



E·C·G·R·A
ERIE COUNTY GAMING REVENUE AUTHORITY

**EXECUTIVE
DIRECTOR'S
REPORT
FOR
FEBRUARY
2024**



COUNTY OF ERIE
COUNTY ADMINISTRATION

Brenton Davis,
County Executive

Douglas R. Smith,
Director of Administration

MEMORANDUM

To: Members of County Council

From: Brenton Davis, County Executive

Date: January 4, 2024

Re: Erie County Gaming Revenue Authority – District 5

Council,

I hereby convey my support for the appointment of Kelly Hess to the Erie County Gaming Revenue Authority. Ms. Hess' term will expire on December 31, 2028. This will be her second term representing District 5.

Thank You

A handwritten signature in blue ink, appearing to read "B. Davis".

Brenton Davis

CC: Karen Chillcott, County Clerk
Perry Wood, Executive Director
File

Approved by Erie County Council, 7-0, January 16, 2024.



COUNTY OF ERIE
COUNTY ADMINISTRATION

Brenton Davis,
County Executive

Douglas R. Smith,
Director of Administration

MEMORANDUM

To: Members of County Council

From: Brenton Davis, County Executive

Date: January 4, 2024

Re: Erie County Gaming Revenue Authority – District 3

Council,

I hereby convey my support for the appointment of Angela Amatangelo to the Erie County Gaming Revenue Authority. Ms. Amatangelo's term will expire on December 31, 2028. This will be her first 5-year term representing District 3.

Thank You

A handwritten signature in blue ink, appearing to read "B. Davis".

Brenton Davis

CC: Karen Chillcott, County Clerk
Perry Wood, Executive Director
File

Approved by Erie County Council, 7-0, January 16, 2024.

January 2024

Meeting with Executive Director
Ongoing Social Media Management
Ongoing Consulting
January Comms

IMPLEMENTED

- 7 Total January posts
- 2 Total graphics created
- Strategic Marketing Planning with Kate Philips and Executive Director

IN PROGRESS | 2024 Grant Releases and Graphics

- 2023–2024 Annual Report
- Community Facilitates
 - Media advisory and pitching
 - Press Event
 - Press release and distribution
 - Grant recipient graphics
- Lead Assets
 - Grant recipient graphics
 - Press release and distribution
- Holiday Graphics
- Economic Impact Report rollout
 - Press release
 - PowerPoint presentation
 - Social media graphics

IN PLANNING

- Parks Fields & Trails 2 year report
- ECGRA Playbook
- Roadshow Tours



COUNTY OF ERIE

OFFICE OF THE COUNTY EXECUTIVE

Brenton Davis,
County Executive

Subject: Request for Comprehensive Loan Portfolio Report

To: Erie County Gaming Revenue Authority Board Members

Dear Board of Directors,

I am once again writing to request a comprehensive and detailed report on the status of the loan portfolio managed by the Erie County Gaming Revenue Authority. As a concerned stakeholder, I am particularly interested in understanding the performance of each loan, identifying any delinquent accounts, and assessing the overall collectability of the entire portfolio. To be more specific, we have a responsibility to ensure gaming revenue fund investments are legal, ethical and in the best interest of Erie County Taxpayers and our community as a whole.

To facilitate this request, I have summarized the key details of each loan agreement based on the information available to me. Please provide a more detailed report on the following aspects for each loan:

- 1. Status:** Provide an update on the status of each loan, including any significant developments or changes since the last available information.
- 2. Delinquency and Collectability:** Clearly outline the number of loans that are currently delinquent and the status of efforts to collect on these accounts. Additionally, specify any loans deemed uncollectable and the Authority's approach to managing such cases.
- 3. Detailed Loan Portfolio Summary:** Include a comprehensive report on each loan, covering the initial agreements, restructuring (if any), payment terms, and outstanding balances as of the most recent data available.

Loan Summaries and Amounts:

1. Enterprise Development Fund of Erie County, Inc. (Fund)

- Initial Agreements: \$500,000 (September 13, 2012) and \$800,000 (August 13, 2013)
- Restructured into one agreement in March 2018
- Quarterly interest-only payments at 1% per annum until March 31, 2028
- Outstanding principal: \$1,300,000 (March 31, 2023)
- Monitored due to bankruptcy filing by related entity (GEIDC)

Provide itemized list of each loan issued by lender to include total amount of funds currently in service, recipient, address, loan amount, interest rate and status (Current, delinquent, uncollectable, closed).

2. Corry Industrial Benefit Association (CIBA)

- Loan Agreement: \$50,000 (September 2014)

3. Bridgeway Capital

- Erie Growth Fund: \$1,000,000 (January 2016)
- Interest-only quarterly payments at 3% per annum

- Principal due January 2026
- Outstanding principal: \$1,000,000 (March 31, 2023)
- Erie Inclusive Fund: \$2,500,000 (September 2018)
- Interest-only quarterly payments at 1% per annum
- Principal due December 2028
- Outstanding principal: \$2,500,000 (March 31, 2023)

Provide itemized list of each loan issued by lender to include total amount of funds currently in service, recipient, address, loan amount, interest rate and status (Current, delinquent, uncollectable, closed).

4. The Progress Fund

- Loan Agreement: \$1,000,000 (April 2017)
- Interest-only quarterly payments at 2% per annum
- Principal due January 2026
- Outstanding principal: \$1,000,000 (March 31, 2023)

Provide itemized list of each loan issued by lender to include total amount of funds currently in service, recipient, address, loan amount, interest rate and status (Current, delinquent, uncollectable, closed).

5. 1855 Capital Fund

- Loan Agreement: \$500,000 (December 2017)
- Semiannual minimum interest payments
- Principal due December 2027
- Outstanding principal: \$500,000 (March 31, 2023)

Provide itemized list of each loan issued by lender to include total amount of funds currently in service, recipient, address, loan amount, interest rate and status (Current, delinquent, uncollectable, closed).

6. Blue Highway Capital - Loan Agreement: \$250,000 (January 2019)

- Semiannual minimum interest payments
- Principal due January 2029 (unless extensions are exercised)
- Outstanding principal: \$250,000 (March 31, 2023)

Provide itemized list of each loan issued by lender to include total amount of funds currently in service, recipient, address, loan amount, interest rate and status (Current, delinquent, uncollectable, closed).

Coronavirus COVID-19 Emergency Loan Funds

7. - Bridgeway Capital: \$520,000 (March 2020)

- Two funds for small businesses and nonprofits
- Zero interest
- Entire outstanding balance due in October 2026 (unless forgiveness clause is exercised)
- Outstanding principal: \$620,000 (March 31, 2023)

Provide itemized list of each loan issued by lender to include total amount of funds currently in service, recipient, address, loan amount, interest rate and status (Current, delinquent, uncollectable, closed).

8. Erie Center for Arts & Technology

- Loan Agreement: \$500,000 (August 2020)
- Quarterly minimum interest payments
- Principal due in August 2027 (unless extensions are exercised)
- Outstanding principal: \$500,000 (March 31, 2023)

9. Youth Leadership Institute of Erie

- Loan Agreement: \$188,000 (January 2022)
- Zero-percent interest rate
- **Original maturity date of February 2023 (extended to approximately June 2025)**
- Outstanding principal: \$121,824 (March 31, 2023)

Provide reason for extension, board process and vote documentation for extension.

10. Ben Franklin Technology Partners:

- Loan Agreement: \$3,000,000.00

Provide rationale for loan/endowment, total amount of funds currently in service, recipient, address, loan or grant amount, interest rate (if applicable) and status (Current, delinquent, uncollectable, closed).

10. Any other loans or endowments currently in service to organizations not listed to include funds allocated to Erie Community Foundation.

Provide rationale for loan/endowment, total amount of funds currently in service, recipient, address, loan or grant amount, interest rate (if applicable) and status (Current, delinquent, uncollectable, closed).

11. Total Loan Amounts from Audit:

- Sum of all loan agreements mentioned: **\$9,458,000**

12. Total Outstanding Principal (as of March 31, 2023):

- Combined outstanding principal balances: **\$7,969,824**

13. Difference Analysis:

- The difference between the total loan amounts and the total outstanding principal is \$1,488,176. This represents the amount repaid or does not contribute to the current outstanding balances of the loans as of March 31, 2023. I believe that a detailed overview of the loan portfolio will enhance transparency and understanding among stakeholders. This information will contribute to informed decision-making and foster confidence in the Authority's financial management.

14. Provide the total amount of loans given from 2012 to present. Itemize by loan to municipality, nonprofit, private entity or other. List all loans, total amounts, interest rates, and status of loan.

Provide rationale for loan/endowment, total amount of funds currently in service, recipient, address, loan or grant amount, interest rate (if applicable) and status (Current, delinquent, uncollectable, closed).

15. Provide check detail reports from January 2016 to present.

16. Provide a copy of ECGRA's policy for records management and retention and all corresponding documentation for the creation, board approval with meeting minutes related to the implementation of any records management and retention policy.

17. Provide signed annual Financial Interest Reports and Conflict of Interest Statements signed by each staff and board member from the beginning of employment to end/present or board term from January 2009 to January of 2024.

18. Provide a detailed account of all payments by fiscal year, itemized by total salary, travel, reimbursements, and any other payments made to Director Perry Wood from 2012 to present. Please provide corresponding reimbursement documentation signed by Director Perry Wood and rationale for board approvals for, vote records and corresponding meeting minutes for all reimbursements from January 2012 to Present. Any related to payments made to or for Director Perry Wood.

18. Provide all contracts from 1099 Contractors or any other contract from 2016 to present.

19. Provide all ECGRA credit card statements from January of 2016 to present.

Regards,

A handwritten signature in black ink, appearing to read "B. Davis", with a horizontal line extending from the end of the signature.

Brenton Davis
Erie County Executive

February 2, 2024

County Executive Davis
140 West 6th St.
Suite 504
Erie, PA 16501

Via: bdavis@eriecountypa.gov

RE: Notice of Extension of Time to Respond to Open-Records Requests
Received February 1, 2024

Dear County Executive Davis:

As you are aware, you submitted a Right-to-Know Request to the Erie County Gaming Revenue Authority. Your request stated the following:

Please provide a more detailed report on the following aspects for each loan:

1. **Status:** Provide an update on the status of each loan, including any significant developments or changes since the last available information.
2. **Delinquency and Collectability:** Clearly outline the number of loans that are currently delinquent and the status of efforts to collect on these accounts. Additionally, specify any loans deemed uncollectable and the Authority's approach to managing such cases.
3. **Detailed Loan Portfolio Summary:** Include a comprehensive report on each loan, covering the initial agreements, restructuring (if any), payment terms, and outstanding balances as of the most recent data available.

Loan Summaries and Amounts:

1. **Enterprise Development Fund of Erie County, Inc. (Fund)**
 - Initial Agreements: \$500,000 (September 13, 2012) and \$800,000 (August 13, 2013)
 - Restructured into one agreement in March 2018
 - Quarterly interest-only payments at 1% per annum until March 31, 2028
 - Outstanding principal: \$1,300,000 (March 31, 2023)
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Board of Directors

Dale E. Barney
Chair

Vice-chair

Whitey Cleaver
Treasurer

Perry N. Wood
Secretary

Kelly S. Hess

Carol Loll

Robert S. Oberlander

Gary J. Winschel

Angela Amatangelo

Terry Scutella
Ex-officio

Douglas Smith
Ex-officio

Perry N. Wood
Executive Director

Provide itemized list of each loan issued by lender to include total amount of funds currently in service, recipient, address, loan amount, interest rate and status (Current, delinquent, uncollectable, closed).

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Provide reason for extension, board process and vote documentation for extension.

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17. Provide signed annual Financial Interest Reports and Conflict of Interest Statements signed by each staff and board member from the beginning of employment to end/present or board term from January 2009 to January of 2024.
18. Provide a detailed account of all payments by fiscal year, itemized by total salary, travel, reimbursements, and any other payments made to Director Perry Wood from 2012 to present. Please provide corresponding reimbursement documentation signed by Director Perry Wood and rationale for board approvals for, vote records and corresponding meeting minutes for all reimbursements from January 2012 to Present. Any related to payments made to or for Director Perry Wood.
18. Provide all contracts from 1099 Contractors or any other contract from 2016 to present.
19. Provide all ECGRA credit card statements from January of 2016 to present.

Your requests are being reviewed, and an extension of time in which to respond is being claimed, as the extent or nature of your requests precludes a response in the initial time period and a legal review is necessary to determine whether the entirety of each record is subject to access.

You should anticipate a response no later than thirty days from the date of this correspondence. An estimate of fees owed to respond to this request is, at this time, unable to be ascertained. All fees must be paid in order to receive access to the records.

If you have any questions, please do not hesitate to contact me at the information supplied.

Sincerely,



Dr. Perry Wood
Open-Records Officer

cc: Timothy S. Wachter, Esq.

**SENATOR
DAN LAUGHLIN
49TH DISTRICT**

**SENATE BOX 203049
HARRISBURG, PA 17120-3049
(717) 787-8927**

**1314 GRISWOLD PLAZA
SUITE 101
ERIE, PA 16501
(814) 453-2515**

dlaughlin@pasen.gov
senatorlaughlin.com



Senate of Pennsylvania

COMMITTEES

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GAME & FISHERIES,
VICE CHAIR
BANKING & INSURANCE
COMMUNITY, ECONOMIC &
RECREATIONAL DEVELOPMENT
LABOR & INDUSTRY
RULES & EXECUTIVE
NOMINATIONS**

February 1, 2024

**Erie County Gaming Revenue Authority
5340 Fryling Road
Suite 201
Erie, PA 16510**

Dear members of the Erie County Gaming Revenue Authority (ECGRA):

We are writing to express our collective concern regarding information we have received about the ways in which local share gaming revenues have been distributed in Erie County over the past several years and how these transactions have been reported. As an example; just recently, we became aware of the fact that reports of the uses of these funds were not being reported on the ECGRA website, or any other public forum, as required by Commonwealth gaming laws. This is just one example of issue that has caused us concern, and we now feel compelled to request an audit by the appropriate state oversight body, of all practices and uses of gaming revenue by the Authority, over the past several years.

As such, we are formally requesting that you refrain from any measures that bind the Authority to long-term obligations, pending the outcome of this audit. This includes acting on a new contract for the executive director, beyond extending his current contract no more than 120 days, until we have a firm understanding of the authorities record of compliance with gaming laws and any corrective measures that may be required if there is found to be a problem.

We appreciate your cooperation in this matter and believe it is in everyone's best interest to insure that all laws are being strictly complied with or that appropriate corrective measures are taken to resolve these concerns.

Sincerely,

Handwritten signature of Dan Laughlin in blue ink.

**Dan Laughlin
State Senator
49th Senatorial District**

Handwritten signature of Patrick J. Harkins in black ink.

**Patrick Harkins
State Representative
1st Legislative District**

Handwritten signature of Jake Banta in black ink.

**Jake Banta
State Representative
4th Legislative District**

Handwritten signature of Scott P. Hutchinson in black ink.

**Scott Hutchinson
State Senator
21st Senatorial District**

Handwritten signature of Robert E. Merski in black ink.

**Robert E. Merski
State Representative
2nd Legislative District**

Handwritten signature of Brad Roae in black ink.

**Brad Roae
State Representative
6th Legislative District**

Handwritten signature of Brenton Davis in black ink.

**Brenton Davis
County Executive
Erie County**

To: Sen Laughlin

The ECGRA Board received your letter, and we would welcome any opportunity to meet with you to discuss any concerns whatsoever. We are troubled by the continual overreach and untrue accusations of mismanagement being leveled by County Executive Davis. There is no evidence to support any of his accusations and there is no reason for any additional audit, particularly considering the annual audit being performed by accounting firm Maher Duessel is currently underway. Per our charter we perform an independent audit every year.

As public Authority Board members, we take our responsibility very seriously and are confident communicating back to you in no uncertain terms. This Board is confident in the work of our auditor, ourselves, and our professional staff.

Recently, our solicitor let Dr. Wood know Senator Laughlin's office alerted him that he believed all ECGRA's cumulative expenses, not just the monthly reports, should be posted to the website per the law that was passed in 2016. The ECGRA staff quickly remedied this new interpretation and posted all expenses within 24 hours, which can be found [here](#). We appreciate Senator Laughlin's communication. When the law was updated in 2016, ECGRA began posting finances monthly, and will continue to do so.

Please keep in mind that the financials are available in our annual reports, [which you can find here](#) and are in our monthly treasurer's report, which goes to the County via the County Executive's liaison to the ECGRA board. **ECGRA's finances and programmatic activities are all publicly available – on this there is no question and as a Board we wouldn't stand for anything less than 100% transparency.**

ECGRA has been under political attack many times in the past, and we believe that a fresh political agenda to dissolve ECGRA is underway. It is continuous and stressful. The County Executive has come to our public meetings several times with the express purpose of preventing the Executive Director's contract from being renewed. We have no evidence whatsoever that Dr. Wood is doing anything but a remarkable job on behalf of ECGRA, Erie County residents, and ECGRA grant recipients.

There is, however, much evidence that ECGRA is working. This is precisely why independent Authorities are formed – to avoid undue political influence in public funding decisions, and we will continue to work on behalf of Erie residents, and our appointing authority of Erie County Council to implement its mission.

You may notice that not every member of the ECGRA board is signatory to this letter, much like not every member of the state delegation is signatory to the County Executive's letter. As we are not politicians, it is very difficult to maintain a professional atmosphere through these attacks, but we remain committed to the ECGRA mission and the communities across Erie County that depend upon our programs. Please be in touch with us directly if you have any questions.

Dale E. Barney, Chairman
Whitey Cleaver
Kelly S. Hess
Angela Amatangelo

Board of Directors

Dale E. Barney
Chair

Vice-chair

Whitey Cleaver
Treasurer

Perry N. Wood
Secretary

Kelly S. Hess

Carol Loll

Robert S. Oberlander

Gary J. Winschel

Angela Amatangelo

Terry Scutella
Ex-officio

Douglas Smith
Ex-officio

Perry N. Wood
Executive Director



Erie | North East | Pittsburgh | Jamestown, NY

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

Timothy S. Wachter
twachter@kmgslaw.com

February 6, 2024

Erie County Gaming Revenue Authority Board
c/o Mr. Dale Barney, Chair
5340 Fryling Road, Suite 201
Erie, Pennsylvania 16510

RE: ECGRA Operations

Dear ECGRA Board:

I am writing with respect to the February 1, 2024 correspondence issued by Senators Laughlin and Hutchinson, Representatives Harkins, Banta, Merski and Roae, and County Executive Davis. In the correspondence, concerns are raised relating to “the ways in which local share gaming revenue have been distributed in Erie County over the past several years and how these transactions have been reported.”

I am aware of no rationale concerns that have been expressed with the legality of any funding granted by ECGRA since I have begun representing ECGRA. In my opinion, such approvals have met both the spirit and letter of the Pennsylvania Race Horse Development and Gaming Act, 4 Pa.C.S.A. § 1101, et. seq., the Economic Development Financing Law, 73 PS §371, and the December 13, 2010 Settlement Agreement in the matter of *Summit Township Industrial & Economic Development Authority, et. al. v. ECGRA and Erie County*, Erie Cnty. Ct. Cm. Pl. 14961-2009. As such, any disagreements relating to “the ways in which local share gaming revenue have been distributed in Erie County” are likely related to policy disagreements, rather than legal disagreements.

Regarding the concerns relating to “how these transactions have been reported,” I believe that it is instructive to explain the law in this regard. The Race Horse Development and Gaming Act was amended through Act 42 of 2017. This amendment was the change in the law which diverted \$1,000,000 each year of gross terminal revenue from ECGRA to the Erie County Land Bank, and included certain other provisions which only impact ECGRA, including the following:

(D.2) An economic or redevelopment authority which administers local share assessment funds for a county of the third class, which is also a home rule county in which a Category 1 licensed facility is located at a thoroughbred racetrack, shall be subject to the following:

(I) Each expenditure of the local share assessment funds by the authority shall be disclosed on the authority's publicly accessible Internet website.

(II) Local share assessment funds received by the authority may not be used to pay for tuition or other educational expenses of an officer or employee of the authority.

(III) Each expenditure of local share assessment funds by the authority shall include a disclosure that the funds originated from licensed gaming activities.

(IV) The authority shall be subject to audit by the Auditor General.

4 Pa.C.S.A. § 1403(c)(ii)(D.2).

Specifically at issue appears to be the provision stating that “each expenditure of the local share assessment funds by the authority shall be disclosed on the authority’s publicly accessible Internet website.” ECGRA has, since the adoption of this provision, maintained a provision on its website under the “About ECGRA” tab which is titled “Financial Disclosure.” Under that tab, ECGRA has disclosed the monthly Profit and Loss Statement, which is a summary of all monthly financials, as approved each month by the Board.

Recently, however, Senator Laughlin reached out to my office to inquire as to where the listing of expenditures was for ECGRA on the website. The Senator disagreed with the monthly disclosure regime that ECGRA had undertaken since 2017, and was of the opinion that the reports should be listed cumulatively, and with more detail. Upon notifying the ECGRA staff of the Senator’s desire, the staff uploaded all such financial materials within 24 hours of being notified of the request.

I have reviewed the financial reports that are on the website and have found them to be comprehensive and in line with the Senator’s desire. I see no legal concerns with the disclosures nor with compliance with the provisions of Act 42 of 2017.


Additionally, the correspondence calls for ECGRA to “refrain from any measures that bind the Authority to long term obligations” pending the outcome of an audit which they have requested. Please know that none of the signatories of the correspondence have any authority to make such a demand. It appears that they are aware of that, as they have styled this matter as a request, rather than a direction. To be clear, only the board of ECGRA has the discretion to direct how and whether of ECGRA is to be conducted.

ECGRA Board
February 6, 2024
Page 3

I hope that this correspondence answers any questions or concerns you may have regarding the referenced correspondence, and the legal position of ECGRA. Please feel free to reach out to me should you wish to discuss this further. I remain,

Very truly yours,

KNOX McLAUGHLIN GORNALL &
SENNETT, P.C.

By: 
Timothy S. Wachter

2487410.v1

cc: Dr. Perry Wood, Executive Director



Erie | North East | Pittsburgh | Jamestown, NY

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Timothy S. Wachter
twachter@kmgslaw.com

February 6, 2024

Erie County Gaming Revenue Authority Board
c/o Mr. Dale Barney, Chair
5340 Fryling Road, Suite 201
Erie, Pennsylvania 16510

RE: Conflict of Interest

Dear ECGRA Board:

It has recently come to my attention that a concern has been raised as to whether the Erie County Gaming Revenue Board (ECGRA) has operated in compliance with the express terms of the conflict of interest provisions of the Pennsylvania Ethics Act. In my opinion, the members of the ECGRA Board of Directors has not, to my knowledge, ever engaged in a conflict of interest.

The Pennsylvania Ethics Act (the "Act") provides that "no public official ... shall engage in conduct that constitutes a conflict of interest." 65 PA.C.S. §1103. A "conflict of interest" is defined as "use by a public official...of the authority of [her] office...or any confidential information received through [her] holding public office...for the private pecuniary benefit of [herself], a member of [her] immediate family or a business with which [she] or a member of [her] immediate family is associated." 65 PA.C.S. §1102. A "member of your immediate family" includes "a parent, spouse, child, brother or sister." Id. A "business with which he is associated" is defined as "any business in which the person or a member of the person's immediate family is a director, officer, owner, employee or has a financial interest." Id.

Additionally, the Act provides that where a voting conflict exists, a public official is to "abstain from voting and prior to the vote being taken, publicly announce and disclose the nature of [her] interest as a public record..." and file a memorandum of such conflict with the Board Secretary to be part of the minutes. 65 PA.C.S. §1103. Further, a public official who would be in a conflict situation should avoid deliberation on the matter as a whole, as their participation in the deliberation could be determined to be an improper "use...of the authority" of their office. See 65 PA.C.S. §1102.

In each instance that a member of the Board of Directors has identified a conflict of interest, in which they, or a member of their immediate family, or a business in which they or a member of their immediate family was associated, was an applicant for funding from ECGRA, that member has abstained from engaging in deliberations regarding the application or the award, and they have abstained from any associated vote. Additionally, each member has issued a conflict of interest memorandum to the Board Secretary for inclusion in the minutes for the meeting at which the abstention occurred.

Additionally, it is important to note that a conflict of interest does not exist when the action in question has “a de minimis economic impact or which affects to the same degree a class consisting of the general public or a subclass consisting of an industry, occupation or other group which includes the public official or public employee, a member of his immediate family or a business with which he or a member of his immediate family is associated.” 65 PA.C.S. §1102. I raise this as there have been concerns in the past as to whether a conflict would exist if ECGRA received an application from a church that a Board member was associated with. I have regularly, and correctly, issued the opinion that a technical legal conflict, as defined by the Ethics Act, does not exist as the Board members would be considered to be a member of a subclass consisting of the church membership, and they did not serve as an officer or employee of the church. Such mere membership within the subclass would not constitute a conflict of interest.

In anticipation of such misplaced criticism being lodged against the past and current members of the ECGRA Board, I have asked Dr. Wood to ensure that each conflict memorandum be publicly disclosed on the ECGRA website.

Also, I write to inform you that, as members of the ECGRA Board of Directors, if you have any question as to whether a conflict of interest exists, and you wish to receive an advisory opinion from the Ethics Commission, I can write and request that the Commission issue an advisory on your behalf. If you follow the advice provide by the Commission, it shall be a complete defense in any enforcement proceeding under the Ethics Act, and as evidence of good faith conduct in any other civil or criminal proceeding. 65 PA.C.S. § 1107. Please know that I can also provide you with a legal opinion regarding a conflict of interest, and that you are entitled to rely upon that opinion. However, you may wish to request an official advisory opinion if a matter is particularly sensitive. I am happy to assist any of you in these matters.

Please do let me know if you have any questions or if you would like to discuss this further. I remain,

Very truly yours,

KNOX McLAUGHLIN GORNALL &
SENNETT, P.C.

By: 
Timothy S. Wachter

2487464.v1

cc: Dr. Perry Wood, Executive Director

Davis calls for ECGRA to cease operations pending legal, financial audit

- By Rebekah Wallace rebekah@thecorryjournal.com
- Jan 31, 2024

Erie County Executive Brenton Davis is calling for the Erie County Gaming Revenue Authority (ECGRA) to stop all operations until a legal and financial audit of its activities can be conducted.

"I'm highly concerned," Davis commented in an interview. "There are a lot of legal questions surrounding ECGRA's decision making. Where there's smoke, there's fire."

On Jan. 19, Davis submitted a letter to the ECGRA board of directors requesting detailed updates on each of ECGRA's outstanding loans, including the delinquency, collectability and a detailed loan portfolio summary for each account.

The loans listed in Davis' request for information were to the following entities:

- Enterprise Development Fund of Erie County
- Corry Industrial Benefit Association (CIBA)
- Bridgeway Capital (Erie Growth Fund)
- The Progress Fund
- 1855 Capital Fund
- Blue Highway Capital

Covid-19 Emergency Loan Funds:

- Bridgeway Capital
- Erie Center for Arts & Technology
- Youth Leadership Institute of Erie

According to the letter, the initial agreements for these accounts totaled \$9,458,000, with \$7,969,824 in combined outstanding principal balances as of March 31, 2023.

A response dated Jan. 22 and signed by ECGRA Board Chairman Dale Barney outlined that all loans are current and have not ever been delinquent, with the following exceptions:

- The CIBA loan has been repaid, but had an outstanding balance of \$4,635 as of March 31, 2023.
- The second Bridgeway Capital account, a special round of loans made to the organization during the Covid-19 pandemic, has no interest rate, and two of the original 10 small business loans have been declared uncollectible. According to Barney's letter, the account has an outstanding principal balance of

\$620,000 as of March 31, 2023. The entire balance is due in October of 2026, unless a forgiveness clause is exercised. The letter states more information will be forthcoming in a final report.

- The Youth Leadership Institute loan is delinquent, and ECGRA is currently in talks with the organization on an extended payback schedule. The outstanding balance as of March 31, 2023, was \$121,824.

Davis stated that he was unsatisfied with the response from ECGRA. He felt it was simply regurgitating information his administration already has.

"We're asking for more information," Davis said.

In turn, ECGRA Executive Director Perry Wood pointed out that multiple representatives of Davis' administration, including his director of administration, are present at ECGRA board meetings and get all of the same information given to the organization's directors.

"There's a liaison system in place," Wood said. "I don't know what else to do."

Davis noted his primary concerns are with the Bridgeway loan and anything else that is or could become uncollectible.

"How are taxpayers benefiting from public money being loaned to private companies?" Davis asked.

Barney responded to this question in an email statement.

"In 2014, ECGRA established a loan program to complement grant programs in line with our economic development mission. Since that time, we have engaged primarily with revolving loan funds, some nonprofits during the pandemic and a real estate project that created a workforce center like the Corry Higher Ed building. It's called the Erie Center for Arts and Technology. The revolving loan funds lend ECGRA dollars to small businesses. We do maintain a reserve fund, as a best practice in accounting, in case any of the loans go uncollectible. To date, that fund has not needed to be accessed.

"The nearly \$8 million ECGRA invested in loan funds has helped many small businesses with gap financing, working capital and equipment purchases," Barney continued. "These small businesses have a multiplier effect on our county's economy, providing jobs and growing wealth at the local level. Examples include tech startups like Sphere Brakes, manufacturers like Reliant Molding, and logistics companies like Capela Transport."

Wood added that the economic development and financing law establishing ECGRA and regulating its activities gives ECGRA the ability to issue both grants and loans.

"Those are two vehicles by which we can accomplish the mission," Wood said. "Grants are not our mission. Our mission is to revitalize Erie County communities through grants and loans. We do not exist to provide tax relief. We exist to provide grants and loans for economic and community development. And that is set up through the state of Pennsylvania."

Davis pointed out another main concern, stating that Wood has seen his salary raised by \$40,000 over the course of four years.

"His raise is more than some people make in a year," Davis said.

Barney responded to this as well.

“The ECGRA Board approves the terms of Dr. Wood’s contract, based on his job description, experience and expertise,” he said. “Under his leadership, for the past 12 years, ECGRA has established a nationally recognized economic and community development model that allows for the transparent and accountable stewardship of ECGRA funds. Like other authority directors and economic development professionals in Erie County, he is paid in line with industry standards for the job he is charged with doing.

“The ECGRA board is proud of its work and the job Dr. Wood and his team of professionals do every day – they have built a very strong reputation in communities like Corry and countywide, and we have confidence he will continue to do this important work in spite of relentless political attacks.”

From: Steve Bishop <stevenericbishop@gmail.com>
Sent: Thursday, February 8, 2024 8:01:36 PM
To: Scutella, Terry <tscutella@eriecountypa.gov>
Subject: ECGRA

Mr. Scutella,

As Erie County Council considers the future of the Erie County Gaming Revenue Authority, I wanted to provide some context regarding the vital role ECGRA has played for the county's rural communities over the last decade or more.

I spent 30 years working in Corry, including 22 years running the Corry Higher Education Council. In 1999 I established the nonprofit now known as "Impact Corry," at a time Corry's downtown was suffering from decades of disinvestment.

The establishment of ECGRA was a game-changer for what has become a remarkably successful revitalization of downtown Corry, due not just from the money that was made available, but also because of the targeted programs the ECGRA staff created and administered, and the relationships ECGRA developed with our community stakeholders.

Since retiring from the Corry Hi-Ed, I've worked with the Union City Community Foundation to replicate that Corry success, and ECGRA has been an indispensable part of what has become another dramatic turnaround story. Same formula ... funding, targeted programs, relationships, and responsiveness.

ECGRA's methodology includes grant recipients having to leverage ECGRA's funding with some level of matching funds, to ensure recipients have a stake in the game.

Importantly, in my approximately dozen years working with ECGRA, I have never had the sense that ECGRA's decisions about who to fund were political in nature. It has felt like any community that puts in the work, has a plan, and is willing to invest in itself, can receive ECGRA's support.

I can't speak to the issues raised in the current look at ECGRA's operation. I do have concerns, however, about any proposal to roll these gaming funds under Erie County government's purview.

Those concerns include distribution of those gaming funds becoming a political tool rather than merit-based; turnover in county government ruining the continuity this funding distribution has enjoyed for more than a decade; and the likelihood that instead of the targeted and well-considered programs and relationships we've come to expect with ECGRA, it becomes just "another county program." That would be a tragic development for Erie County's communities that have seen their fortunes turn around with ECGRA's support.

While oversight is important, my take is that ECGRA has a responsible board of directors, and the organization is doing the job it has been tasked with.

Thank you.

Steve Bishop

Tammi Michali

From: Gary Bukowski <GBukowski@sarahreed.org>
Sent: Monday, February 5, 2024 3:31 PM
To: Tammi Michali
Cc: Adrienne Dixon; Stephenie Bojc; Amanda Longstreth; Gary Bukowski; Perry Wood
Subject: RE: ECGRA Press Conference

External Sender - From: (Gary Bukowski <GBukowski@sarahreed.org>)

[Learn More](#)

This message came from outside your organization.

Tami,
Good speaking with you a few minutes ago and Dr. Adrienne Dixon, President & CEO will be representing Sarah A Reed Children's Center at your press conference next Tuesday, February 13, 2024 at the Mercy Center for Women campus 1039 East 27th Street @ 11:00AM.

We are greatly appreciative of ECGRA's support that truly has made a difference at our St. Ann's Campus for the children, faculty and counselors working with our children on Erie's East Side in the Pulaski-Lighthouse district.

The last two months have been a lot warmer in our building thanks to ECGRA's support. Your funding has helped us provide leverage to obtain NAP funding through DCED to repair our roofs and support through the City of Erie to begin repointing on our building...

Please convey our thanks to the ECGRA Board for the economic impact they have enabled at our St Ann's Campus and the difference they are making in the Erie Community thru their support!!

Thank You

Gary

Gary L. Bukowski, MA, CFRE
Associate Vice President of Development
Sarah A. Reed Children's Center
2445 West 34th Street
Erie, Pa. 16506
814.835.7602 Fax 814.835.2196
gbukowski@sarahreed.org
<https://sarahreed.plannedgiving.org/>

From: Tammi Michali <tmichali@ecgra.org>
Sent: Thursday, February 1, 2024 4:04 PM
To: Gary Bukowski <GBukowski@sarahreed.org>
Subject: ECGRA Press Conference

Good afternoon, Gary -
The Erie County Gaming Revenue Authority (ECGRA) will be holding a press conference to announce the Community Facilities grant awards that were made as a part of the Building a Better Future grant program. Dr. Wood has requested that you, or a representative from your organization, give a brief overview of how the funds have

ROOTED in our Community

Small Business Program Launch

With the support of Erie County Gaming Revenue Authority (ECGRA), we launched a new program to provide capacity building and technical assistance to small businesses and entrepreneurs in our footprint. Small business development specialists, Paramount Pursuits, Inc., have served as a great partner to provide direct coaching to the eight businesses within our service area, including Enrique's Southeast Mexican Taqueria and Tortilleria, who hosted the public announcement (below). A first in the community, this small business partnership program is offered in both English and Spanish.

