



Erie County Gaming Revenue Authority

Minutes of the Board of Directors' Meeting

April 13, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on April 13, 2017 in the Jordan Room; 5240 Knowledge Parkway; Erie, PA 16510. 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. Barney, Mr. Domino, Mr. Paris, Mr. Sample, and Mr. Yaple. Mr. Lee, Mr. Wachter, and Mr. Wood are also present.

NOMINATION OF OFFICERS

At the Strategic Planning Committee there was a consensus that we would keep the officers the same as they are now. Mr. Paris makes a motion to approve the existing officers. Mr. Yaple seconds the motion. Does anyone else want to propose any officers? Motion carries 5-0.

APPROVAL OF THE AGENDA

Mr. Yaple makes a motion to approve the agenda. Mr. Domino seconds the motion. Motion carries 5-0.

APPROVAL OF MINUTES – March 2017

Mr. Barney makes a motion to approve the minutes. Mr. Domino seconds the motion. Motion carries 5-0.

COMMENTS BY THE CHAIR

I would like to welcome Tammi Michali to us. We're sorry to see Diane go.

At the hearings, Mr. Wood hit it out of the park. I think everybody was very impressed. I think we all impressed upon the legislators the importance of these gaming funds to the County of Erie. I found it rather interesting that they didn't seem to understand, at one point, that the county had financed some of these bond issues with the concept that these monies were going to be forthcoming. I think that helped our situation. I personally got a little frustrated with some of the people, it seemed to be the ones that were getting the gas tax money, that were saying "We should be the ones

participating in it also.” Some of them didn’t actually seem to understand how we were doing some of our special events and things. It’s all part of economic development. I think they got it by the end of it, and I hope that they got it, and I hope that we can get through this. The Chairman was pretty adamant that he would not be happy if he were in our situation and were not made whole, and that he thought that our State Representatives shouldn’t settle for anything less. I congratulate Perry and everyone on everything and how well it went. Unfortunately, as Mr. Wachter has already voiced, Perry has set the bar very high.

PUBLIC COMMENT

No public comment.

PRESENTATIONS

No presentation.

COMMITTEE REPORTS

- a. Treasurer’s Report – Mr. Peters is traveling so Mr. Wood will give us a run-down of the Treasurer’s Report. Mr. Wood: I would be more than happy to answer any questions about the reports that have been entered into the records. The March reports are important because they are the final report of the fiscal year. These will be going to the auditors. The new document, which you will see under the Resolutions, is the Draft Budget. It has been reviewed by the Board at the last Board Meeting. We have to answer questions about it. As you’ll see there is about a 1% increase in the size of the budget. Most of that comes from the generous 3% increases that the Board has awarded to the employees of ECGRA. Thank you for that. As far as substantial changes, you can see that two categories went down: Expenses under Contracted Services went down a few thousand, as well as Facilities & Equipment while the Office & Administration went up about three and a half thousand and the Other Expenses going up about three thousand. Mainly this is coming from the stand point of adding a few thousand in communications and office supplies and copy expenses. Are there any specific questions about this Draft Budget? If the Treasurer was here he would ask you to vote on it during the Resolution section so we will have a budget for the next fiscal year.

Standard accounting reports: Profit & Loss, Balance, Budget vs. Actual, Schedule of Grant Reserves, and the Check Detail for your review. I can answer any questions you may have about those reports. We will be adding one type of income to our report in the new year and that will be interest payments from The Progress Fund, which we have been able to close on. That is a \$1M Mission-Related Investment that is closed. That leaves one Mission-Related Investment open and that is the Penn Venture Partnership and that has not been negotiated yet. However, we will revisit that at another time.

Mr. Wachter: Mr. Wood, in respect to The Progress Fund – while it took five quarters to close on that mode with The Progress Fund, mainly because they didn’t want to take the money, they still gave reports that sensed the Gaming Authority had reached out to them and introduced them to Erie County and they had made significant investments in various businesses in Erie - \$1M worth - prior to even taking our money. While five quarters to close the loan was excruciating, the impact was felt and a good result happened.

Mr. Wood: The impact happened and the rationale made sense.

Mr. Yapple makes a motion to approve the Treasurer’s Report, subject to audit. Mr. Paris seconds the motion. Motion carries 5-0.

- b. Regional Assets Committee: Mr. Wood: Special Events went really well. All of the Special Events checks were presented to the applicants. Today we're going to ask you to vote on the Collaboration Projects so we can begin sending out applications. We are also going to ask you in the same Resolution to open up Community Assets funding, which won't be until July, but for expedient purposes we put it on the same Resolution. Those guidelines are attached. There are no significant changes to those guidelines. That is basically the same program we have been running for the past five years. This will be the sixth year of Community Assets and the fourth year of Municipal Collaboration. Same guidelines, same parameters.
- c. Strategic Planning Committee: Nothing to report.
- d. Update from County Council: None.
- e. Update from County Executive's Office: Mr. Lee: First of all, I would like to echo Mr. Sample's comments on the hearing at how well it was planned and the positive energy and synergy that was around the event. That goes to Perry and his team. You did an outstanding job at representing Erie County extremely well. It did set a high bar and it will be extremely difficult for other counties to surpass that. Great job to the team.

I'd like to spend a few minutes talking and giving an update in reference to the Summer Jobs Program. Everything is on target. As you know GECAC is in the process of being awarded the contract, not only for this year, but we're looking at it for two years, with an option of extending it two years, which would be a total of four years. The good thing about that, with the proposal they submitted, is each year does the program does not go up more than 1%. I'm excited about that; meaning the cost of the program each year does not exceed 1%. That is to be commended from the committee that we comprised, which consisted of Perry, George Espy from the Erie Community Foundation, Chuck Crane who is the Director of Procurement at the County, and myself.

The orientation will be kicking off next week out at Girard on Tuesday. Then they have the following week quite a few orientation sessions planned in the City of Erie, then they will be going out to the rest of the county the following week. The goal is, and it's always been this since it is a county program, is to try to get 50/50. It's going to take us a little bit of time to get there. Last year it was about 70 the city of Erie/30 outside of the city of Erie. A lot of that had to do with not only the employers, but in reference to transportation as well. We're working towards 50/50 but that is a goal that is going to have to be done in steps.

The total number of students that we're looking to have in the program is 175-200; it will not exceed 200. Last year, 173 students participated in the program; the year before was 142; the year before that was 123. We feel that the maximum number is 200 because we really want to make sure that it is a quality program. The last two years we've had a total of 42 employees involved in the program. The goal is to get to about 50 this year.

I am going to be speaking at the Manufacturer's Association the second week of May about the Summer Jobs Program. Hopefully we will be able to generate some enthusiasm from that particular group. We already have some companies participating in the program that belong to that organization, but we're looking to increase that. That will be really exciting.

One of the things that I wanted to bring up to the Board for consideration is in reference to where the funding will be as far as from a source. What I mean by that is, as you recall the first year when we did it with V-Tech, the County did a contract with V-Tech and ECGRA did a contract with V-Tech. The reason for that was because we didn't have time to put it all under one roof and we've been following that model for the last two years. Now we are going into our fourth year and one of the things the County administration is asking the Board to consider is that instead of having two separate contracts with GECAC, we would have one contract that

would be with the County, having all the funds come to the County. ECGRA would write the check to the County and the County would put it in with the rest of the funds. When I say the rest of the funds, we have the money from the County for \$150,000, we have the Erie Community Foundation. By the way, the Erie Community Foundation this year is projected to give \$50,000; the year before they gave \$60,000; the year before that they gave \$65,000. But each year they have written a check to the County so it was something to funnel through the County.

From a reporting, and from a monitoring and managing aspect, from our perspective, it would be more feasible to have one source where the funding is being distributed. It would make things flow more easily with GECAC and from an auditing standpoint it would be good because all of the money is under one umbrella.

That is what I would ask the Board to consider. We can have a discussion about it right now – as far as any type of concerns, maybe any pros and cons to what I'm recommending.

Mr. Sample: I don't see an issue with it personally. I just think we have to run it through legal to make sure that we're not in violation.

Mr. Wood: I think from an efficiency standpoint it makes sense. From a policy standpoint, though, every set of guidelines we've ever adopted here at ECGRA have a little statement that says that we're part of the settlement agreement of December 2010, you are not eligible to receive funds as a grant category. We purposely put that clause in as an established policy of ECGRA. This would be a reversal of this policy for that program and I don't know what the long-term effects would be of reversing the policy. We'd have to talk to Tim.

Mr. Wachter: Perry and I did discuss this at length the other day. The Board has established that policy through every grant guideline you have adopted; that said municipalities are not eligible to receive grants from the Gaming Authority. If you're going to start making exceptions to that, you need to do it in a very thoughtful and deliberate way so that you don't start running into situations where, let's say "XYZ Township" is a settlement municipality and they get a check from you every quarter by virtue of the settlement but they start applying for grants and gobbling up more than their "fair share" of the gaming funds. I would want to make sure you do it appropriately.

Mr. Lee: In this particular case I would ask that the Board consider making an exception because of the Summer Jobs Program. By the way, we are going to put a disclosure or a statement in there sharing with GECAC that this is all predicated on funding so that they understand that, although it is a two-year contract with the possibility of an extension for two years, all of this would go away if we don't receive funding from ECGRA and it would be in jeopardy from the County as well. That would cover that particular aspect.

Again, the reason why we are requesting that it goes this way is that from the management and efficiency standpoint of the program, it just make sense to have all funding in one area, so then from a reporting standpoint, they just come to the County and we get the reports to them. We get audited each year. Then we have this information and ECGRA could receive this information, and anyone could, as far as how the program is being funded and where it is being funded from. One of the things we realized is, Perry, when your team was doing this Economic Impact Study and they had to get the information for the Summer Jobs Program, we had to go to different places to get that information. It would have just been more efficient to go to one place and say "Give us a report" and "Here you go."

Mr. Sample: I fully understand and I want to be very cognizant of the Pandora's Box we could potentially be opening. But what if both the County and ECGRA put their funds in one place, so that it still came from one source?

Mr. Wachter: What would be the repository of the funds?

Mr. Sample: I'm just trying to find some way to . . . We've been so good for so long at doing what we're doing and we've had to defend ourselves so many times that I wouldn't want that to come back and haunt us. But I totally understand the efficiency of it.

Mr. Wood: The way it has worked historically is similar to the relationship we have with The Community Foundation. Just like this RP process, we're part of the due diligence. We sit on the committee, we review it, we bring it to the Board for approval, but The Community Foundation has been contracted, the same way the County has been contracted. So we could set up basically that same relationship. The difference is that we stroke the check directly to Tech After Hours or Community Schools, whoever the recipient is. We could do the same thing here – one contract to the County with ECGRA stroking the check directly to GECAC, or, what I'm hearing Mr. Lee say is, "Stroke a check to us and we'll stroke the check to GECAC."

Mr. Lee: That is correct.

Mr. Wood: That's not technically what we do but if this affects our settlement agreement we should probably review it at the committee level because they are the ones responsible for making sure we are in compliance with the settlement agreement.

Mr. Wachter: Mr. Lee, I think what you're hearing from the Board and Mr. Wood is they want to figure out how to do it. It's not a question of whether to do it but more a question of how this can be something that can be done. Is that an appropriate summary, Mr. Sample?

Mr. Sample: Yes. We would certainly like to do it and we're all about efficiency, but we don't want to get called on the carpet by someone saying, "Yeah, but you did it for them, why not us."

Mr. Lee: I can definitely appreciate that and I think that's fair. Again, what we are looking at, and when I say we I mean the County, we're just looking to make sure that everything is done efficiently and effectively. We're also trying to make sure that, by entering into a two-year with a possibility of two additional years, for a total of four years, that we don't have to come back to that table every year and ECGRA wouldn't have to come back to the table with GECAC or the County in that regard; unless of course there was no funding. Providing funding is there, everything can just run seamlessly. We all know that in dealing with the government there is so much red tape and there's so much to go through, this gives us an opportunity to get away from that and move away from that model and make it more efficient.

I would ask that you consider it and get back in touch. From a timing standpoint, we would like to have an agreement to GECAC toward the end of the month because they have already started this month as far as doing what they needed to do. Last year, we provided the contract or agreement based on April 1st and we're looking to do the same thing. We could talk with them and let them know what is happening.

From the aspect of when we actually give them the agreement, this would be one agreement as opposed to them having two separate agreements with the County and ECGRA like they have in the prior years.

Mr. Wachter: It's a very good point. We have on the agenda an approval for the funding. Is it specifically for GECAC?

Mr. Wood: The motion is specifically for GECAC.

Mr. Wachter: The question should be asked then is to whom. Maybe this is something that needs to be set down. We need to approve the funding and we need to approve to whom the check is going to be written.

Mr. Wood: Or to simply approve the cutting of the check from ECGRA to the Summer Jobs Program.

Mr. Sample: And whoever takes management of that program. I'm probably not going to get this right but, why couldn't we still generate the check and then just enter into an agreement with the County to manage the process?

Mr. Wood: We, in essence, have done that because we have agreed to allow them to float the . . .

Mr. Sample: but that all income or whatever would be forthcoming from the County wouldn't require GECAC to . . . We're just generating the check and the results go to the County and the County just looks . . .

Mr. Wood: The way we deal with the Community Foundation is, let's say there is \$200,000 awarded to Tech After Hours. When they stroke their check for \$100,000, we also stroke our check for \$100,000 the same day.

Mr. Sample: Who is Tech After Hours accountable to?

Mr. Wood: Technically the Community Foundation.

Mr. Sample: I don't know why that wouldn't be the same thing here. Even if we generated the check, GECAC is still accountable to the County. They're not really accountable to us.

Mr. Wood: Because it is the County's Summer Jobs Program.

Mr. Wachter: This is a question of it's an accounting function. We've been cutting the check to GECAC. Gary is saying it's better if all the money were to flow through a single contract in their account for the County but the County should be the single Payer.

Mr. Sample: Why don't we make GECAC and the County co-endorse it? Award them both. It has to have a double signature and the County can process it.

Mr. Lee: The biggest concern there is that we still want to hold GECAC accountable. They are working for us. Although we are in partnership with them to run the program, they answer to us. When I say they answer to us, I mean they answer to the County, ECGRA, and Erie Community Foundation. We still want to have that leverage. I should throw this out there, that based on the proposal and the deliveries, that's how we release the money. So they don't get all their money up front. That's where the County has done a really good job, our finance department which deals with thousands of various contracts. They do an excellent job of monitoring and delivering those to make sure that everything is lining up and is being dispersed properly and that the proper documentation is submitted to the County so that when an audit comes in, when they take a look at the program, they can just take a look at all the money that is flowing through there and have a back-up to see how it's being dispersed.

Mr. Wood: That's a great point. The way your finance department functions is the same way that the finance department of The Community Foundation functions. So they call us and say, "It's time to stroke this check for this amount," we receive the following reports and milestones. It really is a parallel analogy as to how it's currently functioning.

Mr. Sample: Obviously, there are lots of moving parts here. Why don't we see, and this is a very dangerous statement, if there is some ambiguous way we can approve the funding today, either to GECAC or to Erie County, depending on what we are able to discover so we don't have to have another meeting?

Mr. Wachter: Gary, can you accept the check to the Summer JAMS Program? If the PAYEE on the check says "Summer JAMS Program"?

Mr. Lee: Yes.

Mr. Barney: That way we get to circumvent the County, per say, being on there but you still get the money.

Mr. Wachter: Instead of writing the check to Erie County government, we do it to the Summer JAMS/Summer Jobs Program.

Mr. Lee: To answer your question, yes. We have a separate fund, a separate line item, set up for the Summer Jobs Program.

Mr. Wood: Just so I am clear, we're stroking a check to the Summer Jobs and More Program; Pay to the Order of: Summer Jobs and More Program.

Mr. Lee: We're fine with that. And the line item is set up where that money would flow into that particular line item.

Mr. Sample: That would clear us because we're not technically giving the money to the County, we're giving it to the Summer Jobs Program.

Mr. Wachter: Technically, yes. We're stroking the check to Erie County,

Mr. Sample: but it's a specific program.

Mr. Barney: But it's a program within it.

Mr. Wachter: It seems to be a method that is... We're at the will of the Board here.

Mr. Lee: The bottom line is this money, if the check is mailed to the Summer Jobs Program or the County of Erie, it will go into that line item for the Summer Jobs Program.

Mr. Sample: There's no question of that. It's just the question of how do we avoid someone coming down the road later and saying, "You gave it to the County." No, we gave it to the Summer Jobs Program.

I think what we need to do is find some way, until we investigate it further, that we just say that for the 2017 year we are either going to fund Summer Jobs or we have to come up with a way, so that we can check and make sure. The last thing I want to do is open up a Pandora's Box.

Mr. Wachter: Gary, you don't need the money tomorrow, correct? So that we avoid a situation where we're doing an award that maybe there's some technicality with Sparber, who is going to say that he didn't write the check out right, maybe we just do an ambiguous award.

Mr. Sample: But we are going to fund the Summer Jobs Program, we just don't say to Where or How.

Mr. Wachter: I don't like snap decisions like this, as you can imagine, so why don't we investigate further how to cut the check but do the general award now. I don't want to have to come back and rescind a Resolution because we awarded it to the wrong entity or to an entity that can't accept the check or whatever that may be.

Mr. Sample: So we will award the amount, we're just not going to say who the Payee is going to be.

Mr. Wachter: Does that work?

Mr. Wood: So we're going to make a motion to award it to the Summer Jobs and More Program.

Mr. Sample: That way we can make sure everything is dotted and crossed.

Mr. Lee: I'm fine with that. The last thing we want to do is put ECGRA in any type of compromising position. It's just that as we move this program forward and at the level that we are, we are constantly trying to do things in an effective and efficient way and make sure that anyone who wants to come and see, they don't have to come the County and then ECGRA to see ECGRA books. They can just come to one place and say, "OK. I see the \$300,00 or \$350,000 you have for this program, this is how it was broken down." So that's our main position in this. Thank you, Tim.

Mr. Sample: I dare say we are all about efficiency, but the only thing that trumps efficiency is paranoia.

Mr. Lee: People are always going to be paranoid. The key from my aspect is having the documentation to show that you are in compliance, that everything is on the up-and-up, and anyone could take a look at the information. But thank you.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: Under the Old Business, you will see we've updated the Impact Investment Policy to reflect a new asset class that we're calling "community facilities". The purpose of this new asset class is to make projects that are bricks & mortar intensive, show great economic development potential for job creation, and have a strong match factor, eligible for a mission-related investment (MRI).

In December 2014, ECGRA launched the Ignite Erie Initiative, which did three things. First, it created a funding stream for inner-city small business development. Second, a funding stream for industry to collaborate with universities in Erie County. Third, small business financing, which is designed to make investments in nonprofits that vet small business loans and seed funds. All three programs are running concurrently, and are expected to be in progress for the next 2 years.

Today, the strategic planning committee is asking you to expand the asset classes in the Impact Investment Policy to include a new category titled: "community facilities", which be targeted as 5% of our investments with a max of 20%. This is a pilot concept, so after accepting MRIs that are able to prequalify, we'll determine if it makes sense for us to continue to have it as part of the investment policy.

Under the executive Director's report on Sharepoint, you'll see a revised Impact Investment policy statement and MRI pre-qualification form reflecting these changes. Strategic planning is asking that you approve these items under Old Business.

Summer Jobs

Mr. Lee has discussed the summer jobs RFP with you on several occasions. I did participate in that process along with the Erie Community Foundation. We've discussed it at the board and committee level numerous times. Today, the Regional Asset Committee is asking you to approve ECGRA \$150,000 share of the 2017 summer jobs and more program to commence in May. You'll find this item under Old Business.

MMC & Community Assets

Under New Business you'll find a joint resolution enacting the 2017-2018 MMC funding and Community Asset funding. Both programs are slated to begin this year without revision to the guidelines. The respective committees request that you pass each resolution as is.

This is #Our Erie Video

ECGRA partnered with the Jefferson Educational Society and Epic Web Studios to produce a video in response to the CBS article that called Erie a 'Sinking Ship'. National outlets like CBS, New York Times, and others began traveling to Erie in the wake of Trump's historic win in Erie County. Their depictions of Erie as a forgotten, rundown place, battered by globalism was the theme of their reporting. The video response was designed to show the Erie with both challenges and assets, rugged and successful people, tacking blight and investing in the future. In short, a more balanced and hopeful story of reinvention. We had over 100,000 views in less than two days setting a record for a locally produced video. The talented team at Lyons Den Productions and Menagerie Studios were the talent behind the video. They shot footage at 70+ local business and locations in a two week period.

PA House Gaming Oversight Committee

Members of the PA House Gaming Oversight Committee came to Erie to hear testimony on the effects of local share gaming. Held at the Bayfront Convention Center on March 28th, ECGRA, Erie County, and Summit Township along with several ECGRA grantees testified on the record how their respective organizations use local share and what would happen if it went away. The slate of testifies referred to itself as Team Erie County. ECGRA's main objectives for the Committee were to:

1. Demonstrate that how Team Erie County uses gaming funds is unique

2. Communicate the ECGRA model to the committee as the best in the state
3. Communicate that any legislative fix to local share gaming must make Erie County whole, while maintaining local decision making controls

The results exceeded our expectations. The Committee Chairman went on record along with several other members stating that Team Erie County was the most accountable user of local share they had seen, that the economic impact report was a great piece of information going far beyond any region had in showing accountability, and finally calling ECGRA the model for the state.

I'd like to recognize the ECGRA staff, the ECGRA board, members of County Council & the County Executive, Supervisor Agostine, the grantees that performed at the reception of the House members, the EMTA for donating a trolley, and the Flagship Niagara League for hosting the House members. I'd also like to recognize Jeff Favre and Kevin O'Sullivan for working with ECGRA on the logistics of the trip and for sharing information on the potential effects of gambling expansion.

Finally, I'd like to enter my presentation and testimony at the hearing into the ECGRA records.

SOLICITOR'S REPORT

Mr. Wachter: I would like to remind you that you've all been invited to the April 25th symposium that my firm is putting on that is coming up here in 2 ½ weeks. I'd like to see you there. We're pretty excited about the line-up of speakers this year. Once again, Pennsylvania Historic and Museum Commission is coming to speak about the handling of local government records and records retention. We're going to have the regional director of the DEP, Mr. Jim Miller who I have to say it has been very refreshing doing business in a local government having him in that position. He has been very responsive and regularly hops on conference calls with me to try and find solutions for our clients, as opposed to throwing up road blocks. He's been very, very great. Thirdly, we're going to have a local FBI agent, who is a forensic accountant, who is going to be giving a discussion on how to set up municipal operations so as to avoid fraud and embezzlement of tax dollars. I found out prior to joining the FBI, he was a local government consultant with a large accounting firm so he knows how it all operates. So it should be interesting. We hope to see you there.

OLD BUSINESS

Mr. Wood: You have the Impact Investment Policy, which now includes a new asset class. We're asking you to update this Impact Investment Policy to include this new asset class, based upon the investment strategy and to open up the MRI Prequalification process for the next 90 days.

Mr. Yaple: I would like to make a motion to approve the changes to Mission-Related Investment policy as presented and begin to accept applications to commence today, Thursday, April 13, 2017 for a period of 90 days, ending close of business at 4:30pm on Wednesday, July 12, 2017. Mr. Paris seconds the motion. Motion carries 5-0.

Mr. Barney: I would like to make a motion to direct the Executive Director and the Solicitor to enter an agreement for 2017 Summer Jobs and More in the amount not to exceed \$150,00. Mr. Yaple seconds the motion. Motion carries 5-0.

NEW BUSINESS

- A) Resolution No.4: Resolution to Adopt the 2017-2018 ECGRA Regional Assets Guidelines for Community Assets, and Multi-Municipal Collaboration Guidelines.

Mr. Barney makes a motion to approve. Mr. Yaple seconds the motion. Motion carries 5-0.

- B) Resolution No.5: Resolution to approve the 2017 – 2018 Budget.

Mr. Yaple makes a motion to approve. Mr. Paris seconds the motion. Motion carries 5-0.

- C) Resolution No. 6: Resolution to adopt the 2016-2017 Annual Report.

Mr. Paris makes a motion to approve. Mr. Domino seconds the motion. Motion carries 5-0.

ADJOURNMENT

Mr. Barney moves to adjourn. Mr. Paris seconds the motion.