

LUZERNE COUNTY CONVENTION CENTER AUTHORITY MEETING

AUGUST 10, 2022

The Regular Meeting of the Board of Directors of the Luzerne County Convention Center Authority was called to order by Chairwoman Donna Cupinski on August 10, 2022 at 12:05 PM. Chairwoman Cupinski asked all of those present to please silence their cell phones.

The Pledge of Allegiance, led by Tom Woods, was said by all in attendance.

ROLL CALL:

PRESENT: Carmen Ambrosino, Peter Biscontini (via telephone), Donna Cupinski, Guillermo Lara, Frank Orloski, Jr, John Pickering, Eugene Rafalli, John Ruckno, and Thomas Woods. Anthony Ryba and Lori Spencer were absent. Also present were members of ASM Global Administration – General Manager Will Beekman, Director of Finance/AGM Carrie Grantuskas, Director of Marketing Steve Poremba, and Director of Operations Jeffrey Nealon. Jerry Lynott from The Times Leader was also present.

Chairwoman Cupinski stated that we have some guests in attendance today that we will have reports from later. Guest Attendees include Brian Kostolonski (Bond Counsel), Mike Vind (Financial Advisor), and Derek Zambino and Peter Fino from Assured Partners who will talk about our liability insurance, were also in attendance.

CORRESPONDENCE:

There was no correspondence for this meeting.

PUBLIC COMMENTS:

There were no public comments for this meeting.

APPROVAL OF THE MINUTES:

Chairwoman Cupinski asked for a motion to approve the minutes of the July 13, 2022 Regular Meeting as drafted.

A motion was made by Gene Rafalli and seconded by Guillermo Lara to approve the minutes of the July 13, 2022 Regular Meeting as drafted.

Chairwoman Cupinski asked if there was any discussion and there was none.

ON THE QUESTION: All those in favor of approving the minutes of the July 13, 2022 Regular Meeting as drafted signified by saying “AYE”. **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

PAYMENT OF BILLS:

Chairwoman Cupinski asked for a motion to approve the payment of the bills (all of which are attached) totaling \$33,017.08.

A motion was made by John Pickering and seconded by Tom Woods to approve payment of the bills totaling \$33,017.08.

Chairwoman Cupinski asked if there was any discussion and there was none.

ON THE QUESTION: All those in favor of the motion to approve the payment of bills totaling \$33,017.08 signified by saying “AYE”. **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

Chairwoman Cupinski stated that we are going to deviate a little from the agenda so that we can get our guests out of here in a timely manner.

FINANCE COMMITTEE:

Tom Woods reported that we have Mike Vind from Financial Solutions with us. Mike has an update. Mike stated that they got FNB to commit to something yesterday (verbally). Carrie Grantuskas stated that there is something similar in everyone’s packet that they can get rid of and Mike added one page to the packet report which are the results from talking with FNB. The first couple of slides are interest update charts. Mike stated that the Authority has one piece of debt outstanding in the amount of 21.45 million dollars, which matures in 2035. It is a variable rate loan with FNB, LIBOR based, and it is synthetically fixed through an interest rate SWAP where the all-in rate is 3.23% to 2035. It’s a very low rate and it was done at a good time in the market. LIBOR, through no fault of the Authority, is going away and the targeted date for that is June 30, 2023. The Authority is paying 3.23% rate on the current debt through final maturity. FNB is going to keep that rate, 3.23%, through final maturity and we are going to amend all of the documents with the SOFR rate, and also amend the SWAP. The SWAP is going to stay the same again at the 3.23% rate. The loan is going to be amended from LIBOR based, plus the fixed spread, to the SOFR based plus the same fixed spread. We are then going to amend the SWAP and receive the SOFR rate, instead of the LIBOR rate, and that fixed rate is going to stay at the 3.23% rate. From a debt service perspective, it is going to be neutral. We think that this is a very good outcome; we have had a lot of other clients do this. We are very comfortable recommending that the Authority move forward with this to amend the documents. There is some cost of issuance to do this; we will have to do new loan documents, new SWAP documents, the Trustee is going to have to be involved, and the Bank Counsel is going to have to be brought in to review the documents from the bank side. If the Authority is ok moving

forward, the total cost will be around \$70,000.00. That is very conservative; hopefully we will come in lower. That is going to have to come out of pocket, we cannot amortize that in the loan. The alternative is amortizing those costs in the loan; we would then have to change the rate. The rate would have to go up 15 and 17 bases points because we don't get the same tax treatment. That would cost several hundreds of thousands of dollars. (\$300,000 – 400,000) over the loan versus the \$75,000.00. There would also be larger costs of issuance because it would have to be treated as a new issuance for tax purposes. So, there is more legal tax work that goes into amortizing fees rather than paying them out of pocket.

Your choices are:

- Going through and amortizing and not coming out of pocket the cost of issuance to amend the loan. The rate would then go up and you would be paying more cost of issuance and then more interest over the life.
- We keep the exact same rate and pay the cost of issuance out of pocket.

The best thing from a financial perspective, in our opinion, is to pay the cost of issuance out of pocket, keeping the exact same rate.

If the Authority is ok with this approach, we would be back next month with a formal resolution to approve that. In the meantime, we will start drafting documents so that we can close with the bank shortly after that meeting. It's not a long process, it would just be to have the resolution circulated when its prepared and hopefully wrap it up right around the September meeting. The good news about the alternative rate is that we should not be subject to this for the remainder of the term because this is a United States regulated rate by the Federal Reserve. This should never happen again. This was supposed to happen a few years ago but it was pushed back due to COVID and the difficulties with getting things done. Originally it was supposed to go away in 2021 and now it is June 2023.

Tom Woods asked what the OTO (one time only), out of pocket, amount was. He was directed to the last bullet point on Page 9 of the presentation; \$75,000.00, hopefully a little less.

Chairwoman Cupinski stated that they mentioned getting started on paperwork and asked if the needed anything from us today. Nothing formal today other than "yes, that is good".

Gene Rafalli asked if it was a fixed rate for the term of the loan and it is.

Tom Woods asked if we take a vote on this to give them the go-ahead.

Everything will stay the same as long as we are staying with FNB and just doing the modification.

A motion to move forward with the modification of the existing loan documentation, as discussed, through FNB Bank subject to formal Board approval at September's meeting was made by Tom Woods and seconded by Gene Rafalli.

Chairwoman Cupinski asked if there was any further discussion and there was not.

ON THE QUESTION: All those in favor of the motion to move forward with the bond modification through FNB Bank, subject to formal Board approval signified by saying “AYE”.
OPPOSED: No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

Board Members complimented Brian and Mike on their presentation.

Tom Woods had nothing more to report from the Finance Committee.

NEW BUSINESS:

Derek Zambino and Peter Fino from Assured Partners presented the Proposal of Insurance.

In your packet there is a proposal that outlines the overall program.

The highlights were summarized at this time.

(This is Ed Miller’s first time missing the meeting in 22 years.)

The largest single spend is property and also the largest exposure. The property limits were increased 10%; the total overall cost of the program is up 7%. The property was re-evaluated by risk engineers. Last year (2021) the property limit was 79 million, and right now with what is going on in the world (labor and materials), that wasn’t enough in the event of total loss. Their engineers put together an analysis of the overall structure – what it’s made of, what’s inside, and their experts came back with an evaluation total of 87.6 million.

Looking at the overall portfolio of coverages, there is a first primary million-dollar limit of insurance plus a \$25 million umbrella. For any single one occurrence, you have \$26 million dollars.

The only thing that we do not have today, that was recommended last year that was not purchased, is Active Shooter/Active Assailant coverage. The only real exposure for us is seeing someone come around here with a weapon. Let’s say that nobody gets hurt, but now we have police here, we have a PR issue. We may lose events, but because there is no property damage or bodily injury in that instance, the current program will not respond to loss of income. The Active Shooter/Active Assailant Policy would respond to loss of income in the event that you lost events due to an active assailant/active shooter event. That is the only thing that we are looking at now. This is not included in the packet. It would cover for the victims, counseling for the victims, but it would also cover us (the first party) for PR relations, and for loss of events from the course of that action.

Carmen Ambrosino asked how specific are we in regard to an active shooter – does it include knife wielding assailants? It is Active Shooter/Active Assailant and it can be any type of weapon. Explosive devices are covered in the main CHUBB policy for the property and general

liability.

The cost for the coverage last year was \$15,000.00 for 5 million dollars; we are expecting it to be a little costlier now; maybe \$20,000.00 to \$25,000.00. Lower limits were below \$10,000.00 for that coverage last year.

Frank Orloski Jr asked if we can save money by making the deductibles greater and the answer is yes.

A discussion followed.

Carrie Grantuskas stated that the current insurance expires in 2 days. The Board can vote on the current limits today and an addendum can be added retroactively.

Carmen Ambrosino noted that there are several exclusions in the policy such as communicable diseases. If we push the clock back to last year and we had COVID that forced us to cancel a sold-out show, that would not have been covered, correct? Insurance is not meant to cover mass pandemics. There were a lot of claims in the insurance industry for COVID 19; 99.5% were declined or unsuccessful.

Carmen also asked about any other exclusions that we need to be aware of. The only thing that we know about is mine subsidence as it relates to change in temperature.

A discussion followed.

There is coverage available for the next Pandemic; the minimum premiums start at \$70,000.00 just to get the policy. For us, being in the event industry, it would possibly be \$100,000.00

Frank Orloski Jr. was more interested in finding out about the Active Shooter/Active Assailant and if we were to adjust the deductibles all the way down the line. We may be able to get the money to cover the policy. It is something worth investigating further.

Chairwoman Cupinski asked for a motion to accept this policy as written, with possible additions coming at a later date, at a cost of \$192,795.00 was made by Carmen Ambrosino and seconded by Tom Woods.

The umbrella premiums were very, very stable. In the market we have been seeing substantial increases, but the umbrella is stable.

Chairwoman Cupinski asked if there were any other questions, concerns, or comments.

Tom Woods asked about reviewing the deductibles and that will be done. Slides will be prepared for deductibles of 25k, 50k, and 100k.

Carmen Ambrosino asked about the General Liability Highlights – 6th item – is that D&O Insurance? No, that is a separate policy that was voted on during the last meeting. It is handled by a different insurance brokerage. With regard to bodily injury and property damage, if somebody were to blame the Board for that injury or third-party property damage you would have coverage. The bodily injury and property damage are the triggers; the D&O policy does

not have bodily injury or property damage as a trigger.

Chairwoman Cupinski asked if there were any other questions and there were not.

ON THE QUESTION: All those in favor of the motion to accept this policy as written, with possible additions coming at a later date, at a cost of \$192,795.00 signified by saying “AYE”.

OPPOSED: No one opposed the motion. **ABSTAIN:** No one abstained.

Motion carries.

Chairwoman Cupinski thanked everyone.

The Board thanked Derek and Peter for their presentation.

AN EXECUTIVE SESSION WAS HELD FROM 12:50PM UNTIL 1:18PM.

GENERAL MANAGER’S REPORT:

Thanks, Donna. Good afternoon, everyone. We are plugging along, getting the building ready for a hockey season that—believe it or not—is just around the corner. In case you missed it, the Penguins have released their 2022-2023 schedule. Their Home Opener will be October 15, and 14 of their 36 home games will be played during this calendar year—in October, November & December. We do anticipate two pre-season games being played in our venue prior to that October 15 opener, but those dates have not yet been solidified.

As far as our other events are concerned, we are gearing up for the Spa Show, which returns this weekend, Judas Priest on October 19, Keith Urban on October 20, WWE’s Monday Night Raw on November 7, and Blues Clues & You on December 15. Tickets are on sale now for all of those events. And while the concert industry as a whole seems to be rather quiet right now, we do anticipate announcing at least two more events that will take place in this calendar year, and I am so excited to tell you that our first and second quarters of 2023 are shaping up nicely. We’re really excited to share some concert news with you in the coming weeks.

Since our last meeting, we hosted the NEPA Summer Bridal Show, which was quite successful. The event organizers were very happy with the turnout. Additionally, a band called A Day to Remember set up shop in our building for six days in July. They needed some space to tech and rehearse for their upcoming tour, and we were happy to accommodate. So that kept us busy as well.

Beyond that, our staff is working hard on various projects in the building as we gear up for the fall, and at the same time, they’re trying to enjoy some “downtime.” I was joking with Jeff yesterday and told him that we don’t really have a slow season; we just have a busy season and then a busier season.

But I feel we’re in good shape thanks to the amazing staff we have in place.

Carmen Ambrosino asked about the possibility of the Arena hosting a Pickleball tournament. Will Beekman replied that it is definitely something worth looking in to.

COMMITTEE REPORTS (CONTINUED):

BUILDINGS AND GROUNDS COMMITTEE:

Chairwoman Cupinski stated that Tony Ryba is on vacation.

- The first item is that we would like the Board's blessing to send out an RFP seeking specific proposals from interested energy savings companies, often referred to as ESCOs to provide performance based operating cost reduction programs in concert with a Capital Improvement Program under the Pennsylvania Guaranteed Energy Savings Act, also known as ESA. We have been talking about ways to save energy around here as they relate to our projects. We want to send out this RFP and see what we get back. The Buildings and Grounds Committee will review it and bring it to the Board to vote on what we think is the right company to help us through this.

Chairwoman Cupinski asked for a motion to send out this RFP. John Ruckno made the motion to send out this RFP and it was seconded by Gene Rafalli.

Chairwoman Cupinski asked if there were any questions or discussions and there were not.

ON THE QUESTION: All those in favor of the motion to send out the RFP signified by saying "AYE". **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

- Chairwoman Cupinski stated that there are a series of requests for Capital Projects. We are in the process of moving the Penguins' Team Store from one end of the concourse to the other. We want to create a new concession area in the location of the old team store. This would include flooring, cabinets, countertops, lighting, and miscellaneous building materials. We are looking at a cost not to exceed \$35,000.00 to do that.

Chairwoman Cupinski asked for a motion to go ahead with that project.

Guillermo Lara made the motion to go ahead with the creation of a new concession area in the location of the old Penguins' Team Store at a cost not to exceed \$35,000.00 and the motion was seconded by Frank Orloski Jr.

Chairwoman Cupinski asked if there was any discussion or questions and there were not.

ON THE QUESTION: All those in favor of the motion to go ahead with the creation of a new concession area in the location of the old Penguins' Team Store at a cost not to exceed \$35,000.00 signified by saying "AYE". **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained

The motion carries.

Chairwoman Cupinski thanked everyone.

- The next item is a change order to the team store project. We are looking at relocating an electrical panel and rough-in wiring for outlets in the old team store. This would be part of the bigger project. The change order would be not to exceed \$6,000.00.

Chairwoman Cupinski asked for a motion to approve this change order to the team store project at a cost not to exceed \$6,000.00.

John Pickering made the motion and it was seconded by Carmen Ambrosino.

Chairwoman Cupinski asked if there were any questions or discussions and there were not.

ON THE QUESTION: All those in favor of the motion to approve the change order to the team store project at a cost not to exceed \$6,000.00 signified by saying "AYE". **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained

The motion carries.

Chairwoman Cupinski thanked everyone.

- We are looking at replacing two (2) expansion tanks, shut off valves, and fittings for the HVAC equipment at a cost not to exceed \$21,000.00.

Chairwoman Cupinski asked for a motion to replace two (2) expansion tanks, shut off valves, and fittings for the HVAC equipment at a cost not to exceed \$21,000.00.

The motion was made by Gene Rafalli and seconded by Tom Woods.

Chairwoman Cupinski asked if there were any questions or discussions and there were not.

ON THE QUESTION: All those in favor of the motion to replace two (2) expansion tanks, shut off valves, and fittings for the HVAC equipment at a cost not to exceed \$21,000.00 signified by saying "AYE". **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

- We are looking to drain and refill the hot water system pipes to complete the HVAC work on a time and materials basis at a cost not to exceed \$15,000.00

Chairwoman Cupinski asked for a motion to approve draining and refilling the hot water system pipes to complete the HVAC work on a time and materials basis at a cost not to exceed \$15,000.00

Guillermo Lara made the motion and it was seconded by John Ruckno.

Chairwoman Cupinski asked if there were any questions or discussions and there were not.

ON THE QUESTION: All those in favor of the motion to approve draining and refilling the hot water system pipes to complete the HVAC work on a time and materials basis at a cost not to exceed \$15,000.00 signified by saying "AYE". **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

- We need to replace damaged coils in an air handler at a cost not to exceed \$15,000.00.

Chairwoman Cupinski asked for a motion to replace damaged coils in an air handler at a cost not to exceed \$15,000.00.

Frank Orloski Jr made the motion and it was seconded by John Pickering.

Chairwoman Cupinski asked if there were any questions or discussions and there were not.

ON THE QUESTION: All those in favor of the motion to replace damaged coils in an air handler at a cost not to exceed \$15,000.00 signified by saying "AYE". **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

LAND DEVELOPMENT COMMITTEE (ad-hoc):

Carmen Ambrosino reported that he had three (3) items to deal with easement agreements:

- The easement agreement with Singh Realty parcel is just about ready to sign; this is the right of way given to them to share our road. It appears that all of the hurdles have been met and it is at the point of signature.
- The traffic signal easement between the Convention Center and Wilkes-Barre Township. Wilkes-Barre Township has signed it and we are ready to sign it. That should be adopted shortly.
- Community Bank will be doing some landscaping on Arena Drive and we will benefit as neighbors to the esthetics of new trees, mulch, and things of that nature. This is at no cost to us.

Chairwoman Cupinski thanked Carmen and thanks to our neighbors for doing that. Will Beekman added that the rear of the building faces the Arena.

OLD BUSINESS:

Chairwoman Cupinski stated that we had mentioned in the past that AT&T is looking to do an agreement within the Arena for the DOS system, just like we did with Verizon. This is nearing completion. It was voted on at the last meeting.

Chairwoman Cupinski asked if anyone else had any old business and they did not.

NEW BUSINESS:

Chairwoman Cupinski reported that we have a proposal for PPL – they want us to grant them a right-of-way to the back of our property to do some work and run electricity for Hobby Lobby. We just received this and what they want to do. I sent this off to Gary Taroli, and he posed some questions. I reviewed it with Will (Beekman) and we have some additional questions. Since Hobby Lobby is ready to build, they are in a hurry to get this approval.

I am asking you to tentatively approve this, with our solicitor's review, and that of the Buildings and Grounds Committee. We already had one of the attorneys review it and we will have the Buildings and Grounds Committee, along with Mary Jo (Kishel), look it over and make sure that it meets our needs and we will go from there.

Chairwoman Cupinski asked for a motion to approve this pending the review by the Buildings and Grounds Committee and Mary Jo (Kishel).

Gene Rafalli made the motion and it was seconded by Guillermo Lara.

Frank Orloski Jr stated that as we give that approval, if there are some things that we need from them that we have that discussion as part of that approval.

ON THE QUESTION: All those in favor of the motion to approve this pending the review by the Buildings and Grounds Committee and Mary Jo Kishel signified by saying "AYE".

OPPOSED: No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone.

Chairwoman Cupinski had an exciting announcement to make – Our 25th anniversary is in 2024 and we are getting started now. She spoke with Steve Barrouk (the first Authority Chairman) and we got talking and realized that that date will approach very fast. It will be November 2024. She wants to appoint a committee, outside of this Board, to get us started on some things that we are going to need to do. Featured speakers, location, those to invite, program books, and things of that nature are going to take a while. She and Steve Barrouk are going to Co-Chair this committee. Others on the committee, and it may expand in time, will be Will Beekman and

Steve Poremba, Jeff Barrett and Brian Coe from the Penguins, Lindsay Griffin from the Chamber of Commerce, Alan Stout from the Visitors' Bureau, Past Chamber President Donna Sedor, and State Representative Eddie (Day) Pashinski.

Chairwoman Cupinski asked if there was any other New Business and there was not.

GOOD OF THE ORDER:

There was nothing for the Good of the Order.

ADJOURNMENT:

Chairwoman Cupinski asked for a motion to adjourn the meeting at 1:41PM.

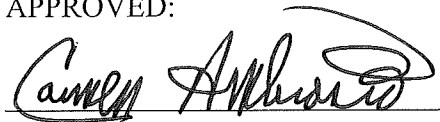
The motion to adjourn the meeting at 1:41PM was made by Tom Woods and seconded by Frank Orloski Jr.

ON THE QUESTION: All those in favor of the motion to adjourn the meeting signified by saying "AYE". **OPPOSED:** No one opposed the motion. **ABSTAIN:** No one abstained.

The motion carries.

Chairwoman Cupinski thanked everyone and stated that the next meeting is September 14, 2022.

APPROVED:

A handwritten signature in cursive script, reading "Carmen Ambrosino", written over a horizontal line.

Mr. Carmen Ambrosino, Secretary