



Erie County Gaming Revenue Authority

Minutes of the Board of Directors' Meeting

May 11, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on May 11, 2017 in the Jordan Room; 5240 Knowledge Parkway; Erie, PA 16510. Legal Notice of the meeting was given through an advertisement appearing in the Erie Times-News. The meeting was called to order by the Chair.

(Due to technical difficulties, this meeting was not recorded.)

ROLL CALL

Mr. Bagnoni (arrives late), Mr. Barney, Mr. Paris, Mr. Sample, and Mr. Yapple. Mr. Lee, Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

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

APPROVAL OF MINUTES – April 2017

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

COMMENTS BY THE CHAIR

PUBLIC COMMENT

No public comment.

PRESENTATIONS

No presentation.

COMMITTEE REPORTS

- a. Treasurer's Report: Notice was given that some of the financial reports for this month were incorrect, due to yearly totals versus fiscal year totals. They will be adjusted accordingly and will be presented again at the June meeting for approval.
- b. Regional Assets Committee: Nothing to report.
- c. Strategic Planning Committee: MRI's were discussed briefly by Mr. Wood. There will be a more in depth meeting to be scheduled for the end of May 2017 to discuss at length.
- d. Update from County Council: Nothing to report.
- e. Update from County Executive's Office: Mr. Lee discusses the Summer Jobs and More Program.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood:

PA House Gaming Oversight Committee

This week the official transcript of the PA House Gaming Oversight Committee's hearing in Erie was released online. Chairman Petri's comments were very flattering and the testimony was incredible. Here are some highlights:

In Petri's opening statement, he said, "For the members who did not see it, we were welcomed with an above-the-fold front page story. And that's clear news to us. We understand what that means. That means that this is very, very important to Erie and we're pleased to be here."

He also complemented the welcome reception stating: "I want to thank everyone for last night's reception and attendance. Your local officials were out in full force. And I think we saw demonstrative proof of the positive impacts the local share is having on your community. And I must say as the Chairman, and as a member of the House for a long time, I don't ever remember such a warm welcome from a community."

County Executive Dahlkemper stated in her testimony: "It's important to note that in Erie County, we have a unique manner of distributing our funds and that our local share funds have been used innovatively, collaboratively and precisely as the law intended."

She also stated: "Erie County working in conjunction with the Erie County Gaming Revenue Authority has been able to balance the impact of the local casino and work to reinvent itself."

Her answers to the committee were excellent.

Supervisor Agostine testimony drove home the point of local share gaming when she stated: "the planning and land development process for PID took five years and hundreds of man hours worked by township personnel. When PID opened the health, safety, and welfare of their many employees, together with thousands of patrons, it became Summit's responsibility." She then went on to layout a very persuasive case for impact, including fact like PID uses 113,000 gallons of water a day during its peak season.

Leading up to my testimony, Chairman Petri complemented ECGRA's Economic Impact Study, stating: "let me state publicly that we all received a copy of this report. Fantastic report. I know you're not solely the one that put it together, but for everyone who hasn't read it, it is phenomenal, one of the best I've ever seen. And I said last night.... whoever can put this together should do something like this statewide because it's very helpful."

After my comments were concluded, Chairman Petri said, "You should really be thankful that your community is working together. You should really be proud of that fact because I think you're actually demonstrating how effective you can be when you gather together and communicate. So, maybe you have the model that the rest of the state should be following."

Representative Diamond, then stated: "From everything I've seen across the State -- and I will readily admit that no other locality has given us the depth of understanding of what they do as well as you have, but it does appear to me that Erie County is different, is unique amongst all our...beneficiaries of our casinos."

Subsequent testimony from partners and grant recipients was excellent.

In total the transcript is a 117-page document that captures the impact of ECGRA, the appreciation of the beneficiaries, the hard work of the ECGRA board, and recognition from a statewide audience that Team Erie County is doing it right.

Gaming Legislation Update

House Bill 271 aka the Gaming Omnibus Bill is the vehicle the Senate is currently using to make amendments to gaming legislation. Currently the bill contains provisions to expand gaming, fix local share, and redirect funds to non-casino hosting municipalities and counties. The following are highlights that effect Team Erie County:

Definition of Local Share is consistent with the current definition

Legalization of VGTs is likely

Internet gaming expansion is on the table

A new concept known as satellite stations is being discussed

Overall, things are looking up

Other notes:

MMC grant applications are due tonight at midnight.

Up For The Job Proposals will be reviewed today at 9:30am. Ms. Burlingham is representing ECGRA at the meeting.

We have received one MRI request. It's from Blue Highway Capital. The staff is not quite ready to begin the vetting & review process. We'll ask the board to convene a meeting in the near future.

Empower Erie has received the endorsement of the UE Local 506 and other labor unions such as Great Lakes Building Trades.

ECGRA participated in a press conference with the Robbins Blass Neighborhood Watch park renovation project. The park was a community asset grant recipient.

SOLICITOR'S REPORT

Mr Wachter distributes the following memo (attached at end).

OLD BUSINESS

Mr. Wood discusses the issue of contracting a new auditor for ECGRA's yearly audits. The new proposal was submitted by MaherDuessel, Certified Public Accountants. The proposed fee to complete the 2016-2017 audit is \$6,500. That is an increase from the previous auditor, Felix & Gloekler,P.C., with an invoice of \$5,400.

Mr. Yapple makes a motion to accept the proposal. Mr. Barney seconds the motion. Motion carries 5-0.

NEW BUSINESS

No new business.

ADJOURNMENT

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



Knox McLaughlin Gornall & Sennett, P.C.
120 West Tenth Street | Erie, Pennsylvania 16501-1461
814-459-2800 | 814-453-4530 fax | www.kmgslaw.com

MEMO

TO: Chairman David Sample, ECGRA

FROM: Tim Wachter

DATE: May 11, 2017

RE: Summer JAMS

Erie County has inquired whether ECGRA can grant the funds identified for the Summer JAMS project directly to the County. ECGRA has historically operated with the policy that Settlement Municipalities are not permitted to be granted funds over and above the Settlement allocation. The County is a Settlement Municipality.

To facilitate Summer JAMS, the County issued a RFP to select a program facilitator. This year, GECAC was awarded a two year agreement. The summer of 2017 constitutes the first year of the new contract. The two main funders of the program have been the County and ECGRA. The County appropriates funds to be spent on the program facilitator. The County also serves as the program administrator. In the past, ECGRA has granted funds directly to GECAC, entered into a grant agreement with GECAC, and has paid GECAC upon their request.

Now, the County has requested that ECGRA grant the money directly to the County. This request is premised upon a need for accounting oversight. If ECGRA was to grant the funds directly to the County, this would create an exception to the historic policy of not granting funds to Settlement Municipalities.

ECGRA staff and solicitor have suggested to the County that a compromise position exists. This compromise position is that ECGRA would still grant the money to GECAC, but that any such funds would be paid to GECAC only upon notification from the County. This arrangement would necessitate a revised Grant Agreement with GECAC, and a separate MOU with the County which would describe the procedure through which ECGRA would cut a check to GECAC, and only after the County would request that such payment be made. In this scenario, the County would secure its role in program oversight and administration while ECGRA will be able to continue its long standing policy of not granting funds to Settlement Municipalities.

The arrangement described in this memo parallels the one ECGRA has with grants offered in conjunction with the Erie Community Foundation. When the grants are awarded, ECF

and ECGRA enter into separate grant agreements with the recipient. The recipient reports back to ECF, and at such point that payment is justified, ECF notifies ECGRA and ECGRA cuts the appropriate check directly to the recipient.

At no time in this scenario does the ECGRA board cede its fiduciary responsibility to gaming revenue distribution. Such an arrangement secures the fidelity of the grant making process for ECGRA as well as the administrative and programmatic oversight by ECF.

Not only is the above suggested approach recommended for programmatic and policy reasons, but also for legal reasons. We are well aware that ECGRA is required to facilitate some methodology of due process when reviewing and awarding grants. If ECGRA was to grant money directly to the County without regard to the program facilitator, then ECGRA's action could rightly be confused with making a direct payment to the County rather than the awarding of a grant to the grantee.

For those reasons, it is the recommendation of ECGRA staff and the Solicitor that EGRA award the Summer JAMS grant to GECAC, that the grant agreement indicate that payment will be made upon demand and verification by the County Financial Department, and that a separate MOU be entered into with the County whereby the County and ECGRA agree on the process to implement this policy.

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