to Know Law following the specific procedures and timeline for response. Many times that person works with the Solicitor regarding the responses. Mr. Gene Rafalli stated that through the number of boards that he sits on, either the Solicitor or an employee was responsible for the Right to Know responses because they were easily accessible to the information. Mr. Tom Woods explained that the Authority has no employees so it is usually a board member that makes the response. Attorney Peter Biscontini said that he would volunteer to be the Right to Know Officer for 2019. Vice-Chairwoman Cupinski stated that it is an appointment by Chairman Zingaretti so there is no need to vote on that position.

Vice-Chairwoman reminded all board members that their Statement of Financial Interest forms are included in their agenda packets. They need to be filled out by all current board members and solicitor as well as the immediate past board members from 2018. They need to be on file by May 1, 2019.

There was no other New Business to discuss.

GOOD OF THE ORDER

Vice-Chairwoman Donna Cupinski informed the board that since Ed Harry and Frank Conyngham are no longer on the board, a resolution was written for both of them in recognition of all their service. The resolutions will be entered as part of the minutes and each board member will receive a copy of their resolution that is approved by this board. She read the resolution for Frank Conyngham. Motion made by Michelle Reilly and seconded by John Ruckno to approve the resolution as written. ON THE QUESTION: All those in favor of the resolution for Frank Conyngham signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

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The resolution for Ed Harry was read by Vice-Chairwoman Cupinski. Motion made by Tom Woods and seconded by John Ruckno to approve the resolution as written. ON THE QUESTION: All those in favor of the resolution for Ed Harry signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

Vice-Chairwoman Cupinski informed the board that Michelle Reilly is now part of a singing duo and will be performing on January 26 at Canteen Park. She added that John Ruckno recently had surgery and she is happy that he is here to participate with us today.

There was no other items for Good of the Order.

ADJOURNMENT

Motion made by Michelle Reilly and seconded by Tony Ryba to adjourn the meeting at 12:47pm. ON THE QUESTION: All those in favor of the motion signified by saying "AYE". OPPOSED: No one opposed. ABSTAIN: No one abstained. The motion passed.

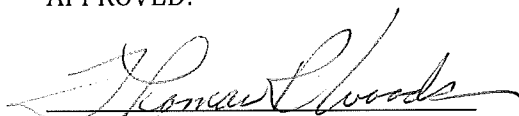
EXECUTIVE SESSION

There is no need for an Executive Session this month.

The next Regular Monthly Board Meeting is set for the second Wednesday, February 13, 2019, at noon.

The meeting was adjourned.

APPROVED:

A handwritten signature in cursive script, appearing to read "Tom Woods", written over a horizontal line.

Mr. Tom Woods
Secretary