

# Update to the Framework for the Distribution of Uncommitted Funds



Adopted  
July 26, 2012

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## Introduction

The Strategic Planning Committee of the Erie County Gaming Revenue Authority (ECGRA) worked diligently to revise the Framework for the Distribution of Uncommitted Funds. In the formulation of this revised plan, input from the public, multiple studies, stakeholder presentations, public officials, other community funders and independent research were taken into consideration. The resulting document is an update to a plan that began the process of implementation on June 10, 2010. The following is a list of key milestones that ECGRA achieved since the Framework's inception:

-  Creation of the region's first Endowment for Lead Assets - \$5.2mm+
-  Historic investments in small business to two revolving loan funds - \$1.5mm+
-  Investment in the region's special events, community & lead assets - \$1mm+
-  Municipal investment for public safety, infrastructure, facilities - \$5mm+
-  Collaboration with the Erie Community Foundation to support social service agencies in urgent need - \$250,000
-  An overall investment of \$19mm+ in Erie County since 2008.

The ECGRA Board of Directors is committed to continued careful investment and reflection on how grant funds will catalyze job creation, grow the region's population and improve quality of life for residents. The following plan is an aggressive start to creating a clear vision for how to achieve these desired outcomes.

Regards,

Strategic Planning Committee Members:

Chuck Peters, Board Chair  
Ron Jones, Committee Chair  
Mike Paris, Treasurer

## Section 1. Recommendations

The original committee charged with creating the Framework followed four principles in guiding their decision-making process: **sustainability, quality of life, long-term economic impact, no redundancy**. To that list, the Board has also expressed the importance of **leverage or matching funds, job creation, collaboration and accountability**. In the spirit of these principles, the Strategic Planning Committee makes the following recommendations:

### ECGRA's Guiding Principles:

-  Sustainability
-  Quality of Life
-  Long-term economic impact
-  No redundancy
-  Leverage
-  Job creation
-  Collaboration
-  Accountability

1. The ECGRA Board of Directors should receive this report at the June 28, 2012 Board meeting and discuss its impact.
2. The Board should adopt a Municipalities bucket in the Framework to reflect the eligible governmental entities in accordance with the Settlement Agreement.
3. The Endowment Policy Committee is charged with creating a policy to determine the proper and timely method for making contributions to the Lead Asset Endowment.
4. The Regional Asset Committee is charged with developing and continually revising guidelines, grant applications and scoring processes for nonprofits applying under the regional assets category. This is a mission that they have executed very effectively to date.
5. The Strategic Planning Committee is charged with analyzing the impact of Economic Development funding and making recommendations to the Board furthering the goal of small business financing.
6. The Committee recommends the consolidation of the social services funding into the regional assets buckets. This will not change the amount of funds invested in social services.
7. The Committee recommends the elimination of the capital projects bucket since the other grants available to lead assets, community assets, special events, etc. have capital project expenses as an eligible use of the funds. Furthermore, you can't build your way to prosperity.
8. The Committee recommends the elimination of the discretionary bucket because it gives the impression that ECGRA can fund any project with these monies that does not follow the due process of grant guidelines in an established granting category that has been thoroughly reviewed by the Board.

## Section 2. Introduction to a Theory for Funding

### Dr. Richard Florida and the Economics of Geography

The ECGRA Board of Directors asked a fundamental question when considering its purpose: How can we make a difference? In searching for an answer, the Board was introduced to the work of Dr. Richard Florida and his theory of economic geography also referred to as place-making. Florida, a former CMU Professor and author of *Rise of the Creative* and *Who's Your City*, is Director of the Martin Prosperity Institute at the University of Toronto. His studies on urban theory have significantly shaped economic and community development in the United States and abroad.

**Figure 1. Florida's 5 Levels of Place & Happiness.**



Similar to Maslow's hierarchy of needs, Florida's Place & Happiness Survey identifies five major categories that people listed as resulting in their happiness or community satisfaction. These factors are like pieces of a puzzle; they're interconnected. Objectively looking at how ECGRA can make a difference in Erie County, the Board focused in on a Four bucket strategy.

- A. Municipal infrastructure is tied to a long-term structured settlement with six municipalities that are contiguous to Presque Isle Downs and Casino. The Commonwealth law enabling the gaming legislation directs these municipalities to use the funding for **basic services** such as infrastructure, public safety, facilities and human services.
- B. Economic Development, at its simplest level, is about providing **economic opportunities** for business development. From 2010-2012, ECGRA focused these funds on two revolving loan funds, each with technical assistance services. When you view this funding through the prism of **values**, one can see a big

picture strategy to support the development of and maintenance of an **entrepreneurial culture** in a region historically rich with visionaries.

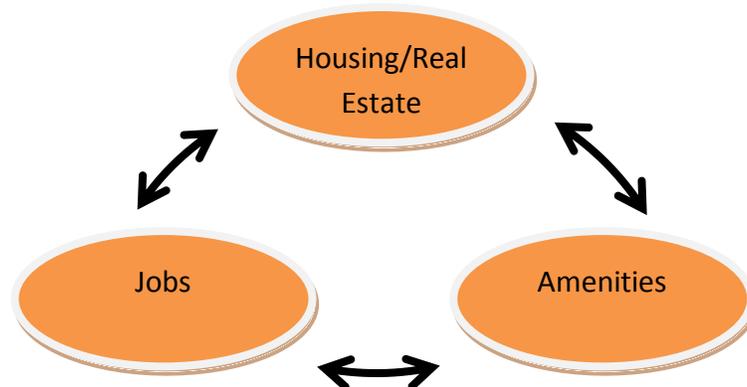
- C. Lead Assets are the region’s largest arts, culture and entertainment amenities. At its basic level, Lead Assets provide **cultural, aesthetic and personal growth opportunities** for the individual. At a strategic level, they can be a catalyst in promoting a **culture of innovation**. Moreover, when examining the built environment we live in; they can inform the **aesthetic quality** of our surroundings.
- D. Regional Assets range from social service agencies meeting the **basic needs** of our community’s most vulnerable to the youth programs that develop the next generation. Special events and performances that bring the community together and create a sense of civic pride and social connectedness are often run by volunteers. These **leadership** roles inform our sense of civic obligation. Many special events have lived on generation to generation.

In summary, utilizing Florida’s Pyramid as a lens through which to view Erie County, ECGRA can have positive impact on all five of the community’s levels of place and happiness.

### Dr. Edward Glaeser and Healthy Communities

From a theoretical perspective, Dr. Edward Glaeser—a Harvard University Urban Economist—states that a community thrives over the long-term when the following needs are met: quality housing, family-sustaining jobs, and community amenities. Failure to provide any of these three needs will ultimately cause community decline and often lead to community failure. The three needs are clearly inter-connected and never more so than today when cities and regions fiercely compete to attract and retain skilled workforce and businesses. Numerous entities including the City of Erie Redevelopment Authority, the Erie County Redevelopment Authority, the Commonwealth DCED, the RCAP Fund and local neighborhood planning/revitalization groups are partnering with local municipalities and HUD to tackle housing projects. ECGRA sees its contributions in job creation and sustainability/growth of amenities.

**Figure 2. Three essential components of a healthy community.**



## **Section 3. Revised Investment Framework**

The Strategic Planning Committee recommends that funding be organized into four categories: Municipalities, Economic Development, Lead Assets and Regional Assets in order to catalyze the creation of jobs and sustain vital regional amenities.

### **Municipalities**

ECGRA's investment in the six municipalities that are contiguous to Presque Isle Downs and Casino stems from a structured legal settlement reached on December 13, 2010. That settlement creates a municipal bucket in the amount of 25% of ECGRA's funding for the life of the agreement. Municipal funds are directed by Commonwealth law to be expended on public safety, infrastructure, human services, facilities and infrastructure. Those six municipalities are Erie County, Greene Township, McKean Township, Millcreek Township, Summit Township, and Waterford Township.

### **Economic Development**

Economic Development investments will be targeted specifically toward creating jobs through entrepreneurial support, micro-finance, equity finance, bridge financing and startup capital. Entrepreneurial services will be provided to people looking to start new, or grow existing small businesses in Erie County. Particular effort will be given to support those demographic groups underrepresented in business ownership—women and minorities—who also likely represent significant unfulfilled entrepreneurial capacity in our community. Entrepreneurial support will be paired with targeted investment in these new businesses in the forms of micro-finance (small loans to new businesses) and equity investment in growing businesses (specifically those in technologies and creating new intellectual property). Additionally, while industrial and commercial enterprises are currently served by four loan funds operating in Erie County, nonprofit firms are not served by a single local loan fund. Recipients will be directed to give special consideration to lending and investment in high-poverty areas of Erie County. Section 6 below describes our recommended investment in greater detail.

### **Lead Assets**

Lead Assets are the largest arts, culture and entertainment organizations in Erie County that are significantly elevating the public's access to high culture, impacting the economy through tourism and are the signature amenities representing the Erie region. This funding is designed to sustain the lead assets and encourage new and innovative investments as long as the nonprofits are eligible in accordance with the Board's guidelines.

In addition to sustainability grants, the Erie County Lead Asset Endowment has been established at the Erie Community Foundation to create a source of funding in perpetuity for the lead assets. The irrevocable endowment is capable of creating a stable and long-

term funding source for those who are eligible for lead asset status. The combination of grants (in the short term) and endowment income (in the long term) will ensure steady revenue to these institutions, starting in July of 2011. These funds are intended to provide operational and program support, however, there should be no limitation against using the grant and endowment for capital improvements or investment in their respective endowments.

## Regional Assets

Regional Assets are defined as nonprofits and municipalities that improve the quality of life for Erie County residents, promote tourism and create a sense of civic pride and place. Regional Asset guidelines have been developed or are proposed for the following: community assets, mission Main Street, multi-municipal collaboration, municipal technology fund, social services, special events and UChoose. All programs are subject to the adoption of guidelines by the Board of Directors.

Community Asset Investment – smaller culture, entertainment and youth organizations, not lead assets; 501c3 organizations.

Mission Main Street – the commercial and neighborhood revitalization groups that are grassroots, on the front lines of historic preservation, rebuilding housing stock, cleaning up parks and developing small business; not one of the six municipalities involved in the December 13, 2010 Settlement Agreement.

Multi-Municipal Collaboration – a grant designed to facilitate meaningful collaboration between two or more municipalities in Erie County attempting to share services, consolidate or increase efficiencies through joint activity; not one of the six municipalities involved in the December 13, 2010 Settlement Agreement.

Municipal Technology Fund – a fund set aside for municipalities that are in need of critical technology upgrades; not one of the six municipalities involved in the December 13, 2010 Settlement Agreement.

Social services – in collaboration with the Erie Community Foundation to fund the basic/urgent needs and great ideas of social service 501c3s throughout Erie County as part of ECF's Helping Today grant process.

Special Events – performances, festivals, parades and conferences that elevate the social connectedness and sense of civic pride in Erie County.

UChoose – an online repository of projects from 501c3 nonprofits all across Erie County presented to the public for online voting. UChoose is ECGRA's opportunity to engage a broader audience and involve the public.

## Summary Recommendation

The Strategic Planning Committee recommends ECGRA revise its distribution scheme as follows. Figure 3 below illustrates the proposed uses of funds, and the proposed allocation of funds to each category.

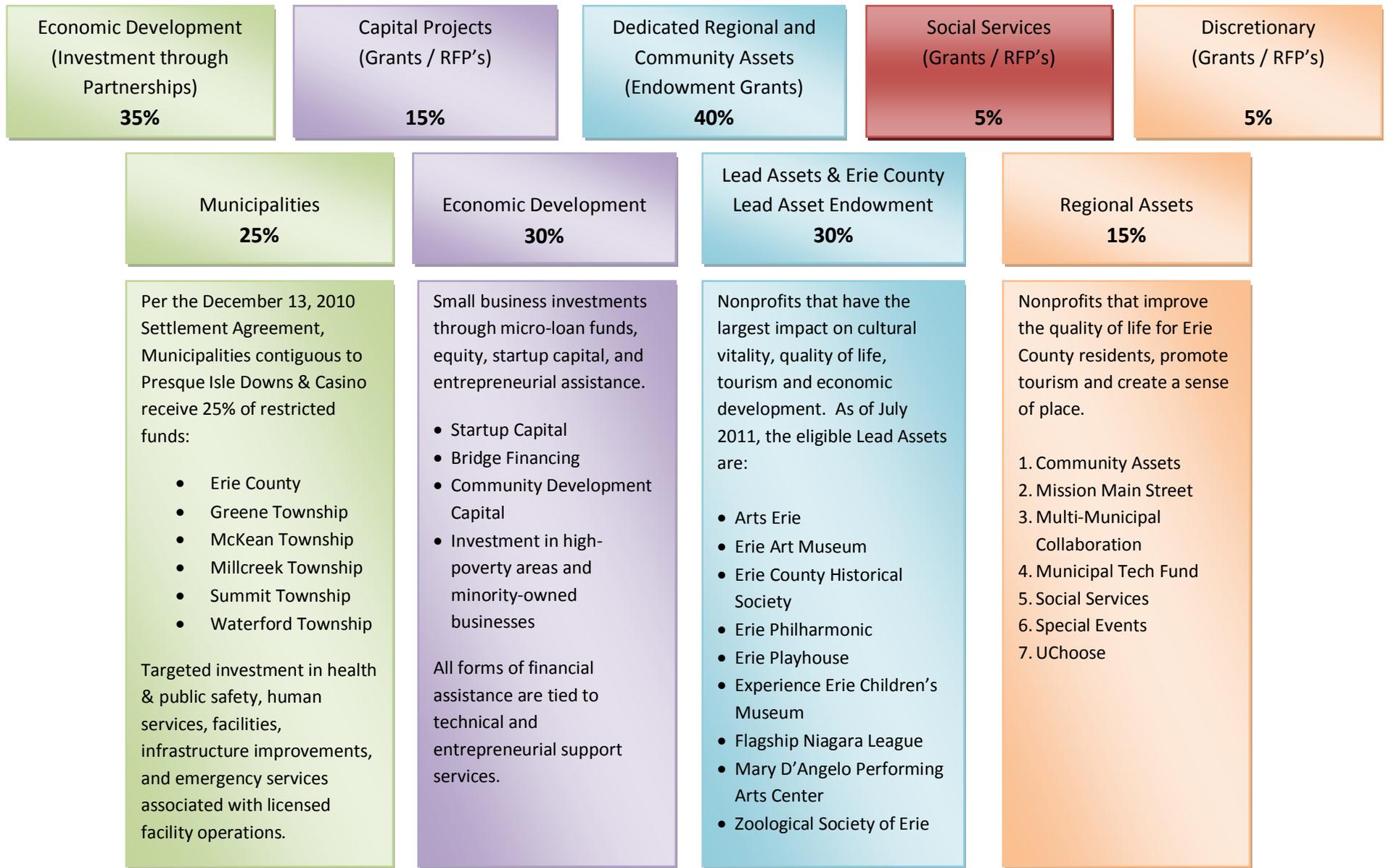
Proposed Allocation:

<b>Category</b>	<b>Percent</b>
Municipalities	25%
Economic Development	30%
Lead Assets	30%
Regional Assets	15%

Original Allocation:

<b>Category</b>	<b>Percent</b>
Economic Development	35%
Capital Projects	15%
Dedicated Regional & Community Assets	40%
Social Services	5%
Discretionary	5%

**Figure 3. Current & Proposed Allocation Structure.**



## Section 4. Distribution of Funds

In December of 2010, ECGRA held approximately \$13mm in funds. ECGRA has received approximately \$6mm a year since 2008 in quarterly payments from the Commonwealth. See the chart below for details. This section of the Framework articulates:

-  The distribution of accumulated funds from 2008-2011
-  The funding of the Lead Asset Endowment and
-  The annual distribution of funds for the next three years as part of a strategic plan through calendar years 2012, 2013, and 2014

Year	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
2007	201,418.07	562,082.72	867,508.44	3,507,952.54	5,138,961.77
2008	366,211.37	672,936.98	941,125.00	4,063,561.53	6,043,834.88
2009	407,507.87	701,525.21	898,525.69	4,060,932.24	6,068,491.01
2010	385,476.85	665,559.96	962,909.94	4,073,449.24	6,087,395.99
2011	393,440.61	636,302.96	903,421.25	4,166,222.13	6,099,386.95
2012	406,241.99				

### Distribution of Current Accumulated Funds

On December 13, 2010, ECGRA reached a Settlement Agreement with municipalities contiguous to Presque Isle Downs and Casino. The Settlement stated that ECGRA shall pay these municipalities 25% of the gross revenue received for restricted funding beginning in 2008 and continuing until the agreement is terminated. Eligible governmental entities are: Erie County, Greene Township, Millcreek Township, McKean Township, Summit Township, and Waterford Township. The following is a chart detailing distribution of funds to eligible governmental entities based on calendar year revenues:

Year	Municipal Payments
2008 & 2009	\$3,108,662.22
2010	\$1,529,128.29
2011	\$1,524,846.73

### Distribution to the Lead Assets & Endowment

On May 12, 2011, ECGRA adopted the Lead Asset Guidelines and Application in Resolution #14, 2011. This resolution created an open path for nonprofits to apply and qualify as a Lead Asset, formerly known as a Dedicated Asset. The Regional Asset Committee, along with three members of the community at-large, reviewed applications and made funding recommendations to the Board. Nine Lead Assets were

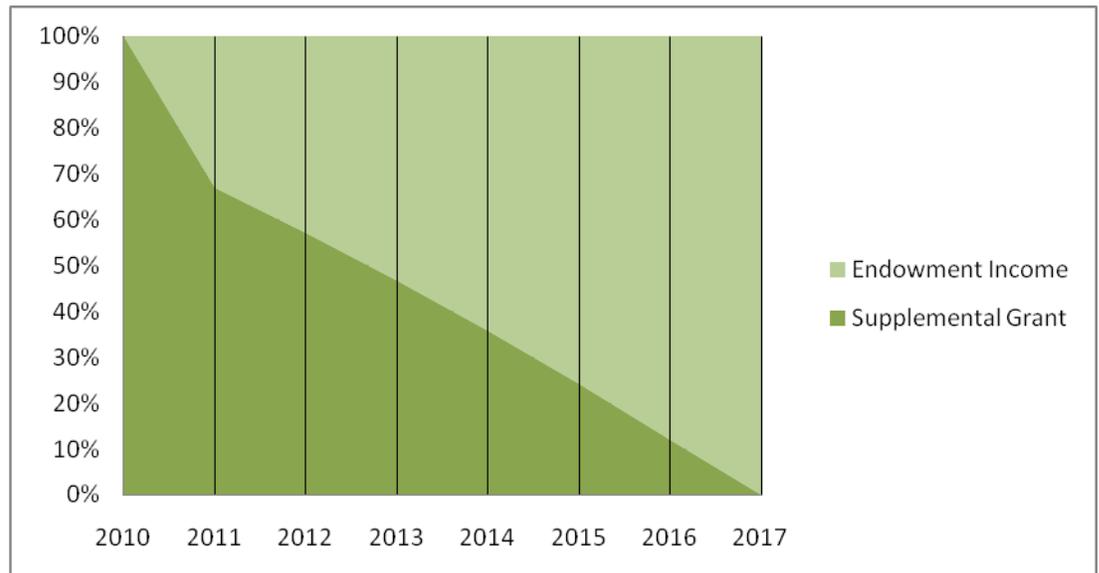
awarded funding in the 2011-2012 fiscal year in the amount of \$646,811 on August 11, 2011 in Resolution #22, 2011.

The next step was to create an endowment that would live on in perpetuity so that future generations would be able to enjoy Erie County’s Lead Assets. After seven months of study, the Board selected the Erie Community Foundation as the most logical and stable entity to partner with on the creation of the region’s first Erie County Lead Asset Endowment Fund. In Resolution #4, 2012, the Board authorized “jump-start” funding in the amount of \$5,278,165.44 for the Endowment.

The intent of placing this amount of funding into this category is to simultaneously accomplish two tasks: (1) make grants in the short term in amounts comparable to 2009 County support to cover sustainability expenses, and (2) create an endowment that will generate sustainability income for decades to come. We estimate that in seven years, ECGRA can fund both annual grants and grow an endowment that will generate approximately \$600,000 per year in perpetuity for these organizations.

The basic idea behind this model is that larger grants in early years would be supplanted by increasing endowment incomes—providing steady long-term income to the recipients. Figure 4 below illustrates this concept of 100% grant in the first year, diminishing to zero by the seventh or eighth year. The model used to generate this chart can be found in Appendix A.

**Figure 4. Blended Grant-Endowment Funding Model for Lead Assets**



Here are the original committee’s assumptions in designing this model. They need to be revised by the Endowment Policy Committee to reflect the Board’s direction:

- In 2010, either 2.9 or 6.7 million of accumulated funds would immediately be invested to jump-start the endowment.
- In 2010, \$2.4 million would be allocated to the endowment and either \$646,000 or \$822,000 in direct grants made from the proposed 2010 annual allocation.
- In years 2011 to 2016, an estimated \$1,760,000 would be allocated each year to a combination of grants and additional investment in the endowment.
- It was assumed that the endowment return on investment would average 6.0 percent, net of expenses.
- Each year, 4.5 percent of the then-current principle would be allocated to Lead Assets as endowment income.

Given these assumptions, at the end of 2016, the endowment would equal approximately \$14.6mm, thus providing the recipients an annual income of \$646,000 or more, independent of future gaming revenues.

These funds are intended to provide operational and program support to the recipients, however, the Committee does not recommend any limitations be placed against either using the grant and endowment for capital expenditures or supplements to the respective organizations’ endowments.

### Distribution of Future Years Allocations

While it is impossible to predict the exact amount of gross terminal revenues from the Presque Isle Downs and Casino, ECGRA can plan and adjust its allocations based on a percentage system. For the sake of this report, we assume the Authority will manage future year allocations of \$4.5mm. According to the percentages outlined above, annual distributions to the four categories would be as follows:

Category	Percent	Distribution using \$4.5 mm basis
Economic Development	30%	\$ 1,350,000
Lead Assets	30%	\$ 1,350,000
Regional Assets	15%	\$ 675,000
Municipal	25%	\$1,125,000

## Section 5. ECGRA Investment in Regional Assets

The Committee believes ECGRA should invest in regional assets that improve quality of life, stimulate social connectedness and create a unique sense of place. The funding should be both catalytic and targeted. The Regional Asset Committee has created a strong foundation in the Lead Asset, Community Asset, Special Events, Social Services and UChoose Grant Guidelines and Application process.

*The ECGRA model provides larger grants in early years that are supplanted by increasing endowment incomes—providing steady, long-term income to the recipients.*

## Section 6. ECGRA Investment in Economic Development

This section provides detail on ECGRA's investment in local Economic Development initiatives. ECGRA should continue to focus its investment in a manner to fill gaps in the system and take advantage of new opportunities. Based on this concept the Committee recommends that ECGRA invest 30 percent of the annual allocation into transformational economic development investments. It is the view of the Committee that ECGRA should avoid duplication of existing efforts of economic development agencies by having contracted partnerships with local economic development providers.

### Phase I. Economic Development Partnerships

The initial economic development investments made by ECGRA were through contracts with three economic development partners in two initiatives. The investment was based upon 2010 funding for economic development laid out in the 6/10/10 Framework. The partnerships provided ECGRA with reports detailing deliverables and successes which will be defined in their contracts. The reports will also show how ECGRA's funds were invested and the results those investments are having. Here are the 2010-2011 investments:

Ben Franklin Tech Partners CNP	Erie Innovation Fund – grant funding	\$700,000
Economic Development Corporation of Erie County	Enterprise Development Fund – grant funding	\$875,000
Gannon Small Business Development Center	Technical Assistance – grant funding	\$150,000
Total		\$1,725,000

### Phase I. Results – Two Revolving Loan Funds

Economic development partnerships are required to report quarterly to ECGRA. Investments in EDCEC and Ben Franklin were targeted to direct company investment. Revolving loans funds are an attractive investment because they will continue to support business development in perpetuity. Both EDCEC and Ben Franklin have a track record in successful loan fund activities in the region. Furthermore, they have relationships with different segments of the Erie economy – traditional retail/manufacturing and technology-based/proprietary companies.

EDCEC has ties to the traditional business community including retail, contract manufacturing and nonprofits in need of equipment loans, working capital and real estate. EDCEC used ECGRA funds in the **Start, Grow, Prosper Initiative** to leverage bank

funding and Commonwealth CDFI funding at a rate of 4-1. In addition, they have the region's only micro-loan program that provides up to \$25,000 to small business.

Ben Franklin's relationships in technology-based economic development include proprietary companies in software and advanced manufacturing. Historically, they invest approximately \$1,000,000 in Erie County companies that are seed-stage, non-collateralized and intellectual property-driven. Ben Franklin was able to leverage ECGRA funds in the creation of the ***Erie Innovation Fund*** at a rate of 1-1 utilizing Commonwealth funding.

The results of the two revolving loan funds are as follows:

-  18 businesses funded (6 were micro-loans)
-  60% of the EDC Fund was invested in high-poverty census tracks
-  190 jobs created/retained
-  \$5,860,564 in private investments
-  \$2,754,000 loan fund investments
-  Total Leverage: \$6,654,564

### **Phase I. Results – Technical Assistance**

One of the fundamental tenants of the economic development partnerships proposed by the Committee is that all companies and organizations that receive ECGRA funding must also receive business development support in the form of “Technical Assistance” from the program implementers. Ben Franklin has an in-house consulting program called Transformations. EDCEC does not. The Gannon SBDC was retained by ECGRA to fulfill that role. The SBDC was able to assist 115 clients through the “application ready” process, through which companies are counseled on the fundamentals of business development before they apply for funding. The SBDC was given targeted outcomes to reach in their contract that include geographic and demographic diversity.

**Figure 5. Technical assistance by geography & qualitative targets.**

**Start, Grow & Prosper Initiative SBDC Clients**

Geographic Targets	2011 Q1	2011 Q2	2011 Q3	2011 Q4
Erie	15	17	27	23
North East	5	13	9	1
Corry	1	4	3	0
West County	4	5	6	12
Waterford	3	1	2	0
Harborcreek	0	2	0	1
Edinboro	0	0	0	2

Qualitative Targets	2011 Q1	2011 Q2	2011 Q3	2011 Q4
Women	17	27	24	23
Minorities	2	3	5	7
Nonprofits	2	4	6	7
Rural	11	21	20	10
Urban	15	17	24	10

**Closing the gaps in the System**

The 6/10/10 Framework proposed closing significant funding gaps in the economic development financing system. The Committee made the follow observations:

1. Technical and entrepreneurial services are not linked to financing programs.
2. Very little revolving loan activity is targeted to high-poverty areas of Erie County.
3. No revolving loan funds serve the financing needs of nonprofits.
4. Insufficient funding (equity, seed-stage, risk capital or non-traditional lending) for technology companies, or existing companies needing new technology/innovation to remain competitive or open new markets.
5. Local opportunities for micro-financing and entrepreneurial startup capital are limited.

**Figure 6. Proposed Funding to Address Closing Financing Gaps in Erie County**

Gaps	<u>Proposed 2010-2011 Investment</u>	<u>Actual Investment To Date</u>
Linking technical/entrepreneurial assistance to financing program.	\$200,000	\$150,000
Locally controlled revolving loan fund for non-hard asset-based businesses & nonprofits	\$725,000	\$700,000
Investment in angel investing	\$825,000	\$0
Traditional lending support, micro-financing and startup capital	\$350,000	\$875,000
<b>TOTAL</b>	<b>\$2,100,000</b>	<b>\$1,725,000</b>

### **Phase II. Recommendations – Economic Development**

The Committee has reviewed ECGRA’s Phase I partnerships in economic development, analyzed the impact and compared it to the metrics detailed in their respective agreements. The following recommendations should be considered in Phase II funding:

- Revolving loan funds that have met their goals should be considered for a favorable loan/equity investment package in Phase II.
- The Committee should look at a standardized loan/equity investment package, but not to the point that it negates strategic investments in economic development programs that have yielded good results.
- ECGRA should invest in small business financing groups with in-house technical assistance programs and established due diligence processes.
- ECGRA should continue to support the SBDC technical assistance program because it reaches geographic and demographic targets that the others do not.
- The Committee should explore Phase I & II relationships with other CDFIs and Angel groups that demonstrate a proven track record in small business financing, including participation loan/equity investments (e.g. supplementing the 504 loan program in Erie County).
- The Committee should look to the future toward Phase III funding of economic development and analyze the progress made toward closing the gaps that exist in the economic development financing system.

## Section 7. Accomplishments Since 6/10/10

The first Framework document was passed by the ECGRA Board of Directors on June 10, 2010. The following steps were recommended in the column titled “Framework Recommendation” to work toward empowering the nonprofits of Erie County toward economic and community development. ECGRA has accomplished all the recommendations outlined in the 6/10/10 Framework document.

### Relating to Lead Assets Investment:

<u>6/13/10 Framework Recommendation</u>	<u>Accomplished</u>
 Reestablish the Regional Asset Funding Committee under ECGRA to work to develop guidelines for the use of the funds, an endowment distribution formula, processes and procedures with ECGRA. The members of this committee will be appointed by ECGRA and work with the Executive Director.	<ul style="list-style-type: none"> <li>✓ April 2011, formed the Regional Asset Committee (RAC), created guidelines, an application, scoring criteria</li> <li>✓ October 2011, ended all lawsuits related to Lead Assets</li> <li>✓ Created Eligibility and Review processes</li> </ul>
 Create a master-grant contract for each grant recipient which would govern use of funds starting in 2010.	<ul style="list-style-type: none"> <li>✓ Created customized guidelines for all regional asset funding, a Schedule A, Closeout Reporting and grant compliance criteria</li> </ul>
 Enter into the master contract and disburse the 2010 allocation.   Work with the Regional Assets Funding Committee to evaluate and rank funding requests and make recommendations to the ECGRA Board.	<ul style="list-style-type: none"> <li>✓ June 2011, disbursed Lead Asset Funds</li> <li>✓ August 2011, funded 26 Special Events (Round #1)</li> <li>✓ November 2011, funded 11 Community Assets</li> <li>✓ March 2012, funded 28 Special Events (Round #2)</li> </ul>
 Identify a fund manager (foundation or trust company) to administer the Dedicated Regional asset endowment. An RFP or RFQ and interview process would be a	<ul style="list-style-type: none"> <li>✓ January 2012, created the Erie County Lead Asset Endowment Fund at the Erie Community Foundation</li> <li>✓ February 2012, transferred</li> </ul>

*ECGRA has accomplished all the recommendations outlined in the 6/10/10 Framework document.*

<p>logical method for making this selection.</p> <ul style="list-style-type: none"> <li> In partnership with the selected fund manager, refine projections for endowment performance and settle matters for long-term management of the endowment, anticipating the endowment will long outlast the existence of the Authority.</li> <li> Establish the endowment, making investment of both the \$2,900,000 jump-start investment and the \$2,400,000 from the 2010 allocation.</li> </ul>	<p>\$5,434,033 to “jump start” the endowment</p> <ul style="list-style-type: none"> <li>✓ March 2012, created the Endowment Policy Committee to review the Fund’s management, recommend grants to the Fund, work with Erie Community Foundation to create projections on Fund development</li> </ul>
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Relating to Economic Development investment:

<u>Framework Recommendation</u>	<u>Accomplished</u>
<ul style="list-style-type: none"> <li> Request SBDC, Ben Franklin, and the FUND develop/update business plans for their respective activities Committee review.</li> <li> Create master contracts for each primary partner (and sub-contracts for their partners).</li> <li> Enter into master contracts and disburse the 2010 annual allocation.</li> </ul>	<ul style="list-style-type: none"> <li>✓ October of 2010, entered into agreement with EDC to provide catalytic funding for the Enterprise Development Fund</li> <li>✓ December 2010, entered into agreement with Ben Franklin to provide seed funding for the Erie Innovation Fund</li> <li>✓ January 2011, entered into agreement with SBDC to provide technical assistance to entrepreneurs funded by EDC, in high-poverty areas and to get small businesses “application ready”</li> </ul>
<ul style="list-style-type: none"> <li> Develop performance and accountability measures for technical assistance, micro</li> </ul>	<ul style="list-style-type: none"> <li>✓ Created grant compliance program for each economic development</li> </ul>

finance, equity finance, non-profit lending, and target-market lending.	recipient
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Relating to Social Services investment:

<u>Framework Recommendation</u>	<u>Accomplished</u>
<p> Identify a knowledgeable partner to assist in the creation of processes and procedures for how best to evaluate, rank and distribute grants to Social Services organizations. An RFP or RFQ and interview process would be a logical method for making this selection.</p>	<p>✓ May – December 2011, funded 11 Social Service agencies as part of the Erie Community Foundation’s Urgent Needs process</p> <p>✓ January – December 2012, on track to fund Social Service agencies through the ECF’s Helping Today process</p>
<p> With selected partner develop those processes and procedures and have them carry out grant program with Authority.</p>	<p>✓ ECGRA has 2 seats on the ECF Helping Today grant review process</p>

## APPENDIX “A” – DRAFT Endowment Model for Lead Assets

These figures are only estimates. The following is based on draft figures presented in the 6/13/10 Framework. The Endowment Policy Committee needs to work on projections as part of its disbursement policy, including the overly optimistic assumption that the endowment will return 6% annually.

Assumptions:											
	6,000,000	estimated first year (2010) annual allocation									
	4,400,000	estimated annual allocation of uncommitted restricted funds (2011 - 2016)									
	2,900,000	available for early kick start to dedicated regional assets 2010									
	100.0%	amount of early kick start to the dedicated regional assets endowment/trust									
	40.0%	annual share to dedicated regional assets									
	2,900,000	Kick-start to dedicated regional assets									
	1,760,000	amount available to dedicated regional assets fund per year for next 7 years									
Regional Assets :Simple Endowment Model											
		6.0% Annual ROI (net of expenses)									
		4.5% Disbursement rate									
	\$ 2,900,000	Kick-start contribution									
	\$ 2,400,000	estimated first year (2010) annual allocation									
	\$ 1,760,000	Annual allocation to endowment + supplemental grant (2011-2016)									
year	previous balance	plus interest	less disbursement	new contribution	new balance	Supplemental Grant	Endowment Income	Total Support	Dedicated 80%	Community 20%	
2010	-	-	-	4,654,000	4,654,000	646,000	-	646,000	516,800	129,200	
2011	4,654,000	279,240	(209,430)	1,323,430	6,047,240	436,570	209,430	646,000	516,800	129,200	
2012	6,047,240	362,834	(272,126)	1,386,126	7,524,074	373,874	272,126	646,000	516,800	129,200	
2013	7,524,074	451,444	(338,583)	1,452,583	9,089,519	307,417	338,583	646,000	516,800	129,200	
2014	9,089,519	545,371	(409,028)	1,523,028	10,748,890	236,972	409,028	646,000	516,800	129,200	
2015	10,748,890	644,933	(483,700)	1,597,700	12,507,823	162,300	483,700	646,000	516,800	129,200	
2016	12,507,823	750,469	(562,852)	1,676,852	14,372,293	83,148	562,852	646,000	516,800	129,200	
2017	14,372,293	862,338	(646,753)	-	14,587,877	-	646,753	646,753	517,403	129,351	