



Erie County Gaming Revenue Authority
Minutes of the Board of Directors' Meeting
August 10, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on August 10, 2017 at 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.

Mr. Sample: I want to begin by saying that we are very sorry to learn of the passing of Dr. Garvey; a true gentleman and advocate for Erie, whose wisdom will be greatly missed.

Mr. Wood: Erie lost one of its greatest champions yesterday. I doubt in my lifetime I will ever meet someone who parallels his commitment to civic affairs, his passion for this community, and someone who is so kind in spirit and generous with his resources. The man was my mentor, my advisor, and close friend. Rest in peace, Dr. William Garvey.

Let's have a moment of silence, please.

ROLL CALL

Mr. Bagnoni (via phone), Mr. Barney, Mr. Domino, Mr. Paris, Mr. Peters, Mr. Sample, and Mr. Yaple. Mr. Breneman (via phone), Mr. Lee, Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

Mr. Peters makes a motion to approve the agenda. Mr. Yaple seconds the motion. Motion carries 7-0.

APPROVAL OF MINUTES – July 2017

Mr. Paris makes a motion to approve the minutes. Mr. Yaple seconds the motion. Motion carries 7-0.

COMMENTS BY THE CHAIR

Mr. Sample: Obviously, we are all saddened by the loss of Dr. Garvey; as Perry said, a true champion for the City of Erie.

We're still fighting the battle. It's getting interesting. I know that Perry has been giving a lot of information to those that ask. I don't know that I would ever say that we're trying to prove our case,

but we're trying to justify our position; why we've done everything the way we have. I would challenge any Authority to go under the level of scrutiny that we have.

Unfortunately, we experienced some budget cuts; I think those things are going to come back later to haunt all of us; especially the Special Projects that had given us some lateral mobility to be able to react for funding of things that were of an important nature, with a level of urgency. But we shall persevere. We thank you all for being here.

PUBLIC COMMENT

No public comment.

PRESENTATIONS

- a. MaherDuessel, CPA; Jeff Kent and TJ Gustafson – Draft Audit
- b. Millcreek School District Foundation; Kris Huber and Kyle Bucholtz – STEAM Program

- a. MaherDuessel, CPA

Mr. Kent: Thank you for having us. We are here to give you a brief overview of the audit. This is our first year performing the audit for the Authority so we are certainly happy to be here to discuss the results and meet you all.

There is a packet in front of you that has a power point handout and behind that are all of the draft documents. For the purpose of the meeting, I will be sticking to the handout but if you have any questions today or after today as you read through the drafts, we are certainly available for any questions.

Page two of the handout talks about the reports that are issued as a part of this process, the financial statements themselves. We issue a communication of the charge of governance letter that just goes through standard communications that we are required to give to you as a Board. Then we have a management letter that just goes through a few recommendations that we have.

The next couple pages, three and four, go through the topics of communication of the charge of governance letter. The first part of the letter talks about responsibility; it is our responsibility to provide an opinion on the financial statements in terms of whether they are fairly stated. It talks about the fact that the financial statements themselves, along with the related internal control processes, are the responsibility of the Authority.

In terms of the timing of the audit, we did the main field work in early July, and for the last couple of weeks we've had some reporting discussions and gone through some draft reports. So, now here we are today with a better than rough draft of the financial statements so we can start the finalization process from here.

The letter points out that your accounting policies are described in your footnotes. There are a couple of significant estimates and significant exposures that are noted in the letter; I'll hit those as we go through the rest of the presentation so we cover those topics.

The rest of the items, mainly on page four, are kind of exception-based that there were significant issues that we had for the audit process, whether disagreements or major internal control issues. We would highlight them in this letter but there really is nothing to report. We were able to get everything we needed to complete our procedures and we certainly thank Perry and Tammi for their help during the audit process.

Page five is a summary of results; this is our opinion on the financial statements. We are prepared to issue an unmodified opinion that you want from us. Pages six and seven – just some summary financial information. Page six would be the summary statement in that position. You

ended the year with \$15.4M in net position which is classified as Restricted. That is actually a change from past years where your net position was classified as Unrestricted; we talked through that classification with Perry because there is kind of an external restriction attached to your funds it was more appropriate to show that in Restricted. Most of the \$15.4M is cash; about \$1.8M in net Notes Receivable. One thing to note on the Notes Receivable, the gross Notes Receivable are about \$2.3M; through discussions with Chuck and Perry this year it was determined that it would make sense to report a reserve against those gross notes so there was an allowance or provision from collectibles reported of about \$460,000 that is being recognized in this year's financial statements.

Mr. Peters: Jeff, Perry, and I spent quite a bit of time discussing that we need to report accurately on our financial position. Without getting into details as to which particular loans that we have made that show some kind of risk, it's probably not hard to deduce which loans we have made that we suspect might have some risk based on the performance of the Economic Development Corporation here and some of their sub-entities. I think that's a prudent approach to this; we don't have any particular information for this other than our communication with those that we've loaned money to. Some of that communication you all participated in about a month ago, when one of our borrowers asked for a restructuring of their debt; that's enough to probably give us a good indication that something is going on there with their finances.

Jeff, Perry, and I discussed this quite a bit; I don't think it was our goal to call out or embarrass any of our borrowers at this time. If anyone wants to discuss in further detail or feels as though they're not quite catching what I'm saying about which organizations might be at risk, I'm glad to discuss it but I think for purposes of the audit, having some general allowances related to what might be uncollectable makes some sense.

Mr. Wood: I think it's important to note that an allowance is not a write-off; it's not an anticipation of a write-off. It's an effort to accurately reflect the financial position and risk involved; so, it's not a submission that there is going to be a write-off necessarily, just an accurate description of where we're currently at. We've never done it before; Jeff brought it up. Our auditors in the past never recommended that we do it. I had a conversation with Sue Ellen at the County's finance department about it and she said, "You have to look at your historical trends in order to determine what your allowance should be." We've never had a loan go bad in our very short existence of making loans; so, there is no real historical trend. We had to have that conversation with the auditors and come up with some objective process to do that. That's how we came up with that percentage, which equates to roughly 20%.

Mr. Peters: And to be clear, we believe it to be one of the entities that we've loaned money to that is in financial distress. Maybe I should just state who it is. As you recall, the Enterprise Development Fund came to us about a month or two ago and said, "Hey, we're having trouble. Can you restructure our debt to make this a little easier on us?" We all said that we're eighteen months away at that point, and we have other things on our agenda right now; your loan stands as your loan stands. Finance and Strategic Planning can address that as it comes. You will recall that at that meeting, they indicated to us that their lines of credit were cut off.

I do want to take a moment to also mention that they have, as you recall, asked us for an additional \$500,000. You may also recall that when we allocated \$500,000 to them right before the GEIDC bankruptcy, we had several elected officials in the community that were quite upset with us that we didn't give them more. I think that this Board is to be commended for their restraint and their understanding that this position could be much worse for the taxpayers of Erie County had we listened to those elected officials that sat here and told us, "Give them more money." I have to say compliments to all of you that took a challenging decision and stuck to your guns because this could have been worse.

We don't know how this ends. They are working through their issues and we think they've got some governance issues that they're going to try and clean up. But I wanted to be clear because I

saw some looks at the other end of the table that seemed unclear as to who I was talking about. I don't think we need to call them out here; there is no requirement to call them out and embarrass them. Is it fair to put it that way, Jeff?

Mr. Kent: Yes. The way the footnotes are structured it reads that there is an allowance on the overall Notes Receivable; it's not described as related to a specific loan. There is a more detailed note that talks about the individual loan and there is some discussion about uncertainties surrounding that specific loan. The overall allowance in the financial statements is not directed at a specific loan.

Mr. Wachter: If I may, Mr. Peters and Mr. President, the Notes Receivable note related to the Fund says to the extent that we talked about some uncertainty says that, "during 2017, the Fund requested consideration of forgiveness of its Notes Payable, which the Authority is currently deliberating. Additionally, the Authority was notified in 2016 that an entity related to the Fund, the GEIDC, filed Chapter 7. The Authority has considered the uncertainty surrounding the ultimate collectability of the loans in its determination of the overall allowance for uncollectable notes. The Authority, staff, and Board will continue to consider the ongoing viability of the Fund."

That's an extremely unemotional, fact-based note. Mr. Peters, I agree with you that it's not calling anybody out; it's just what it is. This is an audit, and that's what you're supposed to do.

Mr. Kent: Those are all very good points. Any further questions on that topic? Page seven is a summary income statement or statement of activity; certainly, the most of your activity is the gaming revenue and the grants supported. You can see the Provision on Notes line; that's what we were talking about the \$460,000 of net allowance. Again, page seven is kind of the results for the year.

Page eight, we talked about a few of the things – these were kind of through the draft process – some of the reporting discussion items that we thought would make sense to share with you. We talked about the first two; the third bullet: ECF enhanced disclosures. Perry and I had gone through the question of the reporting presentation in terms of the funds that are held with the Community Foundation so we thought it necessary to beef-up and enhance the disclosures related to those funds. So, the footnotes have a lot more information than you've seen in the past relating to those funds. It discloses the fact that there are two funds, it describes the two funds and the activities for the year, the balances between the two funds that they are of market value at the end of the fiscal year of about \$12.8M. That's all provided in the footnotes. Those are some of the changes from last year.

Then the last item, you have the draft in front of you, footnote nine is just kind of a placeholder right now. It's highlighted but there is some discussion about adding some language relating to the legislative uncertainty. Perry has been working on the wording that is going into that.

Mr. Wood: Clearly, our revenue stream is tied to one source and that is the Pennsylvania Horserace Gaming Act with the local share provision, as it is currently structured, being maintained by the Legislature in the future. So, the contingency would speak to the fact that local share gaming, the clause, has been declared unconstitutional; it has not yet been fixed by the end of this fiscal period being the end of March 2017, it hasn't been fixed by the Legislature and therefore it is a potential liability to future revenue coming into ECGRA. The idea with the contingency would be to recognize that potential threat.

Mr. Kent: The next page is the last report we want to talk about; the management letter that goes through some recommendations. Again, there were no findings; no what would be termed as significant insufficiencies or material weaknesses in internal control that we have to report. The management letter goes through some other matters that we're offering for your consideration.

The first comment in the letter talks about segregation of duties. Certainly, with your small staff size duties aren't completely segregated; you have one person that is able to do all of the processing and all that goes with that. First of all, you want to be aware of that but then you want to, where at all possible, mitigate the risk associated with that. In the letter, we outline a couple of monitoring type controls that we talked through with Perry to help in mitigating that.

Mr. Wachter: If I can address that. When you say that there is a possibility that a single person has the ability to perform many aspects of the accounting functions, just to be clear though, the procedures we have for check signers are such that there must be at least one Board signature on a check for it to be authorized. Is that correct?

Mr. Kent: It is. That's one mitigating control, I would say. In the end, that's a process that could be circumvented. You can't rely on the bank to make sure that your check signers are appropriate because nine times out of ten, that will slip through any kind of bank procedure.

Mr. Peters: As a follow-up to that, in the past when GEIDC was helping, we paid them as an outsider to handle our books and review. Should this Board be considering what would ultimately be a very small investment in getting some outside support of some type for the organization to make sure that they are controls? Maybe a better way to put that is, what do other organizations our size do? We're not the only ones with a very small staff.

Mr. Kent: I think that it's an internal decision, for sure. We see it both ways; there are a lot of companies out there that do that type of work part-time, contracted accounting services, that would add a layer of control but we also see it where organizations want to handle it in-house and focus on internal control. I would say, if you are comfortable with the monitoring and controls, in your case it's mostly Perry looking at certain things; some of the recommendations we made in the letter is that he look at a bank statement and all the cancelled checks and all the payroll registers.

Mr. Peters: A simple control is that the reconciliations don't get sent to the same person that's writing the checks. If you're comfortable with that approach, I'm certainly comfortable with helping Tammi and Perry understand how we should do that.

Mr. Kent: Like I said, that doesn't eliminate it, but again, it's kind of a cost-benefit that you have to weigh. Can you implement those types of controls and be comfortable that the activity is being looked at and that any issue would be caught through those kinds of reviews? I think your activity is such that, it is not of a huge volume, to where it's practical that those reviews are effective.

Mr. Sample: Typically, we do not generate a massive amount of checks per month and it's easy to regulate the other things. Given the level of scrutiny we've had over our budget, we've done everything we can to try and be conservative and I think with Chuck and Perry checking over these things, I am confident in our situation but any recommendation you people have will certainly be considered and vetted.

Mr. Kent: Part of the controls is the review that happens at this level, too. You're looking at financial information and questioning to the extent of your questions. That's part of the control process.

Mr. Peters: This is the most active group, of all the Boards I've served on, in particular economic development Boards, this is the only Board that I've sat on where people actually look at the financials and ask questions.

Mr. Kent: That's an important part. The second one we kind of talked about; taking the discussion we had related to the allowance in saying you should think about developing a process, think about if there is criteria, think about if there is an annual process or quarterly process that you go through that discusses the loan portfolio and monitoring of the activity involved.

The last comment in the letter is just a general comment on documenting some of your internal processes and policies. You have internal processes and policies, it's just a matter of taking them and putting them on paper.

Mr. Peters: To those last two bullet points, it's something the Finance Committee will look in to. What is our policy for if we've made a loan, what are the triggering events that might cause us to take some portion of that and create an allowance for it? For example, if there is a technical default – whoever we loaned the money to doesn't send some sort of reporting that they're supposed to which puts them in a technical default, maybe that triggers us saying that we believe that is a first sign that they may not be able to perform. We put an allowance or reserve of 5% or whatever, those types of

things. If there is a loan that actually defaults that doesn't make a payment, then that actually triggers a bigger allowance. If that's what you're saying, then just recommending that we, as an Authority, further define our internal process for how to account for the loans we have out. Over the next couple of months, we'll talk more about that and get a policy put together that we can present to all of you and we can take action on that.

Mr. Kent: That's all of the points we wanted to talk about. The last page is our contact information; if you see anything we haven't covered in the draft over the next few days, don't hesitate to contact us or if you want to contact us through Perry, that's fine too. We are certainly available for questions.

Mr. Wood: If I could summarize. No major findings, that's great news. Some big recommendations, some enhanced reporting on the audit based on MaherDuessel's feedback. I just want to say that for our first year with this new firm, I think they did a really good job. They spent a week in our office really digging into historical information that we hadn't been over for a long time. Since we had the same auditor for five years, it was interesting to have a new perspective with the new auditor. I would recommend that we enter into a long-term agreement with MaherDuessel, a three or four-year agreement to audit ECGRA, and to remind the Board that this is simply a draft. The first step is to have the auditors come in with a first draft to gain feedback from the Board. If you need to reach out to myself as Director or Mr. Peters as Treasurer or with questions specifically for the auditors, they have provided contact information, don't hesitate to reach out to them directly as well.

We will then formulate a second draft; we'll circulate that to you via email. If there aren't any major objections or concerns, we will look at accepting it into record at the September Board Meeting. If there are further discussions that need to take place, we will do it either at a Finance Committee Meeting or the September Board Meeting.

Mr. Sample: Thank you for your professionalism and your timely report.

Mr. Kent: Thank you. We appreciate it.

b. STEAM Program

Ms. Huber: Thank you very much for having us. I am Kris Huber with the Millcreek Education Foundation and I brought Kyle Bucholtz help with some questions and to give a little information as well. He is with the School District and has a lot of responsibilities as they relate to STEAM and STEM, specifically at the High School.

I am here to talk about the initiatives we do completely as a district. I was asked to share a little about the great leaps we are making. To start, we have vision. I got involved in the district years ago, before I even had children. Dr. Salmon was Superintendent and he said, "I need help with grants for J.S. Wilson" and he got me involved. Then I was kind of out of it until my kids started in the district when I said, "It's Kindergarten; where's the science?" Now my kids are going into sixth grade and I've been pushing and pushing since day one.

I came on as a Board of Trustee to the Foundation in 2013, and at the end of 2014, they realized they needed someone kind of as an administrator. So, in full disclosure, my maximum hours is supposed to be about 15 hours a week; I'm supposed to be part-time doing this but it has taken way more time than that. This is something that I have a passion for and a love for and I hope you see that in the way that I talk about what's going on in the district.

All of the school districts are dealing with the state mandates; the different aspects of Common Core, No Child Left Behind, and more recently the Helping Students Succeed Act, in addition to the appeasers, the pensions, the things that are required by law. If you've been watching what's been happening to the Millcreek School District, you know there is a misconception that there is a surplus. There isn't a surplus; we have to be very conservative. One of the things that is coming up that

people don't realize is The Erie County Technical School is getting ready to do a major campaign and Millcreek is responsible for 20% of whatever they decide their campaign total is because that's how many of our students use the services there.

What we're doing as a district is looking at different ways to collaborate. One of the things on the Foundation side of things is we distribute grants to teachers. Right now, with many grants we are forcing them to think more collaboratively. When the theater program came to us and said, "We need ten headsets", we replied, "Your production is never the same week as the other schools." We got them thinking about how to ask for something that can be used across the district.

I mentioned at the check presentation after the Education Foundation Challenge and I mentioned to all of you, "Why aren't we collaborating with other school districts?" Daria Devlin and I met years ago, when she did her very first Power Point to get PEPS off the ground. She took one of my classes here at Penn State, a Fundamentals of Fundraising course, and I coached her on how to get this up and going? And we see what's happening because she is the backbone of what is going on.

In our district, it's a little bit different. We talk about what we can do to drive what our students need. But we are in a different age and our students are telling us what they need to. This is the first generation that has at its disposal things that we never would have imagined when I was growing up and they lead us through these things.

As a Foundation, we try to find the funding that the teachers are asking for. We send them off to conferences and they come back all excited and energized and there's no money to do it. You can imagine the frustration.

Two and a half years ago, several teachers and principals went to a conference and they came back talking about Maker Spaces. They wanted to know how we could get this great equipment into our buildings. The teachers were excited to do this; the principals were energized by this. It kind of fell flat and they felt that we would never be able to do this. I started doing research and realized that the funding right now is for girls; so, we initiated a program, Full Steam Ahead, for fifth grade girls in the district. It's a before-school program, as the pilot program this past year, and we asked the girls what they wanted to learn about. We did this before-school program funded by the VWR Foundation; we were able to get the equipment for these maker spaces because of this grant.

But something bigger happened with this Full Steam Ahead program; these fifth-grade girls would come in every morning for eight days and it was from 7:30 am – 9:00am when school started, and the parents were coming to me on the second day saying, "I can't get them to school at 9:00; I'm pulling them, dragging them to get them to school. But on STEAM days, they want to be there at 7:15 because they want to be ready."

I'll give you an example of some of the things we did; they were simple things. The grant paid for a stipend for the women in the community to come and present. Every single one of them turned down the stipend so it could be put back into the program. We had Dr. Saldanha from St. Vincent, she's a breast surgeon, she came in and she taught them how to suture with fake skin and bananas; you could've heard a pin drop.

We had Michele Vitali, professor at Edinboro University who does forensic art; we were a little nervous initially because she takes skulls and determines who they are, but they did it. Every single class was hands-on. There were 18 girls that participated and they all left with hands-on things that they then shared with all their classmates. The bigger thing was that we were able to get these items that these teachers wanted along for their maker spaces.

The thing about our district is we do more with less. I'm at every School Board meeting, every Committee meeting that I can be at, and I sit there and listen and see the charts go up again and again; how much less Millcreek pays per student than every surrounding district. It would shock you the difference. The Erie School District spends more per student but we are able to do more with less because we do have great teachers who put in the extra, as do all schools and districts.

Part of what we do is making new connections. As I mentioned to a few of you, I sit on the Erie Regional Library Foundation Board. If you're watching what they're doing, this is being propelled by what the school districts are sometimes lacking but certainly what they're asking for. They are putting together the idea lab, they're putting together the maker spaces, the team spaces; that's for all these students. We don't want to duplicate services, we want to enhance them. That's why I felt it was important to get together with Jim Dieble, get with Erin and say, "How can we be a part of this? Just because we're outlying and not in the center city, our students use those services just as much as everybody else."

That's our responsibility as a district and as a Foundation is to set up these partnerships, and we have. We continue to meet with Foundations, the VWR Foundation; the greater part of it is Foundation Source. If you know anything about Foundation Source, when you get your foot in the door and show that what you're doing is positive and has a great response and is successful, they have more funding for you.

Before I even finished the program, after the first quarterly report, they said, "How can we help you?" We are looking, as a district, at bigger initiatives to try to reach all the things that the teachers are asking for. The first step though is letting the teachers know that we do want to hear what their great ideas are. For so long we were always saying that we didn't have the money; money isn't the only way to get things accomplished. That is something that as a Foundation we are encouraging them that if they know what they want, let us help you get it.

I recently had the experience of going to see the STEAM truck; it came from Georgia and went to the library in Jamestown. It was a collaborative that they put together through the Chautauqua Institute; it was phenomenal. It was like one of those food trucks where they open up all the sides and then they had tents and the kids would walk through the centers and do the different things. That's the kind of thing that our area needs. I've talked to the Library Foundation and we're working on ideas of how we could make that happen; kind of like that mobile book lab where you take that around and people are able to take out books. Let's get that STEAM lab going, getting it to all the districts, all the outlying areas of Erie County.

Perry, Tom, and I talked about if what we do is a model for other schools; certainly. Everything we do we get from concepts here and there but it always goes back to student-driven. The teachers out there who are saying, "This is what the students are asking for." Our students are much smarter than we give them credit for; we don't often ask them what they want and what will help them learn.

Every year since I started on the Foundation Board, I go to the Seniors and ask what they wish they had, what they wish would have been different. The first year I was really nervous about what they were going to say and surprisingly the number one item for non-academic was air conditioning in the high school. That is something that is on the top of our minds; what we can do to make it more comfortable for them. The second was more honors courses, more Honors College courses, more AP courses, and the fourth one was study groups; those don't cost a thing. What can we do as a Foundation to support the district? What can the district do to support these students?

We're asking them and we're getting the feedback, but we're asking them for solutions too; don't just come to us with problems. That's what we're asking the teachers to do, as a Foundation; tell us what's going on and let's work together to come up with a solution. We always want them to feel comfortable with saying what they want and we'll work with them to get it.

When you talk about a model, the Full Steam Ahead Program was based on (inaudible); they gave us all their curriculum, all their science girls; anything we wanted they said, "This is yours. It's open to anyone." And everything we do is in that manner. We work with partners and collaborators who are excited to share with us what they did and what was successful. We're the same way; we'll do that with anyone.

I have to say, that from district to district, obviously there is a diverse population but there are also different needs. One of the things that Daria and I talked about when we talk about collaborating between districts, and there's several models that we're looking at, one of the things that we're cognizant of is that we don't want either one to appear that if there's something we have in the Millcreek School District to give to the Erie School District, we don't want it to appear like we're giving hand-outs. That's not what this is about. We're thinking on a much larger scale of collaboration on things that we both need that we can give to each other.

When there's a real possibility that they might get rid of all the high schools in the City of Erie, we took notice; we stood up; we want to welcome those students if that is ever a possibility. In all of that, we have to have some strategies and be prepared to meet the needs of those kids and exceed what any expectations would be.

The district helped us to bring the premier of the movie, "Most Likely to Succeed." If you have not seen this documentary I would suggest that you do take a look at it. We worked with Edinboro University and had a panel discussion afterwards of professors talking about the change in education; our model for education has not changed since the Industrial Revolution. We still expect kids in elementary school to follow in a line and have certain standards of sitting at a desk or sitting at a table, and one of the things we know is that these kids are nothing like the Industrial Revolution. They are the ones thinking up the ideas and so often, we shut them out.

As part of maker spaces and all this idea and innovation, some of the things that has come up is flexible seating. If you have a child sit in a chair for 45-90 minutes, at any level K-12, is that exactly what they need? No. Is every child's needs different? Yes. So, we have six classrooms in the district right now that have flexible seating that we have helped support them with, and it could be everything from accommodating small groups working together, individual working, or the child that just can't sit still. I have one. I have twin daughters going into sixth grade and I have a daughter who has to multi-task all the time in order to be effective and successful. Some teachers can't handle that; but if she's sitting at a desk, it's not going to work. You have to have advocates, like myself and Kyle, to speak up.

We are here today to talk about some of the advancements. I do have some budget information I have given to Perry; I have five copies. We're a very lean operation; we do not have an office, I work out of my home, and our mailbox is at MYAA. It's purposeful. We don't want to spend any extra money because we want to get it back into the schools.

Kyle is going to talk a bit about the McDowell Innovation Learning Lab because it kind of is that show of where we're going K-12. In the K-5, we're working on those maker spaces; how can we give them experiences. How much time do you realize that our kids in the districts around Erie spend in indoor recess? At most schools, they might be sitting, or sitting at a movie, or drawing; but we can have organized play for them. They're asking for it.

In the middle school level, we have the tech education, we have a STEM camp and it grows even more at MIHS (9th and 10th) and at McDowell (11th and 12th). Kyle is going to talk a little about what's going on at the high school level, but know that what we're doing in K-8 is the building blocks to allow the kids be comfortable to say, "You know what I wish we had here?" and start that entrepreneurial and innovative thinking and thoughts about how we go to the next level of development for these kids that learn completely differently and have it open up. We're an open book; we share what we have with the other districts.

Mr. Barney: I have one question before we move on, just for clarity. Your overall STEM Program is for both male and female, correct? Because when you addressed the early before school, you spoke on the females coming and I wanted to make sure that was just for that particular program.

Ms. Huber: Yes, it is for male and female. That was just an initiative, Full Steam Ahead for girls and the reason is because studies have shown that if you don't introduce girls by seventh grade into STEAM, they think they are not qualified. Twenty percent enter into college of STEAM girls, but

less than 20% enter into the jobs; and we all know that the STEAM jobs are the jobs of the future with the most longevity. That's how that came about was to get the equipment into the schools.

Mr. Bucholtz: I teach at the high school; I'm in the Tech Ed department and also in the Business department. But I also do the robotics program; I have over 60 students involved in my robotics program and 24 of those are females, which is awesome. Eighty percent of those students who graduate go into a STEM field after they leave us, so that's either in the workforce or into a college program involving STEM; that's very exciting.

We came up with this idea of the Innovation Learning Lab and we have some partners. Bliley and Sunburst Electronics said, "This is awesome. We want to get behind you." They are taking equipment they are not using, donating it to our Innovation Learning Lab, they are also on board to buy a 3-D printer, along with the 3-D printer we got from ECGRA and the Ignite Grant last year through Penn State, and take those and put them in a facility we can actually have students working in. Right now, I came up with this idea because right now they're working at a table in my wood shop and I said, "This just doesn't work. We're making great products, we're making great strides ahead, but we need a place for this to happen." We're doing things, we're drawing models in our 3-D software and we're putting on virtual reality headsets so the students can actually look around their model. No one else is doing that in the area, especially at the high school level. We're really advanced and we're progressing even more. That's what we're here to talk about is where can we go with our needs. I'm excited to continue this work to see where this will lead us.

Ms. Huber: Any questions? We're here asking for your support. The corporations are saying, "We want your students." They want McDowell students; they are a different breed. I had to opportunity to go with Kyle and Brian Fuller, the principal at McDowell High School, and we went to Merritt Corporation. One of our students, a former McDowell student, was there. They want a specific type of student; they're not looking for the technical student at the technical schools specifically for some of their needs.

One of the things we did on the tour at the Merritt Corporation was, and I know this is the change is that these kids are actually learning design and creation and coming up with the solutions, and that's the type of students, the Robotics students, the STEAM students, the STEM students, the students that have that vision of how to make it better and putting them in that type of position. The gentleman at Merritt said, "We want four of your students by the end of next year. We want them." These are positions that are paying six figures and it's helping them get through college. He just enrolled here at Penn State Behrend. They are coming to us. Bill Hilbert said, "What can I do?" So, we're working with RedDog and we have some ideas we want to work on.

Mr. Peters: We funded a program at Fairview that is kind of similar. Obviously, we have shown support of the Foundations. We've now heard more than one teacher and non-administration official come and say, "We recognize a need and we are working through that need." I think you're to be applauded for that; that is terrific. The question I have, and it's probably tough to answer in the time that we have, but maybe in the future before we continue to fund programs like this if we have an answer to the question. And that question is, where are curriculum directors, where is the teacher's union, and where is Harrisburg in understanding that the world has changed? Exactly like you said, whether it's flexible seating or maker spaces or non-traditional labs, or integrating art with science; where are the people that can actually make this happen in a big way?

Erie County is blessed because of the wisdom of County Council many years ago creating an organization like ECGRA, to fund these sort of innovative and interesting ideas and the Legislature, by the way, for coming up with pools of money for this type of thing as a result of gaming. Where are the people that really control the purse strings? It makes me sick when I hear that we have teachers that are trying to make this happen without real money coming this direction. There has got to be a way to skinny up budgets and direct this money.

Ms. Huber: That's what my job has been; I am pushing. Since my kids were in Kindergarten, I've been meeting with the curriculum directing asking, "Where is this? They were doing it in Preschool, why aren't they doing it in Kindergarten?" What happened with the STEAM Program is how do you pay for that and support it year after year? PTA stood up and said, "We're here. We've seen the success. We know it works. We know we can get this done." Meeting with Bill Hall, the Superintendent, he was reluctant at the beginning. He said, "I've got to be honest with you, Kris. I don't know about this." He said to me a month ago, "We're ripping the band-aid off; we're doing it across the board."

Mr. Peters: Perry, then maybe the next time the real answer, because this Board is going to be continued to be asked for money, is we should have curriculum directors participate. We should see the whites of their eyes and be able to say, "Do you get it?" Like you and the guy from Fairview, they're working really hard to make these great things happen.

Mr. Wood: Just for the record, the guy from Fairview's partner is the director of curriculum.

Mr. Bucholtz: If I could follow along there; the administration actually said to me this last year and they've said it multiple times, "We want to have the same opportunities for your robotics students and support that the football team has. They have actually come to me and said that. There has been, I think, some reluctance but when multiple administrators come and say that . . .

Mr. Peters: I would venture to say, and I'm no educator, but I would venture to guess that more people will make their living off of working in some field related to robotics than they will working in some field related to football.

Ms. Huber: Our curriculum directors were supposed to be here but the one is on a college visit with his daughter and the other one just started a week ago and today was principal meetings, and our Superintendent is on vacation. They had all planned on being here but it is kind of a weird time.

Mr. Wachter: I have one question, just for this Board to keep in mind, when the Fairview project was funded, first of all I believe it was funded out of the Pilot Program's Funds which this Board was bullied into eliminating because of short-sighted policies put forth by certain legislators and elected officials.

Secondly, when you funded the Fairview program, you put a requirement in that the curriculum that was being developed was to be developed with the thought and with the design that it would be able to be replicated and be provided to every district in Erie County. That's the point of a pilot project; if it works, you want to be able to replicate it throughout the county. This seems like a program that could almost follow along that path but you need a bucket of funds to pull from and you also need to decide how those pilot parameters are being able to be replicated throughout Erie County and can be applied to this as well.

Ms. Huber: I think we have to be careful with those boundaries of replication because they are 1,600 students and we are almost 7,000. The diversity between the two, certainly the Erie School district. I think we have to be careful because we get back into that whole idea of, "You should follow this." The openness in our strategy is accepting what the students are saying to us, accepting what the teachers are saying who are going off to these conferences around the country and coming back with world thinking. We don't always get that locally.

Mr. Wood: It's a point well taken. Models are only replicable to a certain extent. They need to be adapted in the situation.

Mr. Peters: The answer might be, and this probably needs to go to Committee, that the program isn't necessarily to take what the gentlemen in Fairview has done and shove it down the throats of every other school district. It may be a model where we have an Innovation, Education Grant process or something like that where it does allow for some flexibility. I think that we should always say to McDowell or Harborcreek or Iroquois, "You should feel free to call the guy at Fairview

and get his curriculum. He will give it to you because we paid for it.” We don’t want to say that YOU MUST use this and shove it down your throat.

Mr. Wood: I think you’re right. It’s kind of like what we did for the Universities; we created a platform for them to better network with each other and collaborate and build capacity within their organizations. I want to commend you for what you’ve done so far; it is absolutely amazing. The fact that you are working with another school district Foundation is part of our overall goal to improve this community; those relationships can be transformational.

Mr. Peters: Right on. Compliments for doing that on your own with Daria. That is huge and it’s something we talk about all the time. We appreciate it.

Ms. Huber: We have to work together. We are in such close proximity. I’m there.

Mr. Wood: So, for the Board to just tuck away for future discussion, one of the most powerful things funders can do is create platforms for communication and then learn from those platforms and then provide funding to build capacity.

Mr. Wachter: One more thing; as is my practice and policy, anytime someone comes up and makes a presentation that my firm represents, I want you to know that going in. We do represent the Millcreek Township School District and we did set up the Foundation many, many years ago.

Mr. Sample: Thank you very much. It was very informative.

Mr. Peters: Thank you for your commitment to the students and education.

Ms. Huber: Thank you for having us.

COMMITTEE REPORTS

- a. Treasurer’s Report – Mr. Peters: You all have heard about the audit; I don’t think we need to discuss that any further unless somebody wants too, but as Perry said and Tim had a couple of little notes that there might be some changes coming if any of you have any changes. I do want to reiterate, because it’s been said like three times now, don’t feel you have to call me or Perry if you have questions about that audit; call MaherDuessel directly if you feel more comfortable. I really liked working with these guys; it was far more interactive than with our prior auditor. I thought it was a really nice experience. I did not work with TJ, it was with Jeff because he’s the more senior guy; if you want to talk, I would recommend you talk to him. I suspect he has a more global perspective.

Mr. Wood: They made themselves available regularly and we had several discussions with them. I actually feel like I learned something.

Mr. Peters: Is there anything that any of you want us to take back right now just to get it off your plate, or do you just want to take some time and look at it and we’ll regroup next month?

Mr. Wood: I think it’s worth noting that they also audit the County.

Mr. Sample: There were only certain people that met the parameters of the requirement for this type of audit.

Mr. Peters: We genuinely tried to get an Erie firm to keep the funds here in Erie but no one had the qualifications. But they do have an Erie office.

With that, you have in front of you on your SharePoint, the financial package. Like usual, it starts with the P & L, then you have the Balance Sheet and of course you’ve all heard about how much money was there at the end of our year and cash balances are slightly less than that because we have written checks, the Statement of Cash Flows for July.

Mr. Wood: Can I just make a comment on the Balance Sheet for the record? One of the conversations with MaherDuessel was whether or not this Lead Asset Endowment should even be on the Balance Sheet. Our other auditors completely missed it; the Community

Foundation gives the opinion that it probably should be and MaherDuessel says they have seen it done different ways but they have worked with numerous community foundations and they don't believe it should be on your Balance Sheet. It's here on your July financials.

Mr. Peters: I think we need a legal opinion as much as we need an accounting one. I really don't want to keep changing the structure of the Balance Sheet without making sure we really got it right. As you remember, two different types of Endowments, too – Donor Advised, which we have no control over that money; Agency, we do have certain controls of that money that don't exist with the other one. I get it with the Donor Advised because that is not our money anymore; the other one, it kind of is but kind of isn't.

Mr. Wood: If you want a legal opinion, let's take the time to get a legal opinion.

Mr. Peters: We get advice from our advisors at the Community Foundation that's one thing, our prior auditors don't ever catch it in four or five years, and now the new folks come in and – I just think there's so much discussion around it. I do not have the skill set or the educational background to advise my colleagues on which way we should go.

Mr. Wood: It is not addressed explicitly by the GASB Rules of the County. So, if it was explicit, that would be one thing but it has never been explicitly addressed.

Mr. Peters: I don't know who necessarily to ask. It's not you (speaking to Mr. Wachter).

Mr. Wachter: It is not me. It's probably going to be Dave Mosier or Jerry Wegley. Dave Mosier doesn't have his CPA but he often handles these particular things. Jerry Wegley does have his CPA; they are both in the business department and are familiar. Jerry is a former auditor so it's a conversation I could have with them.

Mr. Peters: Thoughts? Should we just do that?
Collective agreement.

Mr. Peters: Candidly, I have not had an opportunity because I have been traveling the last two weeks, to look at the Budget vs. Actual. I am going to defer to Perry if there is anything specific. You see there are categories where we're under and categories where we're over; I don't know if you want to address that Perry?

Mr. Wood: The only one I want to address is we made some sweeping budget reductions, and some of those areas, we reduced it further than previous expenditures; one is Professional Development. We reduced it to \$5,000 but we had already spent \$6,300; needless to say, we will not be spending any more in that category. I wanted to bring it to your attention that those were expenditures prior to the budget reductions.

Mr. Peters: Perry, would you also do me favor and run through the Schedule of Grant Reserve?

Mr. Wood: Sure. At the top is Restricted Funds and those are to recognized quarterly payments as they come in. We did receive another round of gaming funds from the State and I'll address that in a moment here because it's a pro-rated amount. Then there is a summary of disbursements by quarter. There is the month of July and then year-to-date; we don't have any disbursements in July. The next one will be in September.

Today is the day where Community Assets funding is due, so Tom and I will be working on those grant books as soon as they are completed; they will be distributed electronically to the Board. If you want a printed copy, we would be more than happy to print you out a grant book and we will deliver that to you. Tom is also going to do a summary of each of those grant requests for Community Assets for your review. After you have had time to review them, we will convene a grants panel. We have three community advisory panel members to add to it this year; we got them both from the Jefferson Educational Society Civic Leadership Academy; three people have volunteered to help us review grants. We will

advertise that meeting and convene that group and have you score the Community Assets as we always do.

Under the Committed section of the Schedule of Grant Reserve, we are adding another column. We have the month, the amount remaining, and now we have the original commitment so you have something to compare it to; you can see what phase we're at with these larger multi-year grants. We're trying to make that information as clear as possible.

The final report is the Check Detail.

Mr. Peters: Are there any questions on the Check Detail or the Grant Reserve? I like the new approach with the amount on the Grant Reserve. Are there any questions on any of the financial reports?

Mr. Barney makes a motion to approve the financials. Mr. Domino seconds the motion. Motion carries 7 – 0.

- b. Regional Assets Committee – There was no meeting of the Regional Assets Committee.
- c. Strategic Planning Committee – There was no meeting of the Strategic Planning Committee.
- d. Update from County Council – Mr. Breneman has nothing to report.
- e. Update from County Executive's Office – Mr. Lee: Thank you Mr. Chairman. As many of you know, I was down at the White House last month which was a great experience. I went down to represent Erie County; received a tour, met with several of the White House Officials from the various Cabinet members. The purpose of the meeting was to build a better relationship with local government; it was a very productive day and a great honor to represent Erie County. It's good to be home, but we have a lot of work to do collectively that's for sure.

Moving off of that and going into an update of the Summer Jobs Program. Tomorrow is going to be the final day for the majority of students; there are a few students that are working into next week and that was approved based on when they started, because they started a week later. There is a total of 180 students completing the program with about 45 employers this year. The breakdown of the employers was 58% were inside the City of Erie; 42% were outside the City of Erie. We're still working toward that 50-50. As far as student participation, it's about 68% in the City of Erie, 32% outside the City of Erie. Again, we are working very diligently at attempting to get a 50-50 mix.

The good part is that because we're doing an extended contract, this is going to permit GECAC to work year-round on some of those particular areas. Next year, hopefully we will have more employers and we will be able to be closer to that 50-50 goal.

On to the Community College. As many of you know, the Empower Erie completed their Feasibility Study and their College Plan. On June 27, County Council adopted the plan and also stated that they wanted the Administration to submit the plan to the State, which we did June 30, 2017.

Part two of this particular resolution was that the County would be the local sponsor for the Community College. Now that the application is down at the State and is with the State Board of Education, there is a process that can take up to one year. The Board of Education has set up a sub-committee that will be reviewing the plan. They will be meeting September 13; in that particular meeting they are going to ask the Governor's Office to review from a funding standpoint if there is an appetite to put this in the budget for 2018-19. Then they are

also going to ask the Pennsylvania Department of Education to take a look and come back with recommendations and findings.

The County Executive has asked me to spearhead this particular initiative. There will be a public hearing and we will obtain more information as the sub-committee gives direction on that. I would encourage you to all look at the County website; we have a certain section just for the Community College and we have all the key items in there as far as real-time. We want to continue to keep the community engaged as we go through this process.

The last topic is Up For The Job Campaign initiative. This is an initiative that we've been working on for the last seven to eight months; the County Executive is heading it but she has invited the Chamber of Commerce, she has invited the local Union from GE, as well as the Governor's Office. The Community Foundation has been invited to the table and ECGRA has been invited to the table.

It is an initiative to market our region to employers that are looking to, perhaps, start up a company or expand a company in the way of manufacturing. It's not just for GE; it's really for any advanced skill-set worker that is here in this particular region that we really want to try and engage and really try to get them employed.

This initiative, of course, is going to require funding and this is the reason I'm bringing it up right now. The County of Erie will be going to County Council to request that they invest in this particular initiative; the Erie Chamber is approaching the Erie Community Foundation to request funding for this. We would like ECGRA to consider, and of course we would submit a proposal giving some of the key objectives and goals, and of course a budget, for this.

But here's the thing; timing is very, very tight on this. We're looking to hopefully kick this off in the next 30 days; especially in light of what is going on now. We have been working on this for the last seven or eight months so the timing is, everything is just sort of working together.

We will be going to the State for Phase 2 because this is a much bigger puzzle we're working with here and we understand that it's going to require more money than we can possibly put in; it's probably starting at about \$180,000 but it's going to require much more than that. We really want to get Phase One going and this was my purpose of bringing it up to the Board and I would be more than happy to address any questions. Thank you.

Mr. Sample: Unfortunately, we just did away with the Pilot Project and Special Projects. We're certainly going to review it but this would have been one of the typical perfect applications for it and we were encouraged not to have any fluff, if you will, in our budget. Thank you for your response and information.

Mr. Barney: I have a question about the individuals who started the Summer Jobs Program; have they reached the end or did we lose a substantial number?

Mr. Lee: No, we didn't lose a substantial number. As you know, for the last three years the completion rate has been 95% and we expect it to be at 95%, which is really good. Energize Erie, that is a group that Councilman Horton works with, Saint James; young men who really may be going through some challenging times in their life. It's a small group, maybe about 10 individuals. They may have had some run-ins with juvenile probation and so forth; a group of those individuals were placed into the program – and this was like a test market – because we want to open up the program to everyone. Unfortunately, many of them were not ready for the program. The maturity level wasn't there and the focus. In that test market there were eight students; six did not make it through. But this is a program where we like to give opportunity.

I have instructed Mr. Arrington for next year to work a little more closely and really hone in and identify who we are prescreening; he is aware of some of the concerns from the

outset but it was really something he wanted to try. It is just that that particular sector we will revisit and look at doing things a little bit differently.

Mr. Sample: And, at times, that is the sector that we need to encourage. I would just encourage Mr. Arrington, and I know you and I had spoken of the frustration in the County as to not having enough advance information about the meetings, that as long as they have a contract that is multiple year, I would assume that there could be a schedule that could be put out the first of the year so that people can put this on their calendar. I feel there would have been much better participation in Corry if there had been something other than a two-day notification of the meeting.

To your point, with the multiple year contract that should not become an issue. Unfortunately, in Corry, we have had a transition of the people that were in charge of that program, but he is still available.

Mr. Peters: Gary, is there a specific ask there?

Mr. Lee: Yes, for the Jobs Initiative. The ask is, at this time, \$60,000. That has to be taken into account with what we were going to be able to get from the Erie Community Foundation, what we're going to be able to get from Erie County. But that would be the ask.

I have spoken to Mr. Wood about this, and to the Chairman's point, this would have been a perfect potential project to be considered under the Special Projects but unfortunately we don't have that bucket of money any longer. What I'm asking is that perhaps the Board provide some direction to Mr. Wood as far as what would be appropriate for this particular initiative.

Mr. Peters: I appreciate that. The time frame is going to be tough with how we work as an organization with advertising meetings, but it sounds like maybe there are two reasons now for Mr. Paris's committee to get together. One is we're going to keep having school foundations coming and asking for money and we don't have any vehicle to deal with that, and two, we have no vehicle at this point to do stuff like this. I think Strategic Planning, and I think we may need to have Tim participate in those meetings as well, we are going to have to see if there is something that we can do.

Sometimes I feel like I'm the unofficial history-keeper of how this stuff goes down, and I apologize if I sound like a broken record but, Judge Dunlavey said, "You don't just get to write checks to people that show up. I don't care if it's a politician or not. You don't just get to write a check." All of the politicians have wanted us to ignore that ruling and this Board has been really aggressive about not ignoring it, with one minor exception. We said, "You know, we have an operating budget and it would not be inappropriate to use funds, and we had legal opinion and advice on this, to have this sort of flexible spending account that we can use to test concepts."

We're not playing favorites with the County Executive who has this idea or with the Fairview guy who has that idea. We're not playing favorites. We're simply educating ourselves and the community as to whether this is going to work or not. We don't have that tool. I am somewhat angry that I didn't fight harder on this but now we have to go back to the same people who told us we had to take this away and tell them, "No, we can't fund your project."

Literally, Gary, if you came to us with an application saying, "Here's my application for \$60,000," we would have no ability to process that because in essence what Judge Dunlavey's ruling said is that, and correct me if I'm wrong Tim, but it says that we need to allow for due process on that and invite others to give their ideas on how to handle GE employees or whatever.

It sounds to me, like in this case, we may not be able to meet your timeline. But I think it's incumbent upon this Board, particularly the Strategic Planning Committee, to talk about

what now. We have had two examples today that we're kind of in a position that our hands are tied. By the way, we're going to take a bunch of heat because they are going to say, "Well you're just throwing that back in our face." No. Take the time to understand what we do here and why we do it, and what the history is of why we do it.

Judge Dunlavey may be gone; he's retired and maybe he doesn't care anymore, but there is a ruling out there.

Mr. Wachter: One thing to consider too with the Pilot Programs funds, the Special Projects funds that we had in place, we had a Board-approved policy regarding how those funds were to be spent and on what criteria you had to base those decisions on. That policy was designed with Judge Dunlavey's concerns in mind, but certainly with a little practicality into it as to be able to be nimble and to respond to the immediate needs with programs that are capable of repetition through all of Erie County or that apply to all of Erie County.

That was kept in the operating budget for flexibility purposes and because it truly wasn't your standard program. If a grant program or a funding bucket was created where we could firm up some of those guidelines and those regulations, such that we had a more formal process for that, we might lose some of the flexibility but you could have the availability. And we keep it out of the operating budget. Does that make sense?

Mr. Peters: Just to make sure I understand. Keep it out of the operating budget but create a new bucket and have new policies on how we evaluate those asks.

Mr. Wachter: I think that would be the only way unless you just want to call it what it was and put it back in the operating budget.

Mr. Sample: The problem, my frustration, and you hit on a key word and that was opportunity; this would have been a perfect opportunity for us to go forward and do what I thought we were charged in doing. How much time and money and frustration we've spent in doing everything the way that everybody wants it done; we knew full well that this was going to happen, whether it be Gary's project or something else, that gave us the flexibility and the malleability. I hate to not be able to react on an opportunity like this but frankly I'm tired of being kicked around about how "willy-nilly" we are as an organization. I hope there is something we can do. It's like putting a humidifier and a dehumidifier in the same room – who wins? We're right, we're wrong.

Mr. Peters: Maybe the answer is to look at Tim's idea of creating an amendment to our Strategic Plan that talks about these kinds of projects and move it out of the operating budget and into the grant budget. If there are a few more hoops, whether it's the Millcreek folks or the Fairview folks, or Corry or Gary, if there's a few more hoops that those folks have to jump through so that the elected officials, both at the County level and the State level, feel like they have a better understanding of what it is we do here, maybe that's what we have to do. That might be the way we have to do it.

Mr. Yaple: Time wise, how are we going to do this?

Mr. Lee: Mr. Chairman, if I may quickly say, that's the timeline that we really wanted to move towards but the bottom line is if there is not a vehicle in which right now there is not based on the situation with the changes we just did with the Special Projects money, then we'll just have to live with that timeline. It just simply boils down to that. If we're required to go through a grant process that could take up to 60 days, it is what it is. That means for this particular initiative, we will have to find additional money at least to get it started with, hopefully, the consideration from ECGRA that you may consider investing in it. That is to your point.

Mr. Sample: Does everyone understand the level of scrutiny we're going to have because we had a budget, we amended our budget, and now we're going to amend our amendment of our budget.

Mr. Peters: We're not amending our operating budget. We have pools of investment funds available. We're amending our Strategic Plan.

Mr. Yapple: The question is whether it's going to come back and bite us.

Mr. Peters: It's going to because someone isn't going to understand. But I would respectfully request that Councilman Brenneman and Mr. Lee try to help us get the point across to the legislative contingent. I wish Mr. Sonney and Mr. Harkins were here to hear what they put us through.

We had a very productive meeting in Senator Laughlin's office with several members of County Council and Mr. Lee. Sure, there were questions, but it was productive. The local folks, I think, generally get it. A particular council member here or there may not like what we do, but in general I think that our process has been genuine and that we're trying to do the right things. I'm really frustrated with our legislative contingency in Harrisburg. Let's call it what it is; Representative Sonney and Representative Harkins have created this mess for all of us.

If we fix this, maybe this is a better way to handle it, Mr. Chairman that now there's this other bucket. The down side is there are going to be more hoops for the folks that want the money need to jump through. But we all do what we have to do to get the money.

Mr. Yapple: Here's the thing – we would love to do it. But we have had some legislators who have handcuffed us. Why don't they come up with some money to do it? They don't. This is wrong.

Mr. Peters: Representative Sonney has never even been to one of our meetings to have any clue what we do.

Mr. Lee: Mr. Chairman, if I may. The meeting that we had at Senator Laughlin's office, which was extremely productive, one of the points that I think I drove home at that time was the Special Fund money supported the Summer JAMS Program and had we not had that ability to use that money, then we would not have been able to react as quickly and more than likely a whole year would have gone by without investment into the Summer Jobs Program. To me, that is a perfect example of having some type of flexibility for merited and quality initiatives.

Unfortunately what is happening, when you work in government, and I've worked in private and government; government sometimes gets in the way of itself. They can't think beyond today and they can't see the roadblocks. Unfortunately, too many individuals in government have not worked in the private sector so there is a major disconnect and they don't get it sometimes.

In my opinion, the Summer Jobs Program was the perfect example of why you needed that flexibility and a fund for Special Projects.

Mr. Sample: To Chuck's point, Jay and Gary can take this information to all these people, but all these people had the information before; they just don't listen half the time.

Mr. Peters: Our legislative contingent just hasn't even made an effort to understand what we do. I need to be clear – our State legislative contingent. County Council has had legit questions but they generally have been very supportive and I would not want my message confused. I won't tell you about the two State legislators who have kind of put us all in a tailspin.

Mr. Sample: County Council has had questions and listened to the answers. Don't forget Meadville's contingency.

Mr. Paris: Mr. Wood, if I could ask, maybe we could get a meeting set up with our Strategic Planning Committee so we can get that meeting advertised.

Mr. Sample: Thank you, Mr. Lee.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: I think that a lot of you know that I have spent the last thirty days working on a lot of requests for information from our organization; some from our legislative delegates and some from our county government. I have emailed you all the responses to those information requests. My Executive Director's Report has the newest which came from the county clerk's office asking us about how our Mission Related Investments work so we put together a very detailed policy.

I think that we have been very responsive in requests for information; we have provided information, and then some, in order to be as helpful as possible to those that are analyzing the financials of our operation. You'll see in the Executive Director's Report the response to the Mission Related Investment questions.

You'll also see information in there about the second quarter financials of gaming funds which just recently came in; those will not be in the July financials because it came in at the beginning of August. If you recognize this document, this is our standard Grants Revenue Dashboard. I just want to focus in on the second quarter of the year. You'll see here that last year the second quarter brought in about \$300,000. This year was \$172,000. That's a drastic departure; it's obviously been on a downward trend but you'll see this year is when it stabilized - \$315,000 to \$300,000 is not a big fluctuation but \$172,000 is. I wanted to explain that to you that a couple things happened there.

Number one – slot machine revenue is down all across the State by about 2% so everybody has seen decreases. The second thing is the Supreme Court Stay expired at the end of May. We get paid on a quarterly basis. January, February, March we were fully paid for; April, May, June we only got two of the three months paid there. Revenues could be stabilized. Presque Isle Downs & Casino Operator has said, "We're going to escrow funds that we normally would have paid in a special savings account, so that when Legislature finally gets it figured out, we can release those funds." That number is drastically smaller because it's two months rather than three. I just wanted to clear that up.

Conversations with our government relations firm in Harrisburg, they have all said that gaming has been tabled and will not be dealt with until September and even then, it's a maybe. There's also plenty of examples of media attached to the report as well as some thank you letters that came in from grantees.

One thing I do want to ask you to consider today – part of our audit turned up the fact that our lease expired in May. We signed that lease for the space we are in in May 2015, so under Old Business, I'd like you to consider extending the lease for another year. I would normally ask for two years, but I think one year makes sense, considering we don't know where we stand.

Are there any questions?

Mr. Lee: Will the lease amount remain the same?

Mr. Wood: It will. I'm glad you brought that. The lease is \$1,371/month, which is a below-market rate; it is the amount that Penn State charges itself when it uses Knowledge Park facilities for its MBA programs and other things. It is the lowest rate allowable in Knowledge Park. Chuck tells me it is below-market rate for the region; I don't have a square footage amount but the total monthly is \$1,371.

Mr. Lee: Thank you.

Mr. Yapple makes a motion to accept a one-year lease. Mr. Barney seconds the motion. Motion carries 7 – 0.

SOLICITOR'S REPORT

Mr. Wachter: I'll get the legal opinion on the Balance Sheet prepared and look forward to working with Strategic Planning if that's appropriate towards how to redesign.

OLD BUSINESS

See above regarding extending ECGRA's lease for one year.

NEW BUSINESS

No new business to report.

ADJOURNMENT

Mr. Barney makes a motion to adjourn. Mr. Domino seconds the motion. Motion carries 7-0.