



Erie County Gaming Revenue Authority
Minutes of the Board of Directors' Meeting
March 9, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on March 9, 2017 at the La Rue Dix; 21 west 10th Street; Erie, PA 16501. Legal Notice of the meeting was given through an advertisement appearing in the Erie Times-News. The meeting was called to order by the Chair.

ROLL CALL

Mr. Bagnoni, Mr. Barney, Mr. Domino, Mr. Paris, Mr. Sample, and Mr. Yaple. Mr. Breneman, Mr. Lee, Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

Mr. Yaple makes a motion to approve the agenda. Mr. Barney seconds the motion. Motion carries 6-0.

APPROVAL OF MINUTES – January 2017

Mr. Barney makes a motion to approve the minutes. Mr. Paris seconds the motion. Motion carries 6-0.

COMMENTS BY THE CHAIR

I would like to acknowledge, Mr. Wood, that we had a meeting with Erie County Councilman last week. The Ridge Policy Group went over with them as to the economic impact of ECGRA in the county and we have been spreading out through the state to try to reinforce our position that the Erie County Gaming Funds need to continue to come forth. Also, there is some confusion as to how much money ECGRA has available to it at this time. It's constantly in the paper and on the news how the gaming funds that are entrusted to ECGRA are one of the ways to solve all of Erie county's problems and I'm not sure that anyone is actually aware how much money we really have access to at any given time. I would like to take this opportunity to clear it up.

I've asked Perry and Diane to set up a PowerPoint with some supporting documents that help us all understand where we're at. We have the Erie County Gaming Revenue cash withholding as of February 28, 2017, that is after we see the true-up, where we get the final payment for 2016. Our total cash on hand is \$13,621,640.94, less committed funds. Those committed funds are funds that

are previously earmarked for other projects. They are in our account, but they are earmarked, and when they are drawn down, those are not ours to spend at this point. These are the committed funds in the different groups that those funds are appropriated to and that totals out to \$5,113,883.00. I asked Perry and Diane to go through, and I believe they took a five-year average of what our Gaming Funds were; given a five-year average, we are averaging \$5,451,434.00 per year. So, if we go forward with that and reduce \$5.5M from that total amount of funds available, that leaves roughly \$3M available after our funding for 2017-2018.

All of the figures are where we are at now, with absolutely no guarantee that we're going to receive any money coming forward. This is why we need to impress upon our State Legislators how important this money has been and hopefully that we will continue to receive it in Erie County. I hope that helps clear it up. Maybe there wasn't any confusion. I ask that on our balance sheet we try to break that out so there is somewhat more clarity to what funds we have and how they are available to us.

PUBLIC COMMENT

No public comment.

PRESENTATIONS

No presentation.

COMMITTEE REPORTS

- a. Treasurer's Report – Mr. Paris: We'll start with the Budget vs. Actual. We're ending our last quarter here and seem to be pretty well in line with our budget. Nothing seems to be out of order. We also have our Profit & Loss and you'll see the last quarter of payment came from the County and has all of our other expenses and interest income on here for the month of February. That we have that income which was pretty much the whole final payment from the County for the last quarter. We have our Balance Sheet that shows the money we have in our Uncommitted Funds, the Committed Funds, ErieBank Savings. Dave pretty much went over that whole balance that we have available.

Mr. Wachter: Mr. Paris, if I could note, the Balance Sheet shows Total Liabilities of \$18.8M and I wanted to make sure there wasn't any confusion with respect to what Mr. Sample had just discussed with the cash-on-hand. That Total Liabilities and Equity is a function of the \$13.6M that Mr. Sample had just detailed, and that adds the \$2.3M in the Notes Receivable from the loans that we have made and the \$2.9M from the second part of the endowment that was filled with the Erie Community Foundation. Because of the manner in which their tax rules are, we have to carry that on our Balance Sheet. That gives an additional \$5.25M, which results in the total assets there, the \$18.8M. That makes it look healthier than it is if you don't get into the details.

Mr. Wood: There is a draft budget that is in your SharePoint. We reviewed it for the first time at the Strategic Planning Meeting. This is the first time we've had an opportunity to review it as a board.

I just wanted to go over a couple line items in it with you. The Office Equipment & Furniture line item has gone down since we have completed the move to the new location. No need for such a large line item. Office Supplies have gone up slightly, \$1,500.00, to reflect this year's expenditures. Copier costs have gone up as well, from \$3,450.00. That's a reflection of

the fact that we have been printing more and more reports internally rather than sending them to the print shop

As you can see our insurance went down \$1,000.00, which I'm sure that almost never happens, so we should cross our fingers and be happy about that. Those are the major differences in the line items. There is the Salaries & Wages Section that is set to reflect a 3% increase across the board for employees of ECGRA.

Mr. Sample: Mr. Wood, one of the questions that I had: The Office Supplies and Copier Expense, we are in fact saving money by doing it in house and we do have the ability to be much more timely because of a lot of the stuff that we've been putting out like when we have to get to Harrisburg or whoever. We can do it in house at the speed of a copier as opposed to having to get it a printer.

Mr. Wood: We've saved money and time. As time goes on, these copier and printer machines are getting more sophisticated so we might as well use the technology available to us.

Mr. Sample: And we pay by the copy with that machine, I assume?

Mr. Wood: Yes. This is the first time the Strap Budget has been presented to the Board. Of course, we will discuss it again at the April Board Meeting and we'll ask the Board to put it in the form of Resolution and vote on it formally. So, if you have any questions between now and then, don't be afraid to reach out.

Mr. Paris: A couple final thoughts about the Cash Flow Statements shows our cash at the end of the period, which includes our Unrestricted and Restricted Funds of \$13,621,000. We also have our Scheduled Grant Reserves and they will show how much we have given away for the year so far, which is just over \$5.1M. We also have our Check Detail Report, which again, if there is any questions on these checks, I'd be happy to ask Perry. All these things are all checked by Chuck or even myself sometimes if Chuck is not available. Are there any questions? I know I may not be able to answer them as well as Perry can with Chuck being gone today.

Mr. Barney makes a motion to approve the Treasurer's Report. Mr. Wachter seconds the motion. Motion is approved.

Mr. Sample: Thank you, Mike, for stepping in for Chuck. If there are no questions of

- b. Regional Assets Committee – Mr. Wood: The only thing on the Regional Asset Committee today is we're asking you to vote on the Special Events Grants, which you'll see in Resolution #2. Forty-two different Erie County Special Events Grants to be approved at approximately \$170,000. It's in line with what we've done in the past. All have been deemed eligible by the staff. They've been deemed in compliance with all ECGRA policies and of course they were reviewed and sent out for approval. Discuss at this future planning committee meeting and ready to be voted on today.
- c. Strategic Planning Committee – Mr. Paris: We met on Monday and had our strategic planning meeting. The things we discussed were the budget, which Perry already went over that we'll be voting on next month. We also discussed the officers and what we thought would be the best thing to do if we wanted to change things up, or if we want to leave things just as-is. I think for the majority of us we decided that it would probably be best if we kept the officers the way they were for the time being, as we're going to be approaching a very sensitive year. It would probably be helpful if we just kept things the way that they were. We also discussed the Summer Jobs Program, that the contract was awarded. Is that correct Perry?

Mr. Wood: Yes. Actually Mr. Lee is going to talk to that in the update.

Mr. Paris: We talked about the MRI's. Perry, could you talk about that a little bit?

Mr. Wood: It's been two years since we've opened up Missions Related Investments. Of course, we had a discussion about the progress of those MRI's and the ability to open up new ones in the future. Maybe even just support community facilities that need grant and loan assistance. We, of course, are hesitant to do that with the state of the Gaming Legislation, so we need to have a discussion on that at a committee meeting and decide whether or not, at our April Board Meeting we start a new fiscal year, to open up MRI's.

Mr. Paris: We also discussed Family First and the GREATT Project. Perry, I'd like you to help me discuss some of that as well.

Mr. Wood: We vetted the letter request that had been sent in. We reviewed correspondence between ourselves and the GREATT organization, went over responses to questions that were submitted, and discussed it in the context of Mission Related Investment concept.

Mr. Paris: If I may interject, Mr. Domino, did you have something you wanted to submit?

Mr. Domino: I have a memo here to the Board about my relationship with Family First and I wanted everybody to be aware of it.

Mr. Wachter: So what this is, is a conflict memo which is indicating that Mr. Domino sells insurance to Mr. Renaud, who owns the property, that actually insures the property. His client would stand to receive a financial windfall should this authority eventually or at some point make a decision regarding the funding of GREATT for the purchase of that. The Ethics Act requires that he would abstain not only from any vote, but also from any deliberation. Considering that this is an item that I'm sure is going to be discussed today, he'd like this to be added to the minutes, just to register his conflict and why he's not participating.

Mr. Paris: We also spoke about the Human Services Grants. We're giving those away today, right Perry?

Mr. Wood: That's correct. Resolution #3 on your agenda is approval of the Human Services Funding.

- d. Update from County Council: None.
- e. Update from County Executive's Office: Mr. Lee: I just wanted to give a brief update as far as the Erie County Summer Jobs Program for 2017. On March 3 we announced the contract would be going to GECAC, who had done the program the prior year. We're very pleased with the services they have provided. We're looking forward to an exciting year this summer. Some of the key highlights of the program is that 95% of the students that enroll in the program complete the program. That is phenomenal, and that's been for the three prior years and we're not looking for that number to change.

Secondly, a couple new components of the program: 1 – We're going to work very diligently matching the students up with the employers so they have a more valuable experience. We get better at this every year. We look forward to fine-tuning that with a tool that GECAC will be producing through CareerLink when it comes to the students and their match with the employers. 2 – Community Service. I had the opportunity to meet several times with Terry Cavanaugh before he left Erie Insurance and he really valued this program and thought the world of this program. One of the things he brought up to me during one of our meetings was, Is there a community outreach program that you have the students do? And he thought that was very, very important in developing the character of the students. I would have to concur. So that component will be added to the program where the students

will be required to participate in a community project. They will not receive compensation for this. More than likely it will be on a Saturday for a few hours. We are looking forward to that particular component, assisting with developing the character of the students. Again, we're excited about this year. I will be bringing additional information as we proceed with kicking off the program.

Mr. Sample: Mr. Lee, I would like to commend you and the County Executive. By having the foresight to changing it to a 2-year program and then with the ability to extend it for two more years, I think we're going to be able to get started earlier with not as much bureaucracy in the beginning and get right into it. I do appreciate the County's efforts to try to reach out to all areas of the county.

Mr. Wood: If I could just go on record in saying it has been a pleasure to work with Mr. Lee and his office in administering the RFP and reviewing that process. The Summer Jobs Program has grown in both its substance, the fact that it's a meaningful experience, and of course the number of students each year. We look forward to a long and prosperous relationship with it, which is why we're going to be asking the Board in April to approve a 2-year contract with GECAC, pending any issues we might face with loss of Gaming Revenue. At the very least, we will be good to support the program in the 2017-2018 Fiscal Year.

Mr. Sample: I said in the beginning that I found it amazing when these kids came in to apply, the families came in and helped them fill out the paperwork. Everybody was very vested, and frankly I'm being cynical, I didn't think it would occur that way. But they have an extremely high success rate and I think that this is something that can give these kids a leg up. Last year, I thought there were twenty-some kids that were able to retain the jobs.

Mr. Lee: It varied. One of the things, as many of you are aware, 80% of the students that have participated in the program are still in high school, so they were returning to high school. But there were a couple of instances where the students were able to receive full-time employment. One individual who had graduated from high school was able to receive a full-time position through this program. We were just thrilled about that.

What we find very fascinating about the program is that, Mr. Chair, when you talk about the families getting involved, that is critical. We have found that the mothers and fathers coming to the orientation, encouraging their child to participate and continue on, to me, that is the key – getting the parents involved from the very beginning so that everyone has clear expectations of what the program is going to do and clear expectations of what we're going to be requiring from the students as they proceed through the program. To your point, yes, there were some students that received some full-time opportunities and we're looking to grow that number even more as we continue on with this program this year.

Mr. Barney : I have a couple questions. One: You spoke on the volunteerism on the Saturday. Is that going to be mandatory? Two: For those that live in the county, are they going to have the opportunity to volunteer? We spoke on transportation being an issue for some of them as far as working. Third: We also spoke at our session about the income that an individual makes and how it may affect the income of the whole household and change their situation pertaining to living arrangements.

Mr. Sample: I did find out that there is a situation, that I brought up the other day, when kids are in a co-op program in high school, it can affect their family situation if they receive assistance. This program is specifically excluded by the State, so that funding is not carried forward. Nor does a college student. It just seems to be that the co-op students, and this is something that I spoke to Mr. Lee about today and it's really not on our agenda. We're trying to encourage kids to get jobs, so we want to make sure that the family is not negatively impacted. To the other two questions: the ones in the county, I'm sure that Corry has enough community service things that can be done.

Mr. Lee: First, in reference to whether it will be mandatory or not: By this being the first year, we are going to strongly, highly encourage the participation. Then we are going to gage that and see in the following year whether we are going to make that mandatory. Here's the key – we really want to instill in these young men and women, not forcing them to do anything, but really showing them the value of doing it. As you know, when you can understand the value of something, your participation is going to be better as far as a higher rate and you're going to be much more motivated. We're going to highly encourage the first year and then gage that for the second year. The second question in reference as far as transportation: It's going to be required of all students inside the City of Erie and outside the City of Erie, that the responsibility of getting to work relies on the employee. That's the same case with the students. We really make sure that the students understand that they are required to be there at a certain time and they have to work out the transportation. That would be no different with this particular assignment that he or she would be responsible for getting to the community service project and carrying out the project. So it would be their responsibility to get to that assignment.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: I have entered an Executive's Report into the record. You'll see to start off with, a Revenue Dashboard, giving an idea of where we are currently at with our cash position. You'll see correspondence in there with the community letters. You'll see interactions with the media. You'll also see the agenda for the Strategic Planning Committee Meeting, the Draft Budget that was submitted to the Board, the 2017 Special Events Recipients, the review of our Impact Investment Policy, which of course governs our Mission Related Investments. You'll also see extensive correspondence with the GREATT, Inc. non-profit, including letters from February 1 from our self to the folks at GREATT, GREATT's response on February 10, GREATT's response on February 27, and GREATT's response on March 7. These correspondences have all been to move forward with the request that the GREATT Board put in front of us that we discuss and somehow financially support the 501C non-profit, looking to put a double-pad ice arena in at Family First Sport Park. That's the ground work that has been laid. Those are the letters that have been entered into the record. There are legal aspects of the project that I'd like to turn over to Tim and then I'd like to have the Board have some open discussion about the project.

Mr. Wachter: As we discussed at the last meeting where this proposal was presented to us, the Gaming Authority legally needs to have a process to issue a grant or a loan. When the Gaming Authority started, it quickly found itself mired in numerous lawsuits as a result of the process they were using to hand out what were otherwise determined to be Discretionary Grants. They say, "Everyone who is interested in having money, send us a letter". We said we'll review it and make a determination to whether your request is important enough, impactful. Often they would just cut the check. That led to claims that the Authority was handing out money through discretionary basis and claims that they were doing so on an arbitrary and capricious nature. Those cases were ultimately resolved and resulted in the settlement that we now operate underneath. If you review the decisions of Judge Dunlavy in the cases that ultimately led to the settlement, he made it very clear that in order for this Authority to distribute funds, there needs to be a deliberative process in place so that there was a level of competition and an opportunity to deliberate on the merits of one project versus another as you make a decision as to how the monies are going to be distributed.

Since this Gaming Authority was reorganized after the settlement and we put those deliberative processes in place and allowed for a process of due-process in the Grant opportunities,

no one has questioned, legally or otherwise, the process. We haven't been sued since 2011, when we came in . . .

Mr. Wood: Threats to be sued, or physically sued?

Mr. Wachter: Realistic threats to be sued or actually been, and this Board has been operating in a manner that's been above-board since day one. Unfortunately for GREATT, you need a commitment, as I had discussed from a legal perspective. This entity doesn't have the ability to turn on a dime and create a program and budget for that program in a period of time that would meet your timeline. Your timeline has advanced even further in that in your last correspondence, you were indicating you needed to know whether there was going to be a funding decision from this Board, or a commitment, by the end of the week. I know that Perry talked about Impact investing policies that were being reviewed, I know that there is Mission Related Investment programs that this Authority has opened up in the past and those are all things that have been discussed at a staff level and a legal level – how to create the process to create a forum through which they could apply for funding. I offer this to you as legal advice; it's the same legal advice I gave months ago when you showed up at the meeting and that was, from a legal perspective, I advise you to not ever cut a discretionary check. That is what has gotten this Authority sued in the past and it has lost as a result of that. Take the advice or not, that is the position of your Solicitor's Office. There are opportunities in the future to apply. The Authority has discussed making those opportunities available. It just doesn't meet the timeline of the applicant.

Mr. Wood: Does the Board have any questions about the legal position?

If I could move on with the Director's Report. I wanted to enter into the record the presentation that was given to our County Council Briefing. Several of you were in attendance at this County Council briefing that we gave in order to get them up to speed on where we're at with the Economic Impact study, which at this point has been released to the media, our website, and to key decision makers in Harrisburg that are currently reviewing Gaming Legislation. I'm going to briefly go over it. Not all County Council members were present. There were three that were not able to make it. I'm in the process of arranging time to get them up to speed on this presentation, as well as the County Clerk's Office.

We know what James Fallows said about ECGRA when he wrote about us in the *Atlantic*, that Erie County is truly losing its Gaming Funds in a unique kind of way. This study recognizes this. It looks at ECGRA, it looks at Erie County, it looks at Summit Township's use of the funds. We know that ECGRA has been divided into five specialty areas. The time of this study was a point in time study, so there was \$38.8M invested in 171 organizations in 570 investments. The main primary data that was used for the three organizations I mentioned, using a third-party group called Parker Phillips in order to crunch the data with something called IMPLAN, which is known as the gold-standard in the economic impact world.

A little map about where the grant money is at work from ECGRA. Of course you can access this at our website any time; click on any one of these dots and it will show you how much funds have been dispersed, to what organizations, through which grant category. You can clearly see there is a huge impact to the City of Erie, so anyone that would ever question whether or not the City of Erie is benefitting, you can barely see the boundaries of the City because there are so many dots there.

The way the study was calculated was to look at three key aspects of Economic Impact – Direct, Indirect, and Induced Impact. Direct is funds given directly to an organization, how they use it for their operations. Indirect would be the supply chain of how that organization then interacts with others in the region's economy. Induced would be what is the effect of those who are employed as a result of Direct and Indirect.

The presentation was designed for two key audiences. When I'm in Harrisburg, I focus on this slide - the impact to the State of Pennsylvania; \$87.2M in economic impact, 573 jobs created or supported, and \$2.9M in state and local tax revenue. The chart on the right is the Direct, Indirect, and

Induced Impact laid out. Now when I'm talking to policymakers here in the region, we use the Effect Directly on Erie County's Economy slide; \$69.7M in impact, 458 jobs created or sustained, and \$1.2M in local tax revenue. These numbers of course are included in the Pennsylvania numbers

A little break-out that you can see on your SharePoint, if you care to look, which is on the left, the Pennsylvania categories – how ECGRA categories have impacted Pennsylvania is on the right, how they have impacted Erie County as far as job creation and tax revenue.

A little bit about Erie County's use of Gaming Funds: We know they have made significant investments in the library system, to the tune of \$1M/year, which has gone to technology training and collections. We know it's paying off bond issues for both the Erie International Airport and the Erie Insurance Arena. Then there is a whole list of community organizations that benefit as well, including GECAC and others that participate in community development. Finally, they have given a loan to Pleasant Ridge Manor.

You'll see in the Economic Impact Study some of the key statistics. The top one I am most proud of which is for every dollar we put into small business development, there has been another \$6 leveraged as a result. Other loan funds, banks, family and friends, venture capital, other sources of investment because of ECGRA's \$1. So for every \$4 we put into small business in this community, there's been \$24M generated in addition to it.

\$7.6M for Youth & Education. This is a program that we really only started three years ago, and have invested about \$1.6M into, but the economic impact has been \$7.6M. What we've found is there is a 9:1 ROI for investing in young people. This is important especially since we're investing in Erie County Authority. If you think about the services that Erie County provides, that is where you're seeing this ROI. Erie County oversees the courts, the prison system, a lot of the human services and safety net programs. These investments go to reduce the impact on the overall system as a result.

\$31.5M for Quality of Place. We've heard of these organizations, we know about them. They are the Zoo, the Art Museum, the Historical Society, the Flagship Niagara, and all the small non-profits that take up Community Assets and Special Events that contribute to tourism and our quality of life. \$1.9M for Neighborhoods & Communities. These are initiatives like the Main Street Program, which we're tapping into Main Streets all across Erie County. Finally, the investments in Municipalities: \$23.1M investment in Municipalities that have helped with collaboration as well as settlement.

What the report doesn't tell us is that this is only an economic lens. This is how we're viewing ECGRA at this point in time. So we're using economic data as very objective. It doesn't look at social justice, it doesn't look at equity, it doesn't look at cultural issues, it doesn't look at any of the other lenses that you might think are valuable but yet we revised that the best thing to present to Harrisburg is an objective economic lens. This report is not meant to address those other issues. I just want to be clear.

The second thing is, it puts a lot of bonus on the idea of job creation, because we're quantifying these numbers. We know that ECGRA wasn't simply created for job creation purposes. There's a lot of what we're investing in now that is laying the groundwork for the future. Training young people now, getting engaged in their lives, can change their life trajectory in the future. But it won't create a job right now. If we only invested in job creation type entities, we'd throw out 75% of what we do here at ECGRA. So it's important to recognize that job creation, while important, isn't the only metric by which we judge ourselves by. Youth & Education is a great example of that. It would not have that 9:1 return on investment because you're not creating an immediate job in the here and now.

Key points to remember: Once you add together Erie County, ECGRA, and Summit Townships impact, \$208.9M in total economic impact to our community since 2008, 1,173 jobs created or supported since 2008, and \$2.9M in local tax revenue generated. This clearly would be a

ripple effect if the Gaming Funds went away. There would clearly be a negative impact on our economy that we didn't know about until we quantified it through this study.

Policy Positions: I talked to everybody about our policy positions and tried to make it as simple as possible to reduce it to these two points. We need to speak to Harrisburg as one. We all do. The entire community. So when we talk to non-profits, we talk to their CEO's, their Communications Directors, when we talk to their Board Chairs, when we talk to the small businesses that we've helped, when we talk to Municipal leaders, when we talk to the County Executive and members of County Council, we ask them to please speak to Harrisburg with one voice. Because what we've found, especially in doing business there, is that they are paying attention to what goes on in Erie. They were able to quote media sources to me and one of the first things they ask is "What is the City of Erie trying to do with Gaming Funds?" So they clearly are paying attention to what's going on here.

Our policy positions are simple and straight forward. #1 – Erie County needs to be made whole. The \$10M investment of Local Share Gaming which we've seen since 2008 needs to continue at the same level it is now to benefit Erie County and Summit Township. #2 – Local Share Gaming Revenue is to remain under local control. We throw that out there because there has been several proposals about centralizing gaming revenue decision making in Harrisburg. We know that Erie County would lose in that scenario. We historically have lost in competitive grant situations. Local control gives us the ability to ensure that we have these funds, that we can mitigate the negative effects of having gaming in our region, and then we have the flexibility and agility to adapt to community problems that are right now here in front of us.

That completes my presentation. I want to enter it into the record as part of my Executive Director Report and ask the Board if they have any questions about it.

Mr. Sample: I have none. I just applaud the efforts. I'm certainly glad and I've said many times before, that we are very proactive with our hiring of the Ridge Management Group to do the lobbying because we're a unique animal in Erie County. Unless we let them know the economic impact and the importance of these funds to Erie County, and when I say that I mean all of Erie County and not just Erie proper, but the Fairview's, the Corry's, the NorthEast's, everywhere, it wouldn't be realized. This area definitely needs this funding to go forward. I appreciate your efforts.

SOLICITOR'S REPORT

Mr. Wachter: I was asked to give my opinion with respect to the funding application received by GREATT. There is no easy place on the agenda for discussion. I know that Bob with GREATT may want to speak a little so I guess it would be appropriate to ask if the Board would be so willing to create that venue to do that on the agenda, if we should take a motion to suspend the rules and amend the agenda to allow for a discussion on the GREATT funding application.

Mr. Sample: I feel that would be appropriate and would look for a motion.

Mr. Yaple makes a motion to approve. Mr. Paris seconds the motion.

Mr. Catalde: I understand Atty. Wachter's position and what he has recommended and advised to the panel. I just want to clarify exactly what we are looking to do and what we are hoping to have your help with. We're not asking for a chunk of money right now; we're not asking you to give us anything significant necessarily right now. We're asking for a commitment. We're asking, just give us some commitment that within a certain time frame that these monies will become available so that we can use that towards our financing. We have Rick Sherbony here from PNC. It would make them feel a lot easier with the money that they have to lend us, if they know there is a commitment coming

down the road from ECGRA for a certain amount of money, whatever that may be. I just want to clarify that we're not asking for a chunk of money right now, that's first and foremost.

Secondly, we are willing to make this fit however you tell us. I can't quite tell if the Board is in favor of trying to help but you just think you have some legalities that are preventing you from doing that, or you're not in favor of the project. If you are in favor of the project and you're looking for a way to help us with it, we're willing to do whatever you tell us to do to try and make it work; to make it fit within your programming. We're willing to certainly enter into some sort of loan where you could have a mortgage on the property so that if something does go haywire up there, once the bank loans are paid you'd be in a secondary position when we sell the property. Remember, we're a non-profit so whatever value is up there, if and when something goes haywire, we have to sell things, it's going to have to go back to grant-givers. We would want you to have your money back and we're certainly willing to do that.

Remember, we have been coming to talk to you folks going on two years now having these discussions. Maybe not each one of you, but in some form, your representatives, asking, "What do we need to do?", "How do we make this work?", "What can we do?". It's just gotten to the point now where we're ready to close and that last letter where we said we needed answers was not trying to unduly pressure you. We're closing. The bank needs to know what commitments we have from these types of grant givers. We've been dealing with this for two years, in one form or another. I would hope that if you were interested in helping us with this project, that sometime during that two-year period the process would have unfolded in such a way.

We didn't make a formal ask until recently, but that's because you've been talking to different people on the Board, involving the elected officials, certainly guarding community support, so it's sort of at the point now where we have to get things going up there. I just want to be clear. We're not looking for a chunk of change right now. We're looking for some kind of commitment that, over time, money can come in, however that fits in your programming so there's no legal concerns or other concerns. Again, we're willing to have it be in the form of a loan where your interest is secured by mortgage on the property or whatever we have to do to make that work. I just wanted to make that clear.

Mr. Sample: Atty. Catalde, I want to be very honest with you. The one issue that I have personally is we don't know that we're going to have monies coming forward. I was brought up that, I can't spend money if I don't know if I have it. This was the question that I've asked, and probably not as directly as I should have, I don't want to give PNC or anybody else that are saying, "We're going to guarantee the loan, but we may not be around." This whole funding thing, we believe we're going to get made whole but I've heard so many different stories and that was part of the reason. We've only got \$3M after we go through our budget cycle. I believe this to be true that since there was the extension, we would receive the first quarter funding for 2017, but we may not ever receive any money after that. Isn't that true? Wasn't that made retroactive?

Mr. Wood: We could potentially receive a pro-rated second quarter. May 26 is when the extension is closed.

Mr. Sample: So that may be all the funding we ever see.

Mr. Wachter: And those are the last two quarters of the year.

Mr. Sample: Yes. I don't know how we commit to something when we don't even know what our own future is going to be. The point that I brought up to Mr. Wood this morning is that last year was the first year, and we'll have to get into it, that we spent more than we got. I don't know how that works, but I know that it doesn't work long. It's one of the things that we have to make fit into one of our things. Believe me, your thing has not gone unnoticed. We've talked about if this is something we could do a multi-year; could we look at it here, could we look at it there, what is their level of comfort? We don't take the application lightly but we have to deal with time frames.

The February 27 letter was the first time I ever saw a number and I was like, "Wow. That's like a serious number." I understand the strength of the project and the scope of the project. But we can't give somebody 66% of our bank balance. We would be doing exactly what we've been accused of doing in the past. I'm speaking for myself, but I think the Board is interested in vetting this project and looking at it and seeing how it works. I just don't know that our time frame and your time frame and Mr. Sherbondy's time frame are going to gel. Frankly, our attention has been put to making sure that this money continues to flow to Erie County. That's all I've got.

Mr. Lee : May I?

Mr. Sample: Yes.

Mr. Lee: The question is for Mr. Wood. Is there an opportunity, and I'm just asking, Mr. Wachter shared with us as to where we currently are and the challenges that we're facing. I completely understand and accept that. The question I have, Mr. Wood, is there a way or opportunity in the future to be able to work on this project and work with Great? I'm just asking.

Mr. Wood: I think that is a possibility if the Board decides to amend our Impact Investment Policy to include community facilities that we could, in fact, find a way to support it. That is under the purview of the Board of Directors.

Mr. Lee: Ok. Thank you.

Mr. Catalde : A real quick response if you would allow me.

Mr. Sample: Ok.

Mr. Catalde : I certainly appreciate your comments and I think they are more than logical. I'm certainly not going to try and dispute your logic about "You have to have funds available". For the record, the \$2M ask is certainly not, we're not coming to you saying, "It's all or nothing with that." That's what we'd like to get to support the project the best we can, but we'd be willing to take anything that you'd be willing to give us. I don't want you thinking that because we've asked for the sky that it means that's all. I just wanted to make that clear as well.

Mr. Wachter: Bob, if I could from a legal perspective, address your commitment vs. cash today. Legally, that's no different. For this Board to make a commitment without process presents the same concern as it does to approve a check.

Mr. Catalde: We were talking before that even some sort of letter of intent or something, I don't know if that's going to make this for sure binding or any more comfortable from a lending perspective; a letter of intent or something to indicate that we have your support, if and when, this Gaming Legislation gets fixed. What we're really looking for, and I'm trying to make it as clear as I can, is some indication that you're willing to support the project in some way so that our financing can be supported. I understand. I get it. If I knew of a better way, I would certainly be suggesting it. Some letter of intent or something that would just indicate that we have some backing. It just makes the financing a little bit easier. I don't know if Rick can speak to some things that the bank would be looking for from some standpoint, if he's comfortable doing that. Amy Schmidt is here from Ryan Bizzaro's office.

Mr. Sample: To Tim's point, I think all of the Board – and I can't even say that – I know that we're all very interested in the project. I know that my kids have gone up to that facility; I know that it's a valuable asset. I sometimes look at what is the total impact but I think that's valuable. I spoke to that before. I'm not comfortable promising that we can do something that we can't. Do we have a level of interest? Yes. We want to and are going to discuss it further. We just didn't have the venue. We got the letter of the 27th, then the letter of the other day. We need to do these things, according to Mr. Wachter, by the law. Mr. Sherbondy, I don't want to make a promise that we can't fulfill.

Mr. Catalde: I respect that. If I could just briefly say that our number one concern is to make sure that the long-term debt service is supportable. We're looking at GREATT, even though it's a non-profit and we serve a lot of non-profits in the community; in my portfolio I have several myself. Many of those other social service non-profits require some of these monies. We're looking at

GREATT as not requiring on-going, sustaining operational-type grants. We want them to be a stand-alone enterprise that supports itself. There have been a lot of moving targets, the STEDA grant, the Capital Campaign, ECGRA, and of course the appraisal value. The appraisal just supports lateral, but number one, we want to make sure the long-term debt services are supportable.

When we made the initial term sheet in December we made assumptions. All I can say is I will go back and re-evaluate the debt service analysis to see how it stands. I want to indicate that we made a December term sheet based on firm numbers. We based it on, quick frankly, some relationship with ECGRA. I understand that. I appreciate the voicing of and moral support, so we'll just take that into consideration.

Mr. Wachter: I think it's important that what you haven't heard from this Board is "no". An avenue has been identified that if this Board is going to open up a community facilities aspect to the Impact Investment Policy, which needs to be reviewed and approved at next month's meeting, which is the same timeline that we gave you last time you showed up. So the stage is being set so that a decision could be made. That April meeting is our reorganization meeting; it's our fiscal year. That's going to be the framework that is going to be followed for the next 12 months as to how that \$5.5M that was budgeted is going to be doled out. I want to make sure you understand that you didn't hear a "no", you heard a "we can't do it today". I don't want to speak from a policy's perspective from the Board. From a functional perspective, I think that's the message that we're in a position to have to deliver.

Mr. Sample: Believe me, if the answer's "no", and we knew the answer was "no", I would much rather tell you today than see you again. I don't know that the answer is "no". I don't know that the answer is "yes".

Mr. Yapple: We are warm and fuzzy. We're just waiting to hear from Harrisburg. It's here in our heart. I'd rather see that than a warehouse. I've even been there and I still love it. I think it's a great idea. But we can't commit funds we don't have.

Ms. Schmidt: I was grant administrator in my last place, and sometimes when things are going this way, there's that letter of intention and conditions. I'm not pushing that you have to give a letter of intent even, but a conditional letter of intent. Even if you do come up with means on this project, you still have the question of the State Gaming Funding being here. You could also include all those different conditions that are still up in the air. It's not really a promise, but it's saying, "These are the issues, these are the conditions that need to be met in order for our intent to go forth." I know you need discussion, you need time. I get all that.

Mr. Yapple: I'm there for you but I hate to admit that I have to go with my attorney. It's scary as hell.

Mr. Catalde: Even something like that, and I'm not speaking for Rick, but I know we have ErieBank involved. That would make them feel a little bit better but they wouldn't consider that a locked-in money that is going to affect our financing because it's got the same questions that you guys are arguing.

Mr. Sample: To discuss any level of funding, we have to go by the Board. Did we ever get a copy of the appraisal?

Mr. Catalde: The land appraisal?

Mr. Wood: The appraisal is not done yet.

Mr. Sample: Ok.

Mr. Wachter: The Board hasn't met to discuss the Impact Investment Draft. You've just seen it for the first time today, as part of the Executive Director's Report. Rick, I don't know if this helps you or not, because I'm going to try to be as helpful as I can without binding this Board to a dang thing. What if you were to receive a letter from the Executive Director indicating that this Board is slated to consider amending the Impact Investment Policy (the framework for the year) to create an avenue in which a funding mechanism could be available and that this is what we would commit to, letting you

know when that happens so that you can apply and that the Board will consider that application; acknowledge that we're taking the steps to create an avenue so that there is an availability. I don't know what the budgeted numbers would be for that particular avenue, if that avenue was going to be open. Maybe we could put a range in there as to what those grant programs have traditionally looked like in the past. Today you're going to see a resolution for 42 organizations to receive \$176,000. That's a big grant for this Gaming Board. There are others that you saw in the Cash Committed Funds. There's \$2M for PennVenture Partners which is a Venture Capital Firm to start a Venture Capital Fund, specifically with an office in Erie, so that that money can be spread amongst many investments.

Mr. Sample: But they had to match those funds.

Mr. Wachter: I think that was a 5:1 match. There's different ranges and maybe we can explain what that range would be in the letter from the Executive Director, saying we're trying to help. But we're not there yet.

Mr. Sample: The other thing is that we're already in a negative cash flow so we've just got to review the whole thing. I hate to belabor the point.

Mr. Breneman: Let me ask a question. Is this letter more important for PNC or for the State to get the money?

Mr. Catalde: The State is committed.

Mr. Breneman: Mr. Chair, I have to leave but I wanted to say that I appreciate the conversations with many on the Board on this topic, as well as with our Legislators and GREATT. I think I made it clear that I think this is something that we can't let go away in the region, regardless of whether it's, "I've got a child in the schools. That's my biggest priority right now", but I don't want to see Erie without this type of investment particularly by the State. There is sure to be some economic impact for the children in the region and the families and everyone else who uses that service. I appreciate all the due diligence that the Board's been doing on this.

I think that this kind of communication should continue to go forward within a reasonable, but maybe faster, timeline; whether that's smaller meetings that lead up to it. Thanks for working on this. One of the big things too is that we've seen before where ECGRA's grant programs, particularly their Municipal Grant Program, where it did well initially and didn't do so well afterwards, which means reviewing and analyzing. Here, we have a project that's coming, that is kind of leading the conversation to maybe seeing how ECGRA could adjust to some of these things. You can't anticipate millions of dollars coming from the State like this. Again, thanks for this.

Mr. Catalde: With that said, would the Board be ok with that concept of a letter from Perry?

Mr. Sample: It's sounds like kind of any empty letter but if it gives somebody comfort . . . We can't make a promise.

Mr. Wachter: I don't want to put you in a position that this is going to bind the Board. It needs to be clear that Perry and I can go around and make promises all day long but it doesn't count for a hill of beans unless the Board votes on it. Maybe Perry and I can get together today and put something together that would speak to the avenues that are available and the policy decisions that this Board needs to make and the timelines and what that would look like to give PNC a level of comfort that it's not a "no" but it's a "we're getting there".

Mr. Sherbondy: How that helps me, and I can't speak for all the others I work with, that there is not a question about the project – the enterprise itself. It's good for the community and you're all in support of that. It's just that there are issues with the State that are tying your hands for the time being. Absent that letter, it would just be based on my word and my opinion of what I see that the ECGRA Board thinks this is a viable, good community project. With a letter, I think that we can see that this is a viable, good community project. It's just that we have procedures and time restraints.

Ms. Schmidt: Inaudible.

Mr. Catalde: I want to thank you for your consideration. I think that's more than sufficient based upon what we understand and the sort of environment to be here. We'll get out of your hair and leave you alone.

Mr. Sample: Thank you. I hate to be so ambiguous. It's just that we don't know, like Chicken Little, if the sky is going to fall.

Mr. Catalde: We understand. Thank you for all your help in this.

Mr. Sample: Is the Solicitor done?

Mr. Wachter: The Solicitor is done.

OLD BUSINESS

No old business.

NEW BUSINESS

- A) Resolution No.2: Resolution to enter into agreement with 42 Erie County Special Events Grants Applicants.

Mr. Wood: Those events take place between January 1, 2017 – December 31, 2017.

Whereas, whereas, whereas. There are 42 applicants. An amount of \$171,014. The extent outlined in attached Exhibit A. Now therefore, be it resolved.

Mr. Sample makes a motion to approve. Mr. Bagnoni seconds the motion. Motion carries 6-0.

- B) Resolution No.3: Resolution to enter into agreement with five Human Services agencies.

Mr. Wood: Whereas, Whereas, Whereas. The five Human Services agencies are attached in the Exhibit A. Now therefore, be it resolved.

Mr. Sample makes a motion to approve . Mr. Bagnoni seconds the motion. Motion carries 6-0.

ADJOURNMENT

Mr. Yapple moves to adjourn.