



Erie County Gaming Revenue Authority
Minutes of the Board of Directors' Meeting
February 15, 2018

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on February 15, 2018 in the Jordan Room; 5240 Knowledge Parkway; Erie, PA 16510. Legal Notice of the meeting was given through an advertisement appearing in the Erie Times-News. The meeting was called to order by the Chair.

ROLL CALL

Mr. Barney, Mr. Bagnoni, Mr. DiPaolo, Mr. Logue, Mr. Paris, Mr. Peters, Ms. Presta, Mr. Sample, and Ms. Wyrosdick. Mr. Lee, Mr. Leone, Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

Mr. Peters makes a motion to approve the agenda. Mr. Barney seconds the motion. Motion carries 8-0.

APPROVAL OF MINUTES – January 2018

Mr. Peters makes a motion to approve the minutes as presented. Mr. Paris seconds the motion. Motion carries 8-0.

DIRECTOR'S COMMENTS

Mr. Logue: Thank you, Mr. Chair. If I may. I have had the opportunity to look at our website and it's a very nice, well-run website. I don't know who, if Tammi is in control of it, or we have somebody independent who controls and places and deletes information on the site. I spoke to Tammi about this, maybe last month, if you want to look at ECGRA's financials – the way I understand it currently – is there are two boxes. One box you request to view the financials and again, Tammi correct me, you're then emailed back a number and then you have that number and then you put that number into this other box and then you're able to view the financials.

Well, I don't understand that and I think that one of the criticisms of this Authority for the last couple years has been transparency. Everybody in Erie County or everybody in the country is a taxpayer. I, myself, not only do I sit on this Board but I am a taxpayer. I don't think one should have to kind of jump through a hoop. If I remember what Tammi said, once you ask for that number, you tell the server who you are. I don't think you have to do that. I think that this is a taxpayer supported

Authority, the money comes; we all know how it comes. When you look at the County website, the County website places their financials out there for anybody to view at any time. You don't have to ask for a number to do this. Again, one of the criticisms of this Board is transparency and not to be able to have your financials out there in the open, there's something wrong with that.

So, I guess what I'm getting to, the long and short of it, is that we need to be more transparent and we need to get rid of that. Just put the financials up there. If Joe or Jane Doe want to see it, let them see it. You don't have to request them like you're a child. You're a taxpayer. Take a look at them. I would ask that whoever takes care of our website person change that immediately. That's really wrong.

That's about it for now. Thank you.

COMMENTS BY THE CHAIR

Mr. Sample: I would like to welcome Kathy Wyrosdick to the Board. We met with Ridge Policy Group, we met with County Council and had some good discussion. There seems to be some confusion, at least on my part, as to what has been going on. Eighteen months ago, because we found a lot of our grant programs were being over-subscribed and we were having to start to cut down on the amount of the allocations and actually go through and not fund some of them, in my opinion, this Board made a conscious decision to try to go out and find some money that we could get from State and Federal grants to be able to increase the grants that we already had in place.

I know that after the local share had been decided and it looked like we were going to be doing some of the land bank, I had requested of Perry that he talk to the Ridge Policy Group about seeking funds for that. Now that may have exceeded our responsibility. I know that the County, and there were some comments the other day that we were actually trying to do the County's business and that's not our intent. In my opinion, our intent was to go out and find more funds for the grants that we have available to maximize the benefit to the people of Erie County. Not to get into running the County.

We've had discussions with Mr. Lee before and at the Strategic Planning meeting; we want to be able to grow the Summer Jobs Program. Being one of the major funders and one of the conduits for that, we thought it would be prudent for us to go ahead and try to get some more money.

Everybody goes back to, "What has Ridge done for us for 18 months?" No good deed goes unpunished; for at least 14 months of that we were trying to preserve the local share. Everybody wants to forget that when a year ago we were being applauded for having the forethought to have them there. It was no great forethought; they just happened to be in place and we tried to utilize them to our benefit.

We don't want to run the County; we don't want to be in the County's business, in my opinion. Again, I'm one person. I still believe that it is to our benefit for us to go out and try to get some grants and things that are available so we can increase the amount of money that we can get to the different people. Were it not for ECGRA, none of the outlying areas of the County would be getting money for the Main Street programs, the Multi-Municipal grants, and the other grants. I honestly believe that was our charge and I think we've been prudent in that.

PUBLIC COMMENT

None.

PRESENTATIONS

a. T.J. King – Bridgeway Capital

Thank you. Good morning, everyone. I'm T.J. King, Director of the Erie office of Bridgeway Capital. I want to thank you all for having me here and thank ECGRA for their continued support of this lending operation here in Erie County.

It was about a year ago that I had presented to your Board; just a quick introduction for those who might not know too much about Bridgeway Capital. Bridgeway Capital is a non-profit CDFI (Community Development Financial Institute) that provides lending and educational opportunities to underserved communities throughout western Pennsylvania. We've been around for 27 years; Bridgeway has had an office here in downtown Erie for six years since March 2012. I've been the director of that office since we opened back in 2012.

I wanted to go through and report back on some of the results and some of the impact that we've had, specifically here in Erie County, over those six years. I have handed out a short one-pager kind of outlining these things but I wanted to go in a bit more detail on them.

Bridgeway Capital has provided \$10.5M worth of lending throughout Erie County over the past six years that account for 64 loans to about 60 different businesses throughout Erie County. As a non-profit, mission driven lender we want to serve underserved communities such as the City of Erie in low-to-moderate income areas. Bridgeway made a commitment last year to our stakeholders and the region to lend up to \$100M to low-to-moderate income areas over the next three years. As an organization, the whole \$22M throughout western Pennsylvania, a little over \$4M of that was here in northwestern Pennsylvania and another \$3M more, specifically here in Erie County in 2017. So, we're proud of those numbers and the impact we're having on all residents throughout western Pennsylvania.

Of that \$10.5M over the past six years, \$1.4M of that has been to women-owned businesses; just under \$850,000 of that has been to African-American led businesses. With that \$10.5M, we can show that we have been able to assist in and help retain almost 300 jobs throughout northwestern Pennsylvania. We're proud of those numbers but there's more work to do.

Three years ago, we got an investment from ECGRA for \$100,000 to launch our Erie Urban Entrepreneur Program here in Erie County. We had this program up and running in our Pittsburgh office but we were looking to expand that to Erie County. We thank you for the investment into Bridgeway, because with that loan we were able to get that up and running.

Since then through that program, we have funded seven loans for a total of about \$174,000. Five of those loans were directly to barber shops, restaurant owners, day cares, to help bring businesses that were typically run out of individuals homes to legit store fronts. Two of those loans were to a minority-owned contractor to help properly fund contracts that he had here in Erie County and beyond.

With that \$100,000 grant, we were actually able to leverage that and we received a \$500,000 grant from Wells Fargo to support minority-owned businesses throughout western Pennsylvania. With the help of ECGRA, the \$100,000 that we had gotten, and the match from Bridgeway, we were able to get more funds to lend out to the communities throughout western Pennsylvania.

Recently, we partnered with ECGRA and we had a story talking about some of our borrowers; we always try to highlight the businesses that we've worked with, get press and help them on marketing. There are some stories on your handout that you've probably seen recently on the news and in the local newspaper. I want to talk about some other loans we have done also over the past year, on top of those.

We worked with a couple that owns a daycare – Kenya and Shawn Johnson with Learning Ladder Day Care on Peach Street, right off of 26th Street. We provided financing for them two years ago so they could purchase that building. Shawn actually owns other investment properties; he purchases properties, fixes them up, rents them out, flips them, and they had an opportunity to purchase a building at 803 East Ave. There's four bedrooms on the top floor and two commercial spaces that were currently vacant on the first floor. It's all bricked up; I think it used to be an old labor hall; it really hasn't been occupied for several years and I know there has been other individuals trying to buy this property. Kenya and Shawn came to me because they wanted to do something about this property – renovate this, add to the neighborhood. We were able to provide them with a loan (just in the last two months) for \$120,000. They purchased the building with the four apartments and they're going to put about \$36,000 into upgrading the exterior of the building. The first floor, in the commercial space, they're going to knock out those bricks and provide glass store fronts for two retail operations to open up in that East Avenue neighborhood.

Those are the types of loans that Bridgeway does. They went to banks to look for financing and they just weren't able to obtain that financing for these types of projects and Bridgeway was able to step in and help them out.

Another example of a loan that we did, it was to a home-based daycare off of East 8th Street. If you're familiar with the area, right off of East 11th, it was an old tavern between East 11th and East 12th and I forget the name of the street that runs north and south there. This was just a couple blocks from their neighborhood. They were kind of maxed out running this home-based daycare for the past ten years; they were maxed out as to the number of children they could serve through this day care. They wanted to expand this business, so this old tavern that was boarded up with busted out windows where people were squatting and living in the area and it was a general eyesore to the community and the residents in that neighborhood.

They went to a bank looking to try to acquire this building to take their home-based daycare, open this up, turn this into a legit store front business, and also increase the number of children that they could serve. They went from 12 children to 45 children and hired more individuals from the community.

That's another thing; that's a difficult transaction to go to your local bank to try and get financing to finance this building but that's where we stepped in and provided a loan for \$150,000. They bought the building for \$54,000 from auction, it was in bankruptcy, and they have renovated the apartment up on the second floor. They finished that off first and got a tenant in there so they are producing cash flow from that apartment on the second floor and now they're in the process of renovating the first floor to build that out into a daycare. I believe they're going to have to hire seven more individuals and they are going to be able to support another 45 children out of that location.

If you look at this, this was a boarded-up building with windows busted out; I was in it before they started renovating it. You can imagine the condition that it was in and the neighbors in that neighborhood thought it was just an eyesore to the community. The bar was shut down about three or four years ago; someone was murdered in the bar and there were multiple incidents up to that point so the city finally shut the place down. You take a landmark like that, an anchor in that community, that building has been there in the community, and this husband and wife were able to acquire that building, renovate that, hire individuals from that community, and there is a waiting list for the children that they can take on as clients. That's another example of loans that we've done here in the City of Erie.

Finally, there was a daycare in downtown right on State Street. They had purchased the building about six years ago; the owner of the building at that time had provided a mortgage to the building for her to take over ownership and take over the daycare. We

partnered with Northwest Savings Bank on this one. The owner of the daycare wanted to refinance the mortgage to better terms than what was offered over the past six years and ultimately take control of the building with the building deeded in her name. The appraisal came in a little bit low as many properties do in downtown Erie and we were able to partner with Northwest Savings Bank and take a second position behind them to refinance that seller in order for her to take over possession of that building.

Those are just some examples of the funds that ECGRA has assisted and provided to Bridgeway and what we're doing with those funds. There are many more stories that I could go on but I don't want to take up too much of your time. Are there any questions?

Mr. Peters: Thanks for that presentation, T.J. I would like to understand a little bit better how a CDFI gets its charter, how you're administered, and how (in other markets, if you're in Pittsburgh and Erie) how and why the banks do partner with you.

Mr. King: We're certified through the U.S. Treasury so I believe it's every ten years that we have to apply for re-certification. We have to show that we are providing services, educational and lending opportunities to underserved communities throughout northwest Pennsylvania. We've been able to do that; we've been around for 27 years and we've grown through those 27 years. Why a bank would work with Bridgeway is kind of on two fronts. We get a lot of our funding comes from different sources like foundations and organizations like ECGRA. We get a lot of bank financing; about 50 – 60% of our funding comes from bank financing. A bank will invest in an organization like Bridgeway Capital on a loan basis to help meet their Community Re-Investment Act requirements by the Federal government. We have been fortunate to have support from all the banks in the area and now that we've grown over the last several years, we've got support from some larger banks such as Bank of America, Wells Fargo, and US Bank to help increase our lending capacity. That's on the first front.

On the second front, about 65-75% of the referrals that I get come from the lenders throughout Erie County. If they have businesses that they are working with that they can't provide financing, rather than a hard No, they'll give me a call and run the scenario by me to see if that is something that we can assist with.

Mr. Peters: So, you're generally funding the gap between what a bank would look at as fundable, say a 70 – 30 loan-to-value, but there's this gap.

Mr. King: Yes, we do that. The example of the daycare and the refinancing of the mortgage. However, there has been a trend over the past several years that we're doing a lot more financing on our own where there is no bank involved. A lender would call me up and see if we could get something done because they wanted to do what was best for the customer and for the business. So we're taking on projects; like one from last year for about \$2.3M, a real estate loan for here in downtown Erie and we were able finance that whole thing with some funding we get from the U.S. Treasury.

Mr. Logue: If someone comes to you and obviously a correct lending like Marquette or Northwest that said, "Sorry, I can't help you" and they have an idea and it's a blighted property, instead of that blighted property being torn down they would come to you and ask for the funding. Some of that funding, that if you okay that for the individual of that blighted property, comes from this body – ECGRA – some of this money to help that blighted property. Then you assist that person.

Mr. King: Yes, we would. We have had two facilities with ECGRA – one was for \$100,000 grant to support our Erie Urban Entrepreneur Loan Program. Those are loans typically of \$15,000 and under. Our other facility of \$1M is to support lending opportunities throughout Erie County and we've used quite a bit of that \$1M to fund projects directly.

Mr. Logue: So, this Board is already helping blighted properties here in the City and County.

Mr. King: By working with us through specific loans, yes.

Mr. Logue: Thank you.

Mr. Lee: Good morning, and thanks for the update. I thought the information was very helpful. As I'm hearing about the stories, and I'm very familiar with your organization because I had the opportunity of meeting with Mr. Peterson on several different occasions, I think this is a great model for success, I really do. Having worked with small businesses, in particular minority and women-owned companies, too many times capital is not available whether it's working capital or whether it's just loans to purchase properties. This model proves to me that there is a lot of success. I know that there is a very low default rate on these loans, as well. I cannot commend Bridgeway enough for coming to Erie County and playing the role that you do play.

In saying that, my question is this – I know that down in Allegheny County your footprint is extremely large and they have some very innovative programs that are happening down there. Are there any of those programs you're looking to bring up to Erie County and expand what you're doing here?

Mr. King: Yes. In Allegheny County we get a lot of support from the foundations in Allegheny County, and we have for the last 25 years. We've been very fortunate to put forth programs. For example, this is one that we're looking to expand to Erie County. I talked a little about Bridgeway Capital and our support of minority- and women-owned businesses. We've provided just under \$1M of funding but there's still a lot more work to be done. How do we continue to support those businesses? One program in particular that we're looking to launch is our Urban Workforce Development Program. We work with some of these successful businesses but how can they create new jobs, offer more jobs to individuals in the City of Erie and how can we support those businesses to help them hire more individuals?

We came up with a program that we're looking to implement now; it's called our Urban Workforce Development Program in which we'll look to lend businesses with real favorable terms, working capital to hire individuals to pay them living wage sustaining jobs with benefits. These could be loans anywhere between \$50,000 to \$250,000 with deferred interest and payments for a certain amount of time. But we're looking for a better way to support these businesses and this is what we're looking to roll out.

We've identified some opportunities here in Erie to support about six businesses that we've worked with and hire about 21 more individuals in the learning field to reach out to those businesses to see if they're interested in the program.

Mr. Lee: Wonderful. My closing comment would be to keep up the great work. At the end of the day it's all about relationships and that is what Bridgeway is building with the minority community, with the women-owned business community; those types of relationships that can take businesses to the next level. I commend Bridgeway for the work that you have done and again, keep up the great work.

Mr. King: If I could add to that because you asked about other programs. Bridgeway has got some funding through the CDFI Fund through the U.S. Treasury to support housing throughout western Pennsylvania. We've had a couple projects in Pittsburgh that we're working on right now and more importantly we're looking to expand that here in Erie.

I'm working with one individual who is looking to purchase a group of properties on the near west side of town. We are looking to work with individuals who are looking to acquire property, renovate these properties to bring a better standard of living to the communities throughout the near east and west side of Erie. This particular individual is looking to acquire about 11 different properties for about 49 units and dump about \$300,000 into interior and exterior renovations. We're looking to expand that here in Erie and we will. We just have to find the right project and the right individual.

Mr. Wood: Are those multi-tenant facilities or are they individual houses?

Mr. King: They are multi-tenant facilities.

Ms. Wyrosdick: And that's what you would be looking for is multi-tenant facilities?

Mr. King: And looking to work with individuals who aren't just looking to acquire the properties but to renovate them; put money in to improve the conditions in the City of Erie.

Ms. Wyrosdick: T.J., it would probably be a great idea to get you connected with the neighborhood organizations in the City because they have sort of a pipeline to where that might be happening and connect you with the people. Or have you already done that?

Mr. King: Yes, we've got good relationships with Anna Frantz of Our West Bayfront and Jeremy Bloeser with BEST.

Ms. Wyrosdick: And Heather Caspar with Little Italy?

Mr. King: That would be someone that would be helpful for me to connect with.

Ms. Wyrosdick: I had a couple of questions as well. The Urban Workforce Development Program, does that cover costs for training? Is the training the piece that they need covered in order to get additional people hired?

Mr. King: That program would cover the cost of actually hiring full-time employees, getting a full-time employee into the business. And working there would cover the full cost of salaries and benefits. I didn't talk too much about this, but Bridgeway Capital does provide capital and educational opportunities. With that, we get funding from different sources for technical assistance which we work with accounting firms here in town, website development firms, HR consulting firms, to offer those services to our borrowers, specifically start-up business owners that need that assistance at no cost to them for a certain period of time. Most of our borrowers that I mentioned today are utilizing that program and working with the consultants. These are outside companies that we have contracts with to provide those services.

Ms. Wyrosdick: Fantastic. Another question I have is the City's new micro-grant program, up to \$5,000 for small business; I would assume Chris Groener is working hand-in-hand with you to basically build that package of offers?

Mr. King: Yes. I've worked with Chris for six years. Since I've been here we've partnered on a lot of deals where we've both done loans on specific projects. I just reached out to him yesterday; we have a woman who we're looking to work with who wants to apply her building on 26th Street, do some renovations, and move her business into it. I think it's a perfect opportunity to partner with them.

Ms. Wyrosdick: One more thing. Would you explain how important new market tax credits; I see you didn't get the recent award for the new market tax credits, what that means to Erie to not have that funding source available and what we might be able to do to help you get that next time?

Mr. King: We had applied for an allocation of \$33M worth of new market tax credits and unfortunately, we didn't get that allocation; but there's always next year. For a lot of the development that is being done in the area and specifically downtown with the challenges that developers face in Erie from a collateral gap from the value of real estate, those new market tax credits, and actually more importantly just some of the other development, the mixed-use development that's looking to happen in downtown, these could be key by providing equity into these projects to get them done.

Even though we didn't get the allocation, we still work with other organizations and know of other organizations that did get allocations and I think it may be important to link developers and projects here in Erie to those organizations to help bring that benefit here. I think it was just out a couple of weeks ago, that the 16501 zip code came in as one of the most poverty stricken zip codes in the whole state of Pennsylvania; but there's no activity, no investment being done from a federal - well, I shouldn't say none. But there needs to be more to challenge that and anything that we can do, we will to help bring those types of resources.

Ms. Wyrosdick: Thank you.

Mr. Peters: Is that program similar to other tax credit programs where you do have to end up applying multiple times? I think the Pennsylvania Housing Authority, a project often has to apply multiple times before it gets an allocation. New market credits are competitive. What is the over-all allocation? Is it by State or by the whole country?

Mr. King: Yes, you do have to apply multiple times and it's allocated by the whole country. I know the general range of what was allocated - I think it was to the tune of \$675M to CDFI's, organizations such as Bridgeway. I think there were more tax credits allocated to other organizations but that was throughout the country.

Mr. Wood: Do you think there will be another round of that next year to apply for?

Mr. King: There should be, yes.

Mr. Wood: Then we should talk about advocating for that. If I could just summarize for the Board so that everyone understands, we've had a long-term relationship now with Bridgeway Capital. ECGRA has only been around for eight years so as long as a long-term relationship can be. Our first investment with Bridgeway was in the 2012-2013 fiscal year; we invested \$1M into what was called the Erie Growth Fund. You guys matched that with another \$4M of outside capital. I remember Goldman-Sachs, Wells Fargo, some banks, CDFI funding was

also included in that tremendous leverage of 5:1. So, in essence, ECGRA's \$1M created a \$5M Growth Fund for businesses in Erie County. We heard about some of those businesses here today to provide gap financing.

The second investment came a little over a year later – about three years ago – into what was called the Urban Entrepreneur Program. We had met and had talked about the pilot project that you had going in Pittsburgh and how it was about one year into the project and you were finding great success from it. It was different from an investment though. For the Board's clarification, you'll find the Erie Growth Fund on our balance sheet as a Note Receivable because it is a loan in which we are investing in the Bridgeway fund and we are receiving quarterly payment back from it.

The Erie Urban Entrepreneurs Program was different. It was higher risk, it was targeted to minority-owned businesses in inner-city areas, and we looked at the data here in Erie and found that from a minority-owned business standpoint, we were way behind the national and State average and that was clearly a strategic disadvantage for us. We invested the same amount of funds that Pittsburgh did, \$100,000, and we just celebrated that in January because of the number of minority entrepreneurs that were helped in the inner city. There's a cluster of them around the Federal Hill area, which we've also now invested Main Street funding. We're hoping to keep that growing. Those are targeted specifically to the City of Erie because that is where we're finding the minority entrepreneurs trying to flourish.

Thank you for that, T.J. I did just want to point that out to the Board; there were two tranches of funding and we've had conversations about a potential third tranche of funding that would extend what you're doing with the Urban Entrepreneurs Program and then us getting involved in the Urban Workforce Development Program. Originally, those were funded under the Ignite Erie concept in which we specifically targeted the inner city for entrepreneurial development. We can have further conversations with the Board about those programs and perhaps even the multi-tenant facility program depending on the appetite of the Board. We'll refer that to planning committee and we'll let you know what further information we need. Thank you for coming in.

Mr. Peters: I have a comment more than a question for T.J. and for this group. The amount of new market tax credits awarded to CDFI's individually was in the \$3.5 billion range and the total investment by the federal government was nearly \$20 billion. Erie didn't get its fair share; we got zero. My comment to my colleagues on this Board, as we just came off of a meeting talking about the benefit of a government relations firm and how we might be able to help bring funding that's really something that we should be eligible for based on all those reasons that T.J. pointed out, the 16501 zip code that is the most impoverished in the State, it's something that I would challenge this Board to think about when we talk about our relationship with Ridge Global and maybe helping get new market tax credits is something that we would put on our list of agenda items for them. Thank you.

Mr. Sample: Thank you, T.J.

Mr. King: Thank you.

COMMITTEE REPORTS

- a. Treasurer's Report – Mr. Peters: You all have on your SharePoint the standard package that we present at these meetings. Last month we did our quarterly Finance Committee and dug into this a little deeper. A couple of high level points about the financials of the Authority, we are on a fiscal year so we are nearing the end of our fiscal year. So, as you look at the budget numbers and where we are at, when you see we're at 100% or 98% and you think it's only February, we are in a fiscal year and not a July 1 to June 30 fiscal year but rather an April 1.

With that as backdrop, the first thing we have in the packet is the Profit & Loss which goes over our income and expenses. We do always present a Balance Sheet and I'll go through because I know there are a number of unanswered questions. When you look at the Balance Sheet this one is kind of important as you look at the funds. First of all, and I think we mentioned this at Finance Committee, all of our funds that we control have to be in fully collateralized accounts. When you see an Erie Bank Savings account, know that that is fully collateralized per Pennsylvania Economic Development Finance Law.

You'll see two other categories, 101 and 102, Committed and Restricted Funds. Committed Funds are those in which we have already said, "Hey Bridgeway or someone else, these funds are available for you." So, they are committed and sort of set aside. The Restricted Funds are related to the process that we go through with the State putting money to the County and then the County putting it to us. We are ineligible to use that for a period of one year, so there is always a lag.

The other thing that I had addressed at Finance and I don't recall who was all here at that meeting or not so I would like to take a minute to hit on this. When you look at the current assets and the Notes Receivable, you see the Enterprise Development Fund represented as EDF 1 and EDF 2. We have talked ad nauseum about the Enterprise Development Fund; it's actually a CDFI similar to Bridgeway but it was locally controlled. It was related to but not controlled by the GEIDC (Greater Erie Industrial Development Corporation), which I think all in this room understand that that organization went through a Bankruptcy. As such, the Enterprise Development Fund has had its share of financial issues as well. They lost significant management as a result of that bankruptcy. The reason I'm taking so much time to chat about that is, as some of you already know but for the benefit of the new members, they have been for nearly a year now, requesting that we restructure their debt with us. It is something that we have discussed at Committee but have not yet come to resolution on.

Mr. Wood: We voted on the restructuring package. The Master Loan Agreement hasn't come to fruition yet.

Mr. Peters: I'm sorry. So, we've negotiated it but we haven't completed it yet?

Mr. Wachter: We've negotiated a 10-year to take all of their debt to start fresh with ten years to have it at a 1% interest rate, paid quarterly. Only interest paid quarterly with a balloon payment in the 121st month. The Board has given us the authority to negotiate the covenants that they felt were more restrictive than they would otherwise be held to under State programs. They provided to us a copy of their PEDFA Loan that they have and have ensured that the covenants that we put in place in credit agreement either matched the PEDFA required covenants that they have to keep or are more generous than the PEDFA company. What has been prepared and presented to them is either the same terms they are currently under with State programs or better terms.

That has gone back to them; there has been some back-and-forth on some policy issues and we're waiting for the last response from them. I think a package is ready to be presented to this Board for final approval. I have to look back and see if the original Resolution requires that it be brought back or not.

Mr. Wood: The original Resolution empowered the Solicitor and the Director to go ahead and negotiate and get a contract signed.

Mr. Wachter: Under those general terms of a ten-year contract, 1% interest rate, balloon payment on the end and take care of the covenants. So that is progressing, Mr. Peters, and is close.

Mr. Peters: Thank you for the update. I stand corrected. That's good news for all of us, I think, because when they first started coming to us their desire was simply for us to write down the entire amount. I'm glad we've made progress on that.

Ms. Wyrosdick: Can I ask a quick question on that? What was the reason for their debt? Were these failed loans that they had given out? Therefore, is their debt unsecured?

Mr. Peters: I don't know if I can say. Publicly, there were several large credits extended that failed. The Mercantile building was one, the RCWB building was one; those were large. In addition, they had made a number of bad loans to small businesses. There was an auto dealer that we heard about where the owner had passed away or something. There were a number of bad credits extended. In the kind of business that they're in that's not completely unusual. When you hear T.J.'s results, it's a little tough to swallow.

For the benefit of the group, we had allocated prior to the GEIDC bankruptcy another half million dollars to be invested in the EDF and when we found out about what was going on, this Authority stopped that. We had a lot of folks come in and lobby us to try and release that money but we were thinking, "Your parent is going to file bankruptcy" and we didn't want the taxpayers to suffer from that. In any event, they did have a number of bad loans.

Ms. Wyrosdick: Are we confident that those poor decisions won't continue? What's our involvement?

Mr. Wood: I think it's safe to say that if we did not restructure with them then they were going to collapse and then our investment would be nil at that point. Now we have an investment and a term on that investment so we're hoping that as the Erie County-based CDFI that they will continue to improve their process. They are in a planning process right now with OFN (Opportunity Finance Network); that's the national trade association for CDFI's. We're hoping that through that process that they will find their sweet spot and improve that decision-making process.

Ms. Wyrosdick: Thank you.

Mr. Peters: Anecdotally, they are a non-profit with a bunch of non-profit Board members that were really handed kind of a mess when GEIDC's professional management away. I'm not defending the loans they made; we're not a part of that process. Certainly, the Board appears to be reorganizing itself and trying to operate more efficiently.

Next is the Budget vs. Actual, and again I'm not going to go through it line-by-line, but you'll see where there are certain categories that we've hit at 100% and there's a few that we're under. For the most part, we are on target.

The next thing is the Schedule of Grant Reserve. I think it's somewhat self-explanatory. You see the funds and you see where we've dispersed those funds. That's a number of pages.

Finally, in our financials, we report out to the Authority Board members every check that has been written as well as the credit card statement. To address Mr. Logue's comments earlier, I have no issue with us changing that. I think that at one point or another the financials were available without any sort of authentication process. I agree they're out there now, why wouldn't you leave them . . .

Mr. Wood: We had an extensive discussion about this, I believe it was in December, about the fact that ECGRA had been the target of numerous financial fraud situations. We have been receiving emails from our Board members at the office asking us to transfer funds to various accounts . . .

Mr. Wachter: Fraudulent emails that your Board members didn't send. People are assuming their identities and spoofing.

Mr. Wood: Right. Thank you. So, we talked to our website designer about how we could prevent this fraud and they said this two-step verification process was the only way to do it; it was being done by other organizations, it was a way to verify that a robot or a scamming agency wasn't picking up on various financial detail that we had. That's why we put it in place. I can go back to those minutes and provide them to you so you can see the discussion.

Mr. Logue: Mr. Chair, if I can speak. I don't understand that. We have the County of Erie who places their financials, maybe our website designer should contact their people to see how they do it to keep it out there. This is taxpayer's money. Anybody, any taxpayer should be able to access this without doing that. One could think that what's happening here, and I'm not saying this, is that ECGRA is gathering information on people trying to seek this; that you're keeping some type of list of people. People shouldn't think like that at all. These are financials. Put them out there. Let them look at them; they're paying for them. Let them look at them. If our website person has a problem, have them contact the County person. They don't have that problem. I think we should correct that immediately. Thank you.

Mr. Sample: I know specifically that Perry had contacted me at one point and said that I had supposedly sent something to them and I don't have an issue of opening it back up. We just need to have more security. Are all Authority's financials available on the internet?

Mr. Paris: No. None of them are.

Ms. Michali: You have to file a Right To Know. The County of Erie is the only one where I have been able to access their financials.

Mr. Sample: Other than us.

Mr. Peters: If I could address Mr. Logue's comments, I do now recall this whole issue that they call scrapping and phishing where they scrape contact information off of the website and

say, "Oh, Peters is the Treasurer and Wood is the Director. Let's spoof Peters in an email." I do recall that conversation but I do very much take exception to and want to clarify that ECGRA has always, always had our financials on the website. Always. From the day we launched the website. I wasn't the Treasurer at the time; I think it was Mr. Paris, who made that rule that they would always be on our website as would Board names which other County authorities do not do. They simply don't do it. If you look at the Industrial Development Authority, if you look at the General Authority, that information is not available. Not to mention the City Authorities that don't make that information readily available.

So, I do take exception Tony. We absolutely have always made them available. I forgot that we added this step to deal with this other potential issue. I stand by my comment that I have no issue with them just being out there and I would urge the staff to think very carefully about doing what some crazy sounding email says. I don't have any issue with them being out there.

Ms. Wyrosdick: I can also add, and I'm sure that Perry could add even more, the County when I was working there, we were getting those types of emails too – the spoofing and such. I know our IT department really spent a lot of time trying to track those down and trying to protect the County and their employees from getting more of these. But some of them got very, very good where it looked like Jim Sparber, the Finance Director and the County Executive were asking for funding.

Mr. Peters: So, this isn't unique.

Ms. Wyrosdick: This isn't unique. Of course, the County does have, just last year that they were able, to get their budget and all of their financials so easily and readily available. It took some time; it was not an easy process.

Mr. Peters: So, that was new last year? We've been doing it for at least . . .

Ms. Wyrosdick: Well, I think that the way it's being presented now was unrolled last year.

Mr. Lee: Mr. Chairman, if I could. Just to give you an update, the County felt it was really imperative to get our financial records out there and be transparent. We went with a new program last year that we implemented and rolled out to make it more feasible and a lot quicker for individuals to find financial information on our website.

As Kathy said, it continues to be an ongoing issue with the spoofing and trying to obtain information. Our IT director is constantly having his team not only monitor that but identify different software that is available to help us catch these different types of situations. We did have one situation where our Finance Director was asked to shift some money from one account to another account; they said that email came from the County Executive. It just didn't look right so he brought it to our attention and of course we immediately said that this was not the case so nothing transpired.

To that point, I do know that there are various software's available that can assist you with this particular process but it is one of these situations that it is an ongoing issue to try to make sure you stay ahead to make sure you don't get duped.

Mr. Sample: Then comes the cost versus the reward. We're going to invest money into software and having IT people. I take some exception to the fact that our transparency has been questioned when no other Authority has any financials available nor does County

Council require them to. I would request that we look into making it so that people don't have to sign in and sign out. But if we don't have to spend money on . . .

Mr. Peters: What if there was a middle ground, like a capture or one of those things that proves you're not a robot. There's no one here trying to hide the financials.

Mr. Wood: That's exactly what the current process is designed to do.

Mr. Peters: It's just a capture?

Mr. Wood: Yes.

Mr. Peters: But does it require someone's name?

Mr. Wood: It requires a legitimate email.

Mr. Lee: I would echo the Chairman's recommendation. Mr. Wood, if you would like to reach out to Mr. Eric Freeman, our IT Director, just to find out what the County has in place and see if it may be feasible or maybe not. The County's program is really robust because we're talking about the entire County so there may be some cost limitations there but it definitely would be a good discussion to have.

Mr. Wood: Thank you.

Mr. Peters: Tim and I are looking at the County and the way they do it; they just do it high level. They're not getting into the detail. Maybe that's what we should do, instead of the high level . . .

Mr. Lee: Excuse me. There is a new program that allows you to drill down and really be able to see what I have spent, what the County Executive has spent, but that was an investment on the County's part . . .

Mr. Sample: You would have to have a password to sign onto that, wouldn't you?

Mr. Lee: No.

Mr. Logue: I think this is very important for this Board. This Board in the past has been accused of lack of transparency.

Mr. Peters: Well that's inappropriate because we have always put the financials on the website from day one.

Mr. Logue: Chuck, let me speak. I'm trying to bring up what Mr. Lee just told us. I'm speaking about lack of transparency. This Board has been criticized in the past recently, and you can make the face if you want, but for paying for a college education and things like this. Now, if that would have been on there, somebody might have seen that and said, "Hey, what's going on here?" I agree with Mr. Lee that we need to look at that.

Mr. Sample: Actually, you're agreeing with me and then Mr. Lee agreed with me. Let's move on.

Mr. DiPaolo: I have one question before we move on. Chuck mentioned the fact that we have banking statements and credit card statements. Why do we pay for services out of both? Or do we pay them out of one? How does that work?

Mr. Peters: I'm sorry, Dom. Can you repeat that?

Mr. DiPaolo: You have a credit card that you pay and you have a checking account that you pay services with. Is there a reason you pay out of both and not just checking?

Mr. Peters: Ease of use; like if we can set up a recurring credit card payment. I don't think there is a particular reason.

Mr. Sample: We had this discussion before and, Dom you were not here, but probably in my business 35% of people pay by credit card now just because of the ease and the record keeping. That's very accepted and I know that we have been doing that for a long time. I guess we never really viewed it as an issue because both are listed on our financials. The check detail with the Visa detail is out there.

Mr. DiPaolo: I was just kind of curious as to why you do that, that's all. Thank you.

Mr. Barney makes a motion to approve the Treasurer's Report. Ms. Presta seconds the motion. Motion carries 8 – 0.

- b. Regional Assets Committee: Mr. Wood: There was no meeting so there is nothing to report.
- c. Strategic Planning Committee: Mr. Paris: Thank you, Dave. We had a meeting last Thursday, February 8 and we spoke briefly on the Settlement Agreement and how we should handle that and I think we determined that we don't have to do anything until 2019, is that correct?

Mr. Wood: Just to clarify. The Settlement Agreement through 2017 is in place and intact. We have a legal opinion from the County Solicitor that I'm going to talk about in my report that basically says the million dollars for the land bank doesn't come out of the ECGRA funds until January 1, 2018 so a new calendar year. Therefore, there is no need to take action on the Settlement but in the meantime, we would have a discussion with the Settlement Municipalities about the fact that their 2018 budgets could be affected by the removal of that million dollars.

Mr. Sample: 2018 funds are paid in 2019 because of the Restricted Funds.

Mr. Paris: We had a list of discussion items. The land bank – we discussed how we might still be a part of that and I think that we determined with some of the new programs we will be running, those new programs will help the blighted areas as well. So, we kind of let that drop.

We talked about Ridge Policy Group and the future of what they can do for us. Many of us were at the meeting the other day with RPG and we're just going to see how that plays out and what kind of grants they could possibly get for us. We talked about starting up funding for parks; we authorized the Executive Director to look into setting up a grant process called

the Greenway Grant so that parks can apply for grants. We also spoke to some of the County Council remarks that mostly was because of the expenses that we are taking on for the Right To Know and we wanted to talk about the cost that is involved with that.

Then we moved on to Revitalizing America's Legacy Cities. This is something Perry I think will be talking about in his Director's Report so I'm going to pass on discussing the last portion of our Strategic Planning Committee and let Perry talk about that in his report.

Mr. Wood: I would add that that was the second time the Board has been presented with guidelines for the Renaissance Block Challenge. You're going to see another draft of them in front of you today along with the Anchor Building concept, now being presented multiple times. I'll walk through them in the Executive Director's Report and hopefully we'll have a good conversation.

- d. Update from County Council: Dr. Foust is not present.
- e. Update from County Executive's Office: Mr. Lee: Thank you Mr. Chairman. I'll just take a couple minutes to give an update on the Community College initiative. As many of you recall, last time I shared with you where we were in the process, we were addressing the additional supplemental information requested by the State Board of Education. The partnership with the County Administration and Empower Erie have completed that. We have an operations team that was tasked with addressing the questions, there were about 25 questions, that the State Board of Education wanted clarity on. We were tasked with answering those questions; we have completed that. The goal is for the Administration to submit our response before the end of this week.

The timeline still remains, we're hoping to hear feedback by the end of June. We submitted the application June 30, 2017 and they had shared with us at that time that the process could take up to 12 months. That fits into the timeline as far as the end of June of this year.

The County Administration still feels that this is a great opportunity for the entire County. ECGRA, along with the Erie Community Foundation, has invested in the upfront money (about \$3.7M). We will be leveraging that with the County's gaming share; that's how we have identified paying for this college going forward, hopefully along with the State investment.

We will await the feedback from the State on this particular important initiative. I think it's very important to point out, especially with all the talk about the cost of education, that this community college will provide, if approved, an opportunity for individuals to proceed on with their education in a more economical manner. What I mean by that, currently the structure is that if you want to go for an Associate Degree, depending on what school or institution you are enrolled in, you could be paying anywhere between \$9,000 and \$35,000. The projections that we have based on this community college puts the cost at about \$3,000. That is definitely something to be considered.

With the changes at Edinboro, the Porreco Center, as they are moving out of the market, that is creating another opening to meet the needs of individuals that would want to go on and continue their education. This continues to be a unique opportunity to build from the bottom up. We will continue to push this initiative because we see a lot of value in it for the entire community.

Thank you, Mr. Chairman.

Mr. Sample: Gary, I don't remember exactly but the money that you're going to use from the County's gaming share, that was previously for the Airport and the Convention Center. Those are due to be up, is one up already and the other one up in 2018 or 2019?

Mr. Lee: That is correct. The money that we have identified is coming from the gaming money that we used for funding projects for the Airport and the Erie Insurance Arena. The Airport is already up, so that money is available; the Erie Insurance Arena is coming up in 2019. Going forward, the Administration has made the commitment that we will not raise taxes in the projection of this business plan that we have, which is a five-year plan; we will not raise taxes for this initiative.

Mr. Sample: Thank you, Gary.

Mr. Logue: Mr. Chair, if I may. Mr. Lee, I'm just sitting here thinking outside the box about how the Board would have to approve this and Council and the County Executive, but obviously we spoke about this last week with the Jobs Program that this Board started and the County jumped right on it a number of years ago. I think Mr. Wood said this at the meeting the other day, we had about 215-230 individuals in this program. I don't know if this is feasible or not since we're just talking here, if somewhere down the road if the Community College would come to fruition and we have that and we have this number of students that are in this Jobs Program for one year, two years, whatever, would there be some type of help for those individuals that have gone through our program and now they're going to community college? You said that \$3,000 would be the average. Could we help those types of individuals out and show them that their work ethic and proving that they can succeed – they don't want to survive, they want to achieve I should say – could we tie that in somehow to these individuals that we might be able to lower their tuition?

Mr. Sample: Like a scholarship.

Mr. Logue: Exactly. They've already proven themselves in one program sponsored by ECGRA and the County; now this program is obviously funded ECGRA, County funded, and State.

Mr. Lee: Mr. Logue, you bring up a good point. The great thing about this initiative is we have an opportunity to build from the bottom up. Absolutely, those are the types of initiatives that can be explored. There's no doubt about that. To the point of various scholarships, this is a whole process that we have to go through and to obtain certification from the Mid-State's Accreditation Board, that could take up to three years. While we're going through that process, students are not eligible for financial aid so, again, one of the creative ways will be looking at scholarships that perhaps can fill that gap. But yes, that is definitely something that can be explored.

Mr. Sample: Years ago when Penn State had the Brain Gain thing, there was an individual out of Mercer or Grove City that came up that sponsored kids to go to a welding school. If they succeeded through the process, they got a \$1,200 scholarship. But it was almost like a military drill camp – drug tests, you will be on time, you won't miss class, you'll do this, you'll do that – and then they were rewarded with a scholarship. Tony, I think that has a lot of credibility.

Mr. Wood: Mr. Lee, thank you for that wonderful report on Community College.

Mr. Peters: Mr. Lee, do we have a sense as to where the State's at with this? Can we put odds on it?

Mr. Lee: At this point, we have been told that the application will be based on merit, which is great news. We're optimistic that this will transpire. But to your point, at this point we do not have a sense as to the odds if you will. We're just looking at, and we're very hopeful, that it will be predicated on the value of the college plan itself. And if that transpires, then we are very optimistic that we have a great chance of seeing a future college for this region. Thank you.

Mr. Wood: We have \$400,000 set aside to support the Community College; one our largest grants in the history of ECGRA. \$370,000 of it is still available; only \$30,000 of it has been drawn down and as I understand it, that's the same amount was drawn down from the Community Foundation. Where has that \$60,000 gone and how much of that went to hire a lobbyist to go to Harrisburg to make sure that this process went through?

Mr. Lee: Those are great questions. The \$60,000 was for the feasibility study and preparing the college plan. That was the investment that the Erie Community Foundation and ECGRA made toward Empower Erie, in fact it was directly with Empower Erie. So, that is where the draw down, to date, has gone. Since then, the County Administration has set up an MOU with Empower Erie to help us facilitate the second part, which is what we're going through with the State. We felt that it would be, since Empower Erie did so much work, it just made sense to continue that collaboration.

We have a joint relationship with Empower Erie and the Erie Community Foundation which would incorporate ECGRA money to continue with the application process. That budget was about \$130,000; we continue to draw down on that. Part of that is for the lobbyist that we're working with to facilitate this process and to date, we have invested about \$15,000 with the lobbyist in this particular project.

Mr. Wood: Thank you.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: Thank you, Mr. Chairman. There is a printed copy of more extensive detailed information in the Executive Director's Report but I'm going to use this PowerPoint as a guide. These are the big areas I want to hit. First of all, there are a few things I want to make you aware of and go on record and see if you have any questions. Secondly, is to extend the conversation we began having in the Strategic Planning meeting about the context that we currently find ourselves in. Third, as Mike mentioned in his report, I want to talk about the report, "Revitalizing America's Smaller Legacy Cities," which just came out in 2017 and it's going to be an excellent resource to benchmark for us as well as beginning this discussion about a framework for a second endowment. Then I want to talk about the two Grant Guidelines that you have in front of you. The research has been done, one has had a focus group to it, and I want to walk you through the various steps to it.

First, if you open up your packet on the Executive Director's Report you'll see a report that you often get from me which is the financial dashboard. The third quarter funds came in at \$578,000. Look at how that compares to past third quarter reports; this is the highest one in

the last three years. So, things not only seem to be stabilizing but maybe even slightly improving at the casino. Fourth quarter funds came in as well at \$4.4M; total \$8.8M coming, the land bank money hasn't come out; that won't come out until 2018 funds. So, ECGRA received \$4.4M.

This report is important for several reasons. It gives you, on a quarterly basis, every dollar that has come into ECGRA as well as the totals. But more importantly, it gives you an idea where we're at and where we're trending. We're actually trending at this stabilized or slightly increased funding.

The second chart is there to remind you of how the funds come in. That is why we have this "hockey stick" chart to remind you that the funds kind of dribble in throughout the first three quarters of the year until there's what's known at the Department of Revenue, the "true-up" which is the amount that makes sure that the casino pays us a minimum of \$10M a year. You'll see in your packet the letter that comes from Jim Sparber, an email from Sue Ellen about the opinion of the Solicitor about the land bank funds, and then you'll get into the appointee letters that have come in from the Clerk's Office. I want to enter those into record; those are official correspondence of the four new appointees.

Next, is the Pilot Project Guidelines that we just passed in January; you'll see a letter here from Superintendent Polito asking us to consider a Pilot concept along with an attachment of a strategic planning process that they are going through called, "Moving Forward as One." This is just a Letter of Interest. The first step in this process is for them to fill out a Letter of Intent on our online grant-making system, so they are in the process of doing that as we speak. That Letter of Intent then translates into a full Application to look at how this Pilot Project fits into our goals as ECGRA. I intend to get you a copy of that Letter of Intent soon so that you can examine it and we can have a discussion about whether or not this Erie Public Schools project should be our first Pilot Project.

Next, I want to enter the Strategic Planning Committee Agenda into record. Mike did a great job of going over that. That meeting was on February 8, 2018. Also, on February 13, we had a joint meeting of County Council, the County Executive's Office, and several ECGRA Board Members to talk about Ridge Policy Group. I want to enter the document that was handed out there into the record as well. These are some of the grant sources that we discussed as a group.

One of our action items there was to better increase communication between ECGRA and the County. One of the ways we talked about doing that was to hold a series of conference calls when funding sources would become available. The specific example was Summer Jobs. There is a great relationship between ECGRA and the County; we're co-funding Summer Jobs. We should pull in the respective folks from the County, we should pull in the respective folks from GECAC, we should talk about what labor and industry has to offer now, because now is the time where you would want to apply for those funds.

I did want to make you aware that the staff at ECGRA is in the process, primarily myself, of evaluation and internal reviews on our bigger initiatives. Four of these five things were funded in conjunction with the Erie Community Foundation, which they called it the Shaping Tomorrow process, doing more transformational things. Ignite Erie came out of our Industry and University partnership program that we created. These evaluations, or mid-term reviews depending on how you think of them, are in process right now.

We just received the Community Schools and East-West Bayfront updates. They are required on a periodic basis to turn in reports to us; we just received those yesterday so I'm in the process of reviewing them. Erie Innovation District mid-review, which really got a late start because their first process was to hire an executive director. That's expected to be by the end of February; we should be getting that from the Provost of Mercyhurst. The Ignite Erie review, I have been interviewing members of the steering committee to find out where they are at and I will be presenting some type of report to you on that.

Let's go to context now. We are in the context of declining gaming revenue, although hopefully we are at a point where we have stabilized; minus one million dollars next year. That

being said, we know there is less money coming in, we know it's not predictable how long that will be sustainable, but we have eight years of grant-making experience to really think about in terms of what we have done and where we are headed.

There have been 791 grants and loans done within the last eight years to 220 economic development, municipal governments, and nonprofits. That's an investment of over \$46M in the Erie Community – and that's just ECGRA's funds. We know through the economic impact study that we conducted that when it was at \$40M worth of investments, there was an economic impact of \$208M; \$1.5M of it from additional local government revenue and the creation of over 1,100 jobs in our region.

What have we learned in this process? We've learned from our stakeholders that federal and state funds have continued to decline for them which makes our funding that much more important. We've learned about the metropolitan revolution; I've given you the book today, *The New Localism*. This is the trend in the United States. The power, the decision-making, the ability to impact community problem-solving has, in the last fifty years, continued to devolve at the local level. That makes groups like ours, the Community Foundation, County government, and the large nonprofits – those are the new problem-solvers. As Bruce Katz says in this new book, "Power to the problem-solvers." Because at the local level, we have the ability to work together and solve things the federal government and state government are not in the process of helping us solve.

We've learned that requiring a 1:1 match, or as we call it having skin in the game, is absolutely essential to show commitment from those that are coming to us and applying for funds. We've learned that compliance requires consistency and diligence. I just got a call two weeks ago from the Director of Finance for the County saying, "We know you have an established application, compliance, budgeting, and reporting process in place for grant applications. We don't have any of that at the County. We would like you to share that with us. We'd like you to tell us how you do that." We provided them all those templates. In the last eight years our consistency and diligence has been through the fact that we have those documents.

Measuring economic impact – you can't do it every year; it's incredibly tedious and difficult. If you want it done right, you need a neutral third party to do it so it's viewed as fair and independent. We did that for the first time two years ago and found that we are leveraging these funds quite successfully. Bridgeway Capital is a great example of how we're doing that.

What we've done with small businesses has leveraged dollars 6:1; for every dollar we put in, another six dollars gets invested into those small businesses. That's Bridgeway Capital, Ben Franklin, other groups that we've invested in over the years; tremendous leverage, tremendous return. But we only know that because we measure it.

And finally, objectivity requires guidelines, outreach, and education. That's why we vet these things with the Board, that's why we put physical guidelines in writing, that's why there's an application process so we can compare apples to apples, that's why we do outreach to the stakeholder groups that are going to be affected. We often have focus groups, which you heard about today, where we ask the folks that are going to receive the funding, "What do you think about the grant process that's in place?", and we want to make sure that they know the funds are available and we want to make sure that everyone from the County benefits – rural and urban and suburban.

And finally, education. We do workshops at ECGRA; when we launch a new program or a program that folks are confused about, we do a grant-writing workshop. Come in and talk to us, go over the guidelines with you, ask specific questions; we often answer questions about what would be the most competitive grant application. That's not an easy thing and benchmarking throughout those concepts has always been very difficult.

We ran across this report, "Revitalizing America's Smaller Legacy Cities"; we did an overview of this report under Strategic Planning. Everybody has a copy; you either received it at the Committee meeting if you were there or you received it in the mail. What's great about this report is that it recognizes one of the problems with research in the United States which is

that it's all focused on the large metropolitan areas; we get left out of the list and research areas. If you take a look at this map here, this is what folks typically call the "Rust Belt." These are all the cities that are really our peer communities that we benchmark against.

The Lincoln Institute of Land Policy, which is a well-known group in the urban redevelopment community, is talking about how we position ourselves as a post-industrial economy. It's talking about the formula for success; it has identified eight different steps to make sure smaller legacy cities can be successful. In the context of declining revenue, in the context of what we've learned in the last seven years, in the context of a great grant-making process and the economic impact process, how do we compare? This is kind of a report card for us.

Here are the eight different strategies that they listed and here are the signature programs that ECGRA is participating in to address these strategies. We didn't have these strategies before we invested in these programs; we pieced together the literature on what successful revitalization looks like. Now that some independent third party has done it, this is a great chance to capture it.

Strategy #1 – Build Civic Capacity and Talent. Erie County's Civic Leadership Academy does that. Strategy #2 – Encourage a Shared Public- and Private-Sector Vision. If you read more about what they mean by that it's bringing together various anchor institutions in your community; local government and universities and putting them together with private industry to create a shared vision for the community. Ignite Erie has been on the forefront of doing that.

Strategy #3 – Expand Opportunities for Low-Income Workers. The Summer Jobs Program, I think, is a vanguard program in that area. We talk a lot about its scalability and the fact that it needs more funding but it really has been the most successful thing that we've invested in in that area. I would also count the Entrepreneur Program that we're doing with Bridgeway as an extension of that as well.

Strategy #4 – Build on an Authentic Sense of Place. What we've done with the Main Streets, to brand them, fix their streetscapes and façade improvements, you're building a sense of identity for all those little communities across Erie. That plays into Strategy #5 – Focus Regional Efforts on Rebuilding a Strong Downtown. We're the central business district; in downtown Erie, 25,000 people a day go to work. It is the largest commercial district; we've done a lot for the Erie Downtown Partnership (we could do more). I think the programs like Anchor Building are part of that. The Innovation District is in its implementation stage but that is a big idea concept of how to revitalize your central business district.

Strategy #6 – Engage in Community and Strategic Planning. ECGRA Board Members and staff have been involved in Emerge 2040, Erie Refocused, and the Metro 100 forums that we partner with the Jefferson Educational Society. Strategy #7 – Stabilize Distressed Neighborhoods. We've done some Pilot concepts here; we've funded the East-West Bayfront Plan which is just getting up and running, we've funded the Corry Neighborhood Initiative, we've funded the Block-by-Block Program with United Way. Those were all Pilot concepts so we could better learn how to do revitalization. I believe it has culminated in this concept of the Renaissance Block Program which I'll talk about in a minute. That of course is in research phase and we hope you'll approve that in March.

Strategy #8 – Strategically Leverage State Policies. I would add Federal Policies as well. That is why we hired Ridge Policy Group – to create leverage – to make sure that our community knows about opportunities and effectively take part.

What the staff has talked about, to jumpstart your thinking on the next endowment, would be to use this report, this "Revitalizing America's Smaller Legacy Cities" report, as a guide to creating a second endowment. A little play on words – this is the "Legacy Cities" report – we're calling it the ECGRA Legacy Endowment as a working title.

Let's start with the fact that we have been talking about this for years. We've been discussing this in length; it culminated with Memo #2 in 2017 in which we actually laid out some of the options. We talked about moving this forward and that was just in September of

last year. So, what would the approach look like? Our recommendation, as you look at Strategies one through three (the Civic Capacity, the Shared Vision, and the Opportunities for Low-Income Workers), you endow those first three concepts by jumpstarting the endowment with a large figure, say five or six million dollars to get it off the ground and running.

You then continue the normal revenue process throughout 2018 and in 2019, you reassess where the balance is at and you begin the drawdown process to disperse funds from that endowment to the first three on the list. That being said, more revenue will continue to come into ECGRA. You could invest up to one million dollars a year in building that endowment further and then go to Strategy #4; and then another million dollars two years from now for Strategy #5; one million three years from now and go to Strategy #6; one million four years from now for Strategy #7 – systematically endowing what have been some of the most successful programs that ECGRA has done and that are consistent with this report.

The options – there are really two main options and they are both possible. Option one is to do what we did with the Lead Assets; to work with the Erie Community Foundation to set up a stable account or what they call a Donor-Advised Fund. Option two, which Tim has provided us a legal opinion on, is to set up a brand-new endowment with a separate structure. That will be a little more work and will take a bit more time; we'd have to create the legal structure, we'd have to set up the investment policy, we'd have to have an investment policy committee to work with brokers and investors; there would have to be a governing structure. Those are the two options that are in place for the Legacy Endowment. I think we need to continue to have further dialogue on it if the Board wants to move in this direction.

Mr. Peters: Perry, I would like to make a comment. We talked about this at Strategic Planning. For the new members, that wasn't the easiest concept. The Lead Assets just wanted us to write them checks to support their operating costs. The endowment concept was foreign to them. Now, when we look at that, we've created an endowment that is the second largest in Erie County with around \$14M dollars in it. That endowment is kicking out, very efficiently, \$450,000 a year to those Lead Assets. Conceptually, I really like the idea of creating these endowments for programs that we want to support that can last beyond the life of the casino. I think that is one thing that all of us in this room can agree upon – we can't predict how long that casino will survive. Let's hope it's for a very long time. But in the event that it doesn't, I love the idea of there being endowments so this money lasts in perpetuity.

If you're looking for feedback, Perry, I would encourage the staff to continue working in this direction.

Mr. Sample: I, too, have always been very much in favor of endowments. I think that you keep the corpus constant and you spin off the other. As Chuck said, it goes on in perpetuity. I don't know how much better system we could come up with to make sure that funding is around. Every once in a while, I think about Commodore Downs, and think, "Nope."

Mr. Bagnoni: I like the idea of endowments but I have a problem with what you told me the other day; that we're sort of skirting what we're allowed to do as an agency with the money that we have.

Mr. Sample: I never said that.

Mr. Bagnoni: That we're not allowed to put it in anything that is going to jeopardize us, correct?

Mr. Wachter: What I said was that when we reviewed the funds that were held by PNC however many years ago, in 2012, they were invested in things that were riskier than what the Gaming Authority was allowed to have funds invested in. So, in order to do the endowment, the Gaming Authority has to lose Title to the funds and grant them to some other entity so that

they could be invested into traditional investment vehicles, which is why the Gaming Authority has the option if they're going to do an endowment of either granting money to an entity that is either an existing endowment-type fund or create a separate entity that would be a separate endowment-type fund. The Gaming Authority does not have the ability to manage the funds or invest them in things that create the returns that creates the value that is then distributed out.

Mr. Bagnoni: I understand that. Maybe I'm wrong but it seems to me that we're skirting what the true intention was; what we were told we could do with this money. We can't invest it in anything that has any risk at all. So, instead of us doing that, we're sort of end-running them by going and giving to somebody else saying, "You can invest it in anything you want." But if they lose all that money, then the money is gone.

Mr. Sample: Right, but we're creating an endowment; we don't have control of that anymore.

Mr. Bagnoni: I understand that but it's all dependent on whether that endowment makes money or doesn't.

Mr. Peters: I think that when we evaluated it, we went through an RFP process where we had folks come in and present on how they would manage the money and when we selected the Erie Community Foundation it was because of their investment policy and their track record of being – their whole purpose for existence is to take funds and ensure that they last in perpetuity.

Mr. Bagnoni: Chuck, I understand that but I don't want to see us doing something that we're not supposed to be doing in the first place. If we give the money to someone else, it's not our money, we have no control over it, they can do whatever they want with it – is it our money or isn't it our money? Can we go take it back, by the way?

Mr. Sample: No.

Mr. Bagnoni: So, my question is, are we doing what we're supposed to be doing? That's my only question. Is this legal what we're doing?

Mr. Peters: Yes. Maybe we need a written legal opinion. I would request then, to alleviate the concerns of Mr. Bagnoni, that we get a legal opinion. I think that's probably the only way.

Mr. Bagnoni: I just want to make sure we're on the right side of this. I don't want to fall on the wrong side. If this endowment thing goes south on us, we're the ones who they're going to look at and say, "Why did you give them the money? You're the ones who were supposed to take care of it."

Mr. Wachter: I can provide a legal opinion with respect to whether it is legal for us to provide a grant to another entity for the purpose of formulating an endowment to fund things. I'll have to look back to see if eight years ago, or however long ago, I might have already issued one then but I don't remember.

Mr. Wood: Let me look through the archives and see if we have that.

Mr. Logue: Did we need Court approval for the initial? That was through the Settlement Agreement and that was Dunlavy did that through Court Order. Would that be necessary to do that then to form this type of endowment, to bring it to the Court of Common Pleas to have them look at this?

Mr. Wachter: No. What happened in the Settlement Agreement was that Judge Dunlavy referred to the document called the Framework at that time. In the Framework, it contemplated that an endowment would be created and then he attached the Framework to the Settlement, but the only portion of the Framework that I remember that was specifically related to or specifically referred to in the actual Settlement Agreement was the reference to the nine dedicated regional assets that were going to receive funding. The endowment itself was not a court-ordered thing to do but the funding of the dedicated regional assets was. The endowment was a policy decision that this Board made in order to provide for that funding.

Mr. Logue: I thought I read somewhere, whether it's in the Financing Act or through all the litigation that came through here, that there had to have some type of court review or something.

Mr. Wachter: I am not familiar with that. If you have something, I'd love to see it.

Mr. Logue: Well, I'm not going to read through all that again; I just thought there was something in there. I like the idea of creating these endowments, but we want to do it right. As you heard earlier when Mr. Lee was here, the Up For The Job Program, attaching that somehow to students who want to continue; proven students who have worked a good job, who got great recommendations from their employers and they want to continue. It only makes sense; they're working in Erie, they're going to school in Erie, hopefully they will want to stay in Erie then. Other jobs are created through economic agencies, the driving forces in Erie, that will provide them these jobs.

So, if we're going to do something like that, I want to see something like that. Again, we're just in the talking stages. I do agree with David; I think we do need to look at that and make sure because we have money tied up here and if something goes south on us, just like what we're doing for (and I forget all the acronyms) the GEIDC or whatever – we bailed these people out to a certain extent and funding them in their failed episodes.

Mr. Bagnoni: I just don't want it to look like we're doing something wrong.

Mr. Sample: Let's get an opinion and see if we are in compliance.

Mr. Bagnoni: We have an endowment that is up to \$14M and I think that is fantastic and I like the way that it works but if that \$14M all of a sudden went south on us, what would they be saying about it?

Mr. Wood: Good point. Thank you for that discussion.

There has been the creation of two different programs for your consideration that have been brought to the Board multiple times in multiple drafts; the newest draft of the Renaissance Block Challenge is in front of you. Let me just go over a quick history of how we got here.

Our benchmark was the Jamestown Renaissance Block Challenge; we reviewed their literature and several other communities in New York have adopted this program. We had multiple phone interviews with the creator of the program, Pete Lombardi who is the co-author of the Erie Refocused Plan with Charles Buki. He is also working on a plan in Millcreek right now as well. And finally, we had a focus group meeting on February 9; Ms. Wyrosdick was there. We had representation from Union City Borough, Our West Bayfront, Bayfront Eastside Taskforce, Sisters of St. Joseph Neighborhood Network, North East Borough, and the City of Erie. We had provided them with links to the Jamestown Renaissance Block initiative ahead of time and then we asked them three questions in the focus group – 1. Give us your thoughts on the Renaissance Block concept; 2. Give us your reaction to the draft guidelines that we provided you with; 3. How will this program help you with other funders?

After asking these three questions, we solicited feedback and that has gone into this newest round of draft guidelines. The purpose of which is this is a financial-based incentive program designed to address or reverse housing blight, spur private investment, increase market values, and make neighborhoods more attractive. I really think it's a culmination of everything we've learned about neighborhood renewal.

Here is the staff's recommendation based upon what we saw in Jamestown and based upon what we heard in the focus group. We set aside a bucket of \$500,000 for the program; each application be a maximum of \$150,000, and that private home-owners that participate with the intermediary nonprofits that we're granting to be eligible for up to \$5,000 per home with a 1:1 match. Those are the financials of where we're at.

Eligibility would be a 501(c)3, a municipality or municipal authority who would come to us and say, "Here is the Renaissance Block area that we would like to focus on and we would like to target these spots." If you open the document and take a look at the eligible uses, we do have information there about reimbursements that the homeowner and the nonprofit could go after; sidewalks, walkways, driveways, landscaping, doors and windows that are visible from the street, soffit, fascia, gutters, downspouts, exterior lighting, porches, stairs, steps, painting, siding, shutters, chimney, and masonry repair are basically the kinds of things that the Jamestown Renaissance Block does. Some of these items came from feedback from the focus group.

There is some more information here about eligible uses of program funds; talking about administration, marketing, promotion, and advertising fees (up to 15%), insurance and legal fees that may be necessary, evaluations, contracted services, equipment and supplies, as well as our policy on construction, which is about prevailing wage and when it kicks in.

Mr. Wachter: Mr. Wood, if I could point out briefly that as I was reviewing this seated here, I gave some edits to Tom regarding the Prevailing Wage insert. The Prevailing Wage insert referenced a \$100,000 project threshold; the correct number is \$25,000. The \$100,000 threshold was recently enacted by the Legislature as it relates to road projects. So, the Prevailing Wage is required on projects that will be a total in excess of \$25,000 unless we're doing a road, at which point it would be \$100,000.

Mr. DiPaolo: Mr. Wood, is this basically a land bank? Is that what this is or not? What are they doing? Are they doing the same thing we're doing here?

Mr. Wood: I think that's a good question. The purpose of a land bank is to establish intergovernmental agreements with the three municipal governments, being the school district, the County, and the City, in order to forgive liens and taxation that are on properties that are blighted. The land bank facilitates those three groups to wipe out those taxes, and then they have something called a disposition policy in which they determine how to get that property back on the tax roles. The property could simply go to sheriff sale, the property could go to a nonprofit that is in that area for purposes of neighborhood renewal, for example HANDS or Our West Bayfront. That's the primary purpose of the legal side of a land bank. This is more of a grant incentive-based program to take care of the blight – being proactive or preventative with the blight process. The land bank is really on the latter end of the blight process – the property is gone, it is not coming back. So, what do we do with it as a community because the taxes are building up and somebody (often the County) is paying to have the grass mowed or the lot to be serviced. If you put it in that spectrum, they are at two different ends of the blight perspective.

Mr. DiPaolo: Thank you.

Mr. Wood: The staff is recommending that this new program is ready to launch in March. Ms. Wyrosdick, if we could schedule one more meeting to go over the draft. She's the perfect person to look it over as the city's Planning Director.

Next, is the Anchor Building concept. The Anchor Building concept began with a document that the County commissioned, the Erie County Cultural Heritage Plan. I haven't given you a copy of this so I'll summarize it briefly for you. The subtitle is, "A Component of the Erie County Comprehensive Plan." This has been vetted between government and County Council, the Planning Department, the County Executive's office. There is a lot of information in here about the stakeholder groups that were looked at for this and the conclusion that some of the stakeholder groups came to about what is the importance of cultural heritage and preservation. Don't immediately jump to the definition of that in your head; it is a broad umbrella term for application in the community.

The stakeholder group basically said that the following are of value to preserving a community; so, if we're using taxpayer dollars to preserve cultural heritage, what would it be? Festivals and events had 78% - we already fund festivals and events. In fact, it will be on the March agenda to fund all of the Special Event applications. The second is 78% for the maritime history. As you may recall, the Flagship Niagara League is one of the Lead Assets we are funding to the tune of \$40,000-\$50,000 a year to sustain maritime history.

Next, 75% said that museums and galleries were important to sustain. We're also funding the Erie Art Museum as a Lead Asset. There are others that receive grants but they are smaller, places like Waterford for example. We can talk about those later. Then, 71% said Presque Isle is a major cultural heritage. If you look at our cumulative grants report, we have given thousands of dollars to the Presque Isle Partnership in order to invest in the park, whether it be through their beach concerts or putting in new picnic tables and so on.

Another 59% said that investing in people and modern history is important; that was kind of interesting and something that I hadn't really thought about. People, as in educating people about our history and kind of what's going on from a modern standpoint, modern historical issues. About 53% say wineries; through many of our investment programs, at least two wineries were started up with capital from other funding sources that put money into wineries. Then, 52% said main streets and community spaces were important. We all know what we're doing there.

So, when you look at this, where is the gap when you look at this report? The gap is in the capital infrastructure to preserve historical buildings and to work specifically on the aspects that keep them aesthetic and functional. They are often aesthetic and functional for tourism purposes (economic development), they are often aesthetic and functional for small business incubation (economic development).

That being said, the stakeholder interviews that were done here, the benchmarking that was done, looking at the fact that the State used to have an Anchor Building Program; we found a copy of that and incorporated that into this. If you follow me here, the purpose of this program is redevelopment of underutilized or vacant buildings that have the potential to serve as a catalyst for greater investment and activity. This is a nice little summary of everything I just said.

The staff is recommending a funding bucket for this of \$350,000 with maximum applications being \$100,000 per applicant and requiring a 1:1 match. The eligibility would be a 501(c)3, a municipal government or authority. Eligible uses, we kept it broad and high level because we're talking about a capital program here. Contracted services such as engineering, architectural, appraisal, environmental, equipment and supplies, and construction (see the Prevailing Wage document – and we'll be updating that as well).

The timeline on these. The Renaissance Block, we viewed everything as a two-year cycle so, we're asking you to provide a \$500,000 bucket for the next two years with the ability to contract with these folks for two years. The Anchor Building, we're saying these should be one-year grant cycles; these capital improvements should be one-year grant cycles but the \$350,000 should also be a bucket for two years. That gives us the opportunity to find the best

projects and bring those back to you. The staff is recommending, as well, that this program be ready to launch in March.

Mr. Logue: Perry, how much do we provide Bridgeway?

Mr. Wood: We made two tranches of investments with Bridgeway. The first tranche was for \$1M and that was the one that was leveraged with another \$5M from the Growth Fund. The second tranche was \$100,000 and that was the pilot for the Urban Minority Entrepreneurship Program. So, it's been \$1.1M in the last few years.

Mr. Logue: Bridgeway first approached us in 2015, did they not?

Mr. Wood: I would have to go back, but it was definitely before that. I believe it was 2013 that the Erie Growth Partnership . . .

Mr. Logue: I know when I was on the Board before another gentleman came here and gave us a presentation on the research and (inaudible).

Mr. Paris: If you want this to launch in March, is this something that we're going to have to approve?

Mr. Wood: If this launches in March, I can simply put this on the agenda in the form of a resolution in March. If you pass the resolution, in essence you are sequestering the funds for the program and allowing us to move forward and do a grant workshop.

Mr. Paris: The dates on here will be adjusted then?

Mr. Wood: Yes. That was an initial March timeline. It can be adjusted. That concludes my Executive Director's Report. Are there any other summarizing comments for me? Thank you for your time.

SOLICITOR'S REPORT

Mr. Wachter: There is nothing to report.

OLD BUSINESS

Nothing to follow up on.

NEW BUSINESS

There is no new business.

ADJOURNMENT

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