



Erie County Gaming Revenue Authority

Minutes of the Board of Directors' Meeting

January 12, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on January 12, 2017 at 5240 Knowledge Parkway; Erie, PA 16510. Legal Notice of the meeting was given through an advertisement appearing in the Erie Times-News. The meeting was called to order by the Chair.

ROLL CALL

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

APPROVAL OF THE AGENDA

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

APPROVAL OF MINUTES – December 2016

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

COMMENTS BY THE CHAIR

The staff and Perry have been very proactive in getting out at least to the Corry area – I saw them on television the other day – the importance of getting through this gaming law. I appreciate their efforts. There seems to be some confusion out there in the public as to what has to be done, but all we can do is continue to move forward, and, hopefully, our government will get it straightened out.

PUBLIC COMMENT

No public comment.

CHANGE OF ORDER

Mr. Peters: Mr. Chairman, is it possible for me to make a motion to amend the agenda so that we can move forward?

Mr. Wachter: We can make a motion to move things out of order on the agenda, if you so desire, and at the chairman's discretion.

Mr. Peters: Mr. Chairman, I'd like to make a motion to take items out of order. Mr. Paris seconds the motion. Motion carries 5-0.

COMMITTEE REPORTS

- a. Treasurer's Report – Mr. Peters: Today, of course, was a scheduled finance meeting, and I had a chance to share with all of you what the finance committee is working on. For the record I'm going to read in a few items that we talked about.

- 1) We continue our process of our agency funds versus our donor-designated funds at The Community Foundation.
- 2) We continue to work through an audit of the Economic Development Fund with Dave Lastowski, CPA.
- 3) We discussed briefly the importance of voting on all pools of money that we are investing, particularly Human Services.
- 4) I shared that we'll be discussing the budget in detail starting next month.

With that said, I'll get into the Balance Sheet. One thing to note is that we continue to work on a potential adjustment to the Balance Sheet related to the agency-funded Lead Assets Endowment with The Erie Community Foundation.

As you look at the P & L, we're trending. We're at the last quarter of our fiscal year, hence the need to start on the budget. We need to allocate some time in our next month's meeting to take a look at the budget.

You have two other items in your package, that if there are any questions, I am glad to field them. One is the Schedule of Grant Reserves, and that again, for those of you who are hearing this for the first time, lists out all of those entities that we've committed funds to that are possibly sitting in a bank account because they've not been drawn down on yet.

And then finally the Check Detail Report which ties in with the Cash Flow Statement.

Mr. Barney makes a motion to approve the treasurer's report. Mr. Bagnoni seconds the motion. Motion carries 5-0.

- b. Regional Assets Committee – Mr. Wood: Regional Assets has made the Mission Main Street awards for 2016 and is opening up today Special Events Grants, which we're going to ask you to vote on in Resolution 1, 2017.
- c. Strategic Planning Committee – No report.
- d. Update from County Council – No update.
- e. Update from County Executive's Office – Mr. Lee: The Summer Jobs Program request for proposal went out in the latter part of December, 2016. It is going to be due January 20. We had a pre-proposal conference last week. There were two organizations that expressed an interest at that time. Some of the key changes with this particular RFP is that, as you recall, the previous RFPs were on a year-by-year basis. This latest RFP is good for two years with the option for an additional two years, depending on the relationship and the results of the selected administrator of the program.

Last year we had 165 individuals complete the program. The RFP is good for 150, 175, and 200. We're looking to increase the program based on the demand. We're going to push for the for-profit. In the last two years there has been an increase in the for-profit arena, but we're still at a disparity. The last numbers I checked were 58% for non-profit and 42% for-profit. The goal is to get to 50-50. We're going to be working with the Manufacturers

Association to expand the program with some of their companies. I'll be bringing updates as we progress.

Mr. Sample: Gary, do you have an idea of what the breakdown was for the city and county?

Mr. Lee: I do. The city was 65%, and outside the city was 35%. As you recall, the goal is to try and get that at 50-50 as well. We believe that number will start to show more of a balance.

Mr. Sample: I know that part of the problem in the county was getting groups that were able to handle them. There were a lot of rules early on that made it constrictive for smaller businesses to participate, and those have been relaxed.

Mr. Lee: To your point, Mr. Chairman, a clarification concerning the laws dealing with our youth based on the Sandusky new legislation was causing a bit of confusion as far as who would be responsible for monitoring the students. We have been able to clarify that with the proper documentation to be signed off on.

We're looking to expand the numbers participating outside the City of Erie. One thing I would point out is that relationships have been built in the outlying areas. We reached out to all of the councilpersons who provide recommendations to various companies that could benefit from the program, and some of them provided feedback last year. So we're looking to expand upon that.

Mr. Sample: I commend you for your efforts. I know that in the Corry area there has been a valiant effort to get that out.

PRESENTATIONS

Family First – The Honorable Flo Fabrizio; Bob Catalde, G.R.E.A.T.; Ron Sertz, Erie Sports Commission; Greg Rubin, Passport Realty; Nancy Agostine, Summit Township.

Atty. Catalde: Thank you for allowing us to speak to you. Ron is passing out the material that we have for you. I think most of you have received this in advance, right?

In looking at you folks and doing some research about the board, I know many of you, but for those of you who don't know me, I'm Bob Catalde, an attorney, and have worked with Erie County government for some years. What brings me here today is more of my role as a hockey coach and a member of the Erie Hockey Association. I know we're limited with some time, so I think in my view the best way to do this would be to maybe let me blab at you really quickly about what the project is and what we're trying to accomplish, and then maybe let some of the other folks that are here air their mind a little bit, or if you have questions or concerns that you want to ask, just please feel free and don't hesitate for a second to interrupt me, certainly, because, as you will soon find out as I begin to talk, I kind of keep going. So don't be afraid to stop me.

This entire project started a few years back when we were looking for just one new ice rink in town, and it quickly blossomed into a much larger project. The more we started looking and the more we started researching what it took to build an ice rink, the more it became apparent that a stand-alone rink isn't sufficient, that we needed to expand, and we started looking at locations to develop this, which led us fairly quickly to the Family First property. Hopefully you are all aware of Family First and what happens up there. That property has been significantly underutilized for many, many years. I don't know if any of you are involved in sports or have kids or grandkids that play sports, but that's been the case up there for a long time.

When we reached out to a professional management company, Rink Management Services, that we now hired to run this facility, they knew of Family First. They told us, because they are so large – they're the largest operator in the United States – they heard about the Snickers Soccer Tournament that used to be up there that brought hundreds of teams to Erie County. That died off.

They already had their sights sort of targeted on Family First and were wondering why it wasn't being developed or used. So they sort of were the impetus initially for us to start negotiating with the owner up there.

After some long, difficult negotiations with the owner, we were able to reach an agreement to purchase the facility. It's contingent upon us getting financing. Before we even started to look at what we wanted to do up there, we needed to understand what the community needs were. We needed to understand how it was going to be used, and so this company did a feasibility study and really reached out to the community and sort of figured out how we need to build out that park to meet the needs of the community and also so that it can support itself and certainly generate enough revenue to keep going.

We formed a non-profit corporation with a charitable purpose of providing an opportunity and space for all the youth of Erie County, from exceptional athletes to average athletes to inner-city kids, special-needs kids, and everybody in between. The facility was designed to serve all of the kids and, quite frankly, some of the adults in the community.

As we developed our plan, we formed the board. You can see who is on the board. It's really just some community minded, sports-connected professionals that just have a desire to see this project through. I think it's important, and I want to tell you this right now, nobody that's involved in this project – that the people that are involved in this project are the board members that you see there – we're not getting paid; we're not trying to create paid positions for ourselves. Everybody that's involved with this project is involved because they are deeply committed to seeing this thing through for the good of the community. There's no personal gain for any of us other than to try and see this thing through, which we believe is good for the community. So as we started to get this thing going, it didn't take long, and it wasn't difficult for us to sort of sell to all of the elected officials, all the people in the community, because the need was so immense. We were able to go through this significantly long process of the RACP application that was recommended to us by our state representatives, and I'm sure you folks understand how tedious that application process is and what has to be done to complete it. We were granted \$3 million for that. In the meantime, we have some financing secured from some local lenders. When I say, "secured", we have term sheets from them and they're really sort of just dependent on what other money we can sort of raise. Our goal is to limit the debt service on this project as much as we possibly can. It's not rocket science. Obviously we don't want to have to carry any debt, if it's possible, but I'm not so sure that is possible, but our financials are very strong. They're in that document you have in front of you. The financials were prepared by Rink Management Services. This is again the company that's going to be operating the facility – the largest operator in the United States. They've never failed. They came in – they vetted us. We didn't really have to vet them as an operating company. They vetted us first, because they do not want to get involved with anything that looks like it could go down the tubes, so to speak, and they recommend very strongly that we build it out consistent with these plans, because they're considering it a home run – especially where Family First is located and the existing structures that are there. It's perfect for the build-out that we want to accomplish.

So, here we are. We've got our capital campaign that is finishing up its feasibility study as we speak. We anticipate the actual campaign to receive donations in the next couple of months. We're here with you folks to hopefully gain your support. We think that this is significant for our community. This is a significant economic driver – part of your packet is the economic impact statement from Tripp Umbach who is a very respected firm that provided this information that we needed for RACP. There's millions and millions of dollars that are coming to Erie County as a result of this project with the tournaments that we can bring in. You have to understand what sports are going to be happening up there. It's ice rinks for hockey. It's outdoor fields for Lacrosse and soccer and baseball and softball; significantly improved indoor training, because, obviously, here we are in Erie, Pennsylvania where

the weather is not perfect all of the time, and we'll be redoing the dome, for those of you who are familiar with it, and if you're not familiar, the information is there for you.

The tournaments and the teams that we can bring to Erie and the thousands of people that will be visiting the community that probably don't, is immense. Obviously the impact that it's going to have on the children of Erie can't be overstated either. So, with all that being said, I know that's sort of the first-read general statement, but I think it might be better for me to kind of shut up for a little while. If you have any questions, please fire away, but the other folks that we have here, obviously, Representative Fabrizio, Nancy Agostine is here from Summit Township to let you know how much they support the project and how excited they are to have it up there. Matt Zonno is here from PNC to let you know that they reviewed the project and whatever level of interest they have in helping with the financing, and I've got Attorney Zona here next to me who many of you know who is on the board, and we're very good friends, but he's involved because of his expertise in this type of stuff. So, I'm going to be quiet and maybe let Flo Fabrizio speak for a little while, but, in the meantime, if you have any questions, please fire away.

Rep. Fabrizio: Gentlemen, I'll keep my remarks very brief. In my 40 years of public service, and I've been involved in a lot of projects, I can't think of one that has the broad-based support that this project has. I can't over-emphasize how the tentacles of the project are going to reach virtually every socio-economic element of our community. And if you believe in kids, okay, and if you believe in the welfare of our youth of this community and an investment in them, this project goes a long way to provide for them, okay, aside from it being a significant economic engine. I know you want to apply numbers to pencil and paper and come up with numbers, and I can't speak to that as well as these others can, but I can tell you that the impact of this thing is so broad-based, were it not to move forward, it would probably be the biggest mistake that this county has made in my 40 years of public service. Thank you.

Nancy Agostine: I'm happy to be here. Bob, Flo, and the group came to us almost two years ago. They had briefly talked with you folks when it was just in its inception, and you recommended that they come and see us. Instantaneously this excites us. I've been with Summit and the director of land development for 23 years, and I echo what Flo says that, other than the casino and saving Lord for Erie County, nothing is more exciting to me than this. You hear about win-win, well this is win-win-win. The community wins; the children win. We're so well placed with the hotels and the retail and everything that's there to support the massive tournaments – the Snickers Tournament – I was there when we brought in those dollars. And that's what we need to do; we need to get those outside dollars in. I can't reiterate how important that is for sustainability for all that we've brought in Summit. But the third biggest win is for the casino itself. What have done lately to enhance their business? It's those out-of-towners, that out-of-Erie-County dollar that's going to go to the casino too. Their profits keep going down, and we keep looking at that cash cow and saying we want more. But what happens when they can't do it? Summit received a small dollar amount because we were a small community when this started, and the law based it on half of our revenue back when the casino was developing. But we have put those millions of dollars right back in. We just did a \$3 million lift station for our sewer authority. The township, through its economic and development authority provided \$1.3 million towards that facility, because the casino uses 50% of the capacity. We had to go to a partially paid fire department. We had needs for the dollars that the casino brings into to us, but we also recognize that those dollars aren't guaranteed. And if we don't look out for them as well with projects like this that are going to bring dollars into the casino, they're not going to be around to give the dollars to us. With full disclosure, I was a hockey coach and involved with Erie youth hockey for 15 years. My son is now 31. I've come full circle, and my grandson is now learning to skate. You couldn't do more for this community, and Summit is very proud. We anticipate our industrial and economic development authority to authorize a grant for this project. And I would anticipate it being in the area of a half million dollars. And we're proud to support them, just as we were proud to support the Lord project with a

half-million-dollar contribution – a grant – to keep the things that Erie County needs. We're looking at the whole county – the tristate area, and everything this project brings to it. Thank you for your time.

Ron Sertz: I think this project for the Sports Commission operationally will be transformational. We currently do about 50 events a year – an economic impact of about \$15 million – and this will significantly open up opportunities for us to attract more state, more regional, and more national types of sporting events and create sports tourism at a very high level. Everything that we do revolves around facilities and having the right facilities to host these major events. Family First has been a missed opportunity for a long time. This project that we're going through will make it a reality, and I think the right renovations and the right improvements to the facilities up there will allow us to go out nationally and try to attract these national sports promoter events, rights holders, and so forth, and bring even more of these events to Erie. If we bring people to Erie, if we put on the right types of events, they'll return on their own as tourists. It's a great opportunity for us, and we hope you'll support it.

Mr. Sample: I'm going to play devil's advocate. I'm from Corry and I've spent numerous hours driving back and forth to that complex. It's a beautiful complex. We referred to the Snickers Tournament. Maybe I have selective memory, but I remember the reason that tournament started to fail was because certain people in our area increased prices and made it practically unaffordable for these people to come for a weekend and enjoy the area. That's always a concern. I don't doubt at all that it will be supported by the local economy. My biggest fear is that all of a sudden hotel rooms escalate and people won't want to come here because the environment is not user friendly. That being said, I'm sure you are going to have a much bigger negotiating chip and will be able to go to the hoteliers and say we want to work with you; we want to fill your hotels. The second thing. You get a 10-year lease on the existing soccer fields with an exclusive option to purchase, and I'm assuming that's at a predetermined price? With any consideration for any infrastructure work you do to it, or that's just for use?

Atty. Catalde: The game plan is to purchase that facility, the rest of the property, sometime in the future, depending on how much money we can raise, and what we can do, and how the facility operates. The existing fields that are up there now, we need to improve them. Just the grass turf needs to be improved, but the long-term plan is to build artificial turf fields up there – certainly a couple – for soccer, lacrosse, baseball, softball, those types of things. So that's the long-term plan for that. We are going to do some improvements on those as well.

To answer your first question which goes back to the Snickers Tournament and what happened, I think it's important to understand that the environment up there is significantly different now than it was back during the Snickers Tournament. What I mean by that is, there's much more competition up there. There are different hotel owners; there are different folks that operate up there now that we've talked to specifically. There are five hotels that are within walking distance of Family First. The only problem is that there are no sidewalks up there yet, so that is probably going to be a difficulty, but the point is that there are multiple hotels up there that we have approached, and we've approached the largest hotel operator in town as well and have had multiple discussions with him and his sons. I don't know how to say this other than just saying it, so I just went up to him and said, listen, if you want to help, and I anticipate that he's going to be helpful during our capital campaign. I didn't have to convince him that he's going to be benefitting from us significantly by doing this. He understands that. The only way that we can ensure that we keep going with these tournaments is that everybody offers a fair rate, and if he does, he does, and if he doesn't, we have other options that certainly will. So it isn't dependent on just any one person up there anymore. There's just too much competition, which is good. So I don't think that's a concern any more. I really don't. And I was very straight forward with them when I spoke to them. I said, whether you believe it or not, the perception in the community is that they helped drive that tournament out of town.

Mr. Sample: I think it was blatantly put in the newspaper.

Atty. Catalde: It's kind of hard for me to say that directly to them, but I told them that was the perception. We're not going to allow that to happen. We just won't.

Ms. Agostine: I would echo that, and I just want to interject that Bob is absolutely right. Since that Snickers Tournament left we have five new hotels...

Mr. Sample: Under different management?

Ms. Agostine: Right. And actually now two have just been recently constructed in the last two years right next to Family First. That same hotel developer has the Country Inn & Suites across the way, and they're building a third where the other two are by Family First.

Mr. Sample: And that's good to know. When I went through this, I just remember reading in the newspaper how one guy shut that tournament down.

Ms. Agostine: I am personally familiar with the other hotel owner – very community minded, and he always steps up for Summit. And I'll be talking with the other one as well.

Mr. Sample: And frankly, I'm surprised the other one wasn't looking at this with his other involvements.

Ms. Agostine: He was.

Atty. Catalde: He ended up competing, for lack of a better term, for the same RACP funding at some point. It's a small community and we all have to work together. It's a good project down at the Bayfront, and ours is a good project, so, at the end of the day, I think it's a win-win for them.

Mr. Sample: What of the dormitories?

Atty. Catalde: We want those; we want the land that surrounds those. That is one part of the operation up there now that is making the current owner money. We don't know what his long-term plans are for that, but he knows we want them. We've had many discussions with him. At some point, maybe he's willing to move on once everything else gets going up there. Those will be important, because we could bring in all kinds of...

Mr. Sertz: Not only could we house folks there for clinics and different things, but we could also offer cheap housing for local kids that come stay during summer; run camps up there. There's a myriad of possibilities and things that we could do up there with or without those, but they are on our radar.

Mr. Sample: And once you drive the value of this up, there goes the value of those.

Mr. Yapple: Speaking as one that's walked the walk and talked the talk - I love what you do up there. I understand it, but I had bought into this a long time ago. I was one of the original idiots that got up there. Unfortunately, I'm the Dairy Queen guy that put our facility up there. It started out as the Blizzard Cup, not the Snickers Cup. And a lot of good businesses went up there. To tell you the truth, when I put the place up there it was a hands-down you can't lose. You can lose. It was management. It was mismanagement. Gary Renaud, I'll still take a bullet for him. He was too open-hearted and too big-hearted. Great thought and great progress. It is what it should be up there. You guys have the right idea. God love you. But I've got to see the management, because I can't vote for somebody that runs it, because I lost big bucks up there, along with a certain pizza shop and pro golf. And we lost our butts because it was mismanaged. You had nationwide recognition up there in the soccer realm. We reached out to Minneapolis where my headquarters is, and they knew about this. It's one of the biggest and the best soccer arenas on the East Coast. But it will be the same thing here. I have faith for you. I want to see this happen, but you've got to show me some management, that they know what they're doing, because this could be and should be the best thing going around here. And we need it. I'm not knocking it. But having lost a piece of my you-know-what and plus my board – I've got to cover for my board – I've been there; I've believed in it, and I still do. But we've got to see the management. We've got to see what they've done, how they can do it, and then I'm behind you.

Atty. Catalde: I think your point is dead on. The first thing that we did – and there are some misnomers of who's involved with our group, and there are some misnomers in the community that I am going to be running this facility. If I ran this facility, it would be bankrupt in a month. I don't know

the first thing about operating a sports park, nor did I ever pretend to. I am just the guy that's trying to give some legs to it. One of the most important things, to answer your question, that we have done from the inception of this project is to partner with Rink Management Services Corporation. They are the largest operator and developer of multiple sports park complexes in the United States. This will be their 50th park. They work with the Boston Bruins; they run their practice facilities; New Balance; many, many municipalities. All their information is in the stuff we provided to you. They are the ones that came in with their engineers, with their professionals, looked at everything and did their feasibility study. This is their project, with some direction from our board. They are managing it. Every time I talk to them they say, Bob, every square foot on the ground. All they look at is what does it cost to operate and what revenue can be driven from it. They don't care if it's a square foot of ice on the ice rink, or a basketball court, or artificial turf. They don't care if it's a hallway, or an office space, or whatever the case may be. They don't get paid, they get paid some, but they get paid more if they make money, if the operation drives money. They have every reason to make this a success, and they helped us build this idea up from the ground.

Mr. Yapple: I see you as another Gary Renaud. You've got the heart. As long as you've got the people to back it. I'll be honest. I was a small Dairy Queen, and during that tournament I could make \$5,000-\$6,000 on a Saturday or Sunday, which was unheard of at that time. But on Monday when everybody is gone, there's nobody there. That's the problem. You have to have a constant stream of customers or else we've got problems. If you can keep this place filled somehow all week, you've got it, because it's the best place in the world for kids and parents. They loved it.

Atty. Catalde: You've identified two of the most important things that we focused on – the first thing was management, and the second thing is we believe we've found the pocket – that's what I call it – where we are big enough that we can attract tournaments that are going to bring us a significant number of people, but small enough so that our normal use can fill and use the facilities. What good is having 11 soccer fields, bringing 10 tournaments a year, when on the other 250 days only two fields are being used? That is exactly how we built this from the ground up, with that in mind. Again, the management team, they're from Virginia, but they operate all over the United States. Tom Hillgrove is the president. Corry Portner is their ice rink guy. He's currently working with the 2018 Olympics in Korea. He's their ice guy that they utilize for the Olympics. This is the guy that's coming to Erie that's helping us build out and design these rinks. These are top-of-the-line professionals. Tom would have been here today – I actually asked him to come – but he had a conflicting schedule. I know for a fact that if any one of you folks wanted to speak to him, he'd do it in a heartbeat. He'll tell you what he feels about the project and their history with the management. You've got a lot of information about them in the packet, but if you'd like to speak to them – any one of you – I'd be happy to give you his contact information.

Mr. Peters: First of all, thanks for coming in and presenting. I'll absolutely read this. If the questions that I have are addressed in here I apologize, but since we just got it today, I obviously don't know. I'll just fire them at you and hopefully someone can take notes, because I think it would be helpful for us. We look critically at financials – not just at your project, but at any project. As you know, we're an economic development agency, and recently in this community there's been a very, very public falling apart of the economic development groups that exist. Some of these questions may feel like, wait, who are these guys to ask us these questions? But I think it's critical as we are talking about taxpayer funds here. My first question of the management group that you're looking at is could they provide us a list of these groups that they manage that require additional ongoing public subsidy? That would be helpful for us to understand. Looking at a proforma that shows a purchase price and maybe a short-term operating loss, that's great, but anyone who has looked at financials over their career knows that proformas are just guesses. What would be helpful is if there could be a list of facilities like this in market-similar-size – comparing us to New York City, LA, or Chicago is probably not a great idea – that would define how many of them and how much additional ongoing public

subsidy is required. So if you know that and can answer. If you don't, it would be great if you could get it to Perry so that we can review it further.

Atty. Catalde: That wouldn't be a problem.

Mr. Peters: The second question I have, and, unfortunately, like a lot of people who think they know what's going on out there, it is either from what they've read in the paper or read in the paper a long time ago. I recall, and please correct me if I'm wrong, at one point the YMCA and Gannon at various times were offered this facility at no cost, and I see there is a purchase price of \$3.2 million here. As many of you know, my career over the last decade has been dealing with distressed real estate assets, and at times there are owners who want to avoid the embarrassment of a public cleansing of bad debt. Banks don't like it either. They don't like bankruptcies. They're expensive. But my recollection is that this was bad enough up there at one point that the Renauds were willing to give away all but the dormitories to either Gannon or the YMCA. Am I right on that?

Ms. Agostine: That was a substantial many years ago, and the feasibility didn't pan out at that time. It was more than a few years ago.

Mr. Wachter: Was there an assumption of debt with that?

Ms. Agostine: There was.

Mr. Peters: There was an assumption of debt?

Ms. Agostine: There was.

Mr. Peters: I'm asking questions you might not be privy to, but is there a debt currently, and do we know that, and do we know who the lender is?

Atty. Catalde: I'm telling you what I believe to be true. Glen Renaud, the seller, is somewhat difficult. But my understanding from multiple conversations and meetings with him is that his debt is absolutely being serviced; he's not behind on anything. His bank is Key Bank. They were interested in providing finance – we met with them – and they still may. And with respect to the Y and Gannon, I don't know. I know they had some structure in place. I don't know what the cost was, if any. Gannon I met with. The Y I did not. Gannon was very willing to speak with us, their athletic people. They told me they were prepared to pull the trigger. They did all of their due diligence. They provided a lot of that to us in advance. They let us know what they found out about deferred maintenance and a few other things. They explained to me the only reason they ended up not pulling the trigger was because of the distance. They didn't think the kids would be able to get up there from downtown where the school is located. From what they're telling me, they were close. And they were going to do it. There wasn't anything that was problematic that prevented them from doing that when they looked at all the numbers. It was just they decided to spend the money down there and make it a little bit smaller and work with the land that they had downtown. The Y, I can't speak to the Y. I also met with some local businessmen at some point that were looking to purchase the facility. And they had done all of their due diligence, and they were ready to pull the trigger.

Mr. Peters: I thought it was more at the \$1 million to \$1.25 million range.

Atty. Catalde: I don't know.

Mr. Peters: My primary concern – I'll cut to the chase – at \$3.2 million, there are bankers in the room that say, yes, it's worth every bit of that \$3.2 million. What loan value are they willing to loan at on this project? Certainly having bankers having vetted and/or appraisers having looked at this, and maybe that's all in here, but I think it's important to understand is this the right purchase price? If it's a \$7 million project, and your capital campaign can do that, and the \$3 million from the Commonwealth – thank you Rep. Fabrizio for that effort – the money can go a lot further if we're sure we're buying it at the right price.

Mr. Zonno: I'd like to interject. I'm with PNC Bank, and we support the project. But to that point exactly, an appraisal has been ordered, and we'll see what the collateral looks like. It will undoubtedly be enough to support what we think the remaining balance on this project will have. I think once you get a chance to see the appraisal, which probably will be done in – I think it was ordered a week ago –

and will probably take another three weeks before it's finished. So we'll get that report, and, of course, we'll want to make sure there's sufficient collateral to support the remaining debt on the project.

Mr. Peters: Everybody's gut-check, though, is that it supports that?

Mr. Zonno: Exactly. I do not have a concern at this point. I've seen a lot of appraisals come in, and they seem to be on the mark. If it comes back ridiculously low, I think everybody in the room will have the same general concern, including Bob.

Mr. Peters: An hopefully you can use that to your advantage.

Atty. Catalde: I hope it comes in low.

Mr. Peters: Me too, because I'd rather the money go to programs than paying off real estate that was levered on a project that couldn't support it from day one. I understand the concept of win-win-win. With that said, we are in a stagnant economy in Erie County. We have no population growth, we have limited economic growth, if at all, and so the concept, and I'd like to have a little more meat on the bones related to Mr. Yapple's point and your confirmation, Bob, about the fact that the tournaments are one thing, and I believe we can attract tournaments here. We have the water, an amusement park, the casino. There is a lot of stuff to do here. My concern is that in this win-win-win, currently the existing organizations that provide these services – whether it be the zoo with their ice pad reopening, or Mercyhurst, the civic center, the convention center authority, whatever – I'd like to understand if we don't have any growth of population and we don't have an economy, how can we really support this growing and continue to support the old stuff? I think there probably will be some losers in this – my gut tells me there might be. The shiny new facility probably will attract people away from the other sports facilities that exist. It would be interesting, and maybe the impact study that's in here addresses that, but if you have any comments on if you've thought about that...

Atty. Catalde: We're not interested in hurting anyone else. JMC, and I will first tell you that the zoological society and Scott Mitchell in particular, have done more for the skating community than, as far as I'm concerned, anyone else. They've been grinding at this for years. And there are a lot of other things they could do there, obviously, but he wanted to keep that place open because he knows the need is so immense and that there is a shortage of ice. And they've been working to get this thing fixed. It's fixed for a while, but they have some other stuff. I would encourage anybody on the board to reach out to the zoological society and see if they have any other plans for that area if we end up building this rink up there, because I suspect that they do. I think there are some things they would like to do, and they've been hanging onto that ice rink that is 60 years old for community reasons, because they know it's needed. But if we're up there and operating, I don't think that that's going to be a problem for the zoo at the end of the day. With respect to Erie Insurance Arena, that is self-sufficient – I don't know how much of their budget is relying upon ice revenue – but we're not up there a whole heck of a lot. Remember, that facility is designed for a very specific thing – to host events. The BayHawks are up there, the Otters, the Eagles, the concerts and things that go on up there. That's not a constant available flow of ice for the skating community. With respect to Mercyhurst. Mercyhurst has their teams that operate and use that ice. Now we do use some ice from Mercyhurst. It's probably going to affect Mercyhurst revenue a little bit, but again, I encourage you to speak to them and see what their take is on it. I think that they've got enough usage. And you've got to understand, with respect to skating in particular, building these two rinks, we need these two rinks just to accommodate what we currently have. We have to go out of town now. We have 600 kids that are in the Erie Hockey Association. We have thousands of kids that participate in the other sports, but the existing ice that we have, we have to go to Meadville, Mentor, Jamestown, and Fredonia. So it may hurt them, but we will be bringing it back to Erie. It's a good point and it is what it is. There really isn't any indoor training facility. There's a small new indoor soccer facility that opened up in Girard that's no bigger than the room we're sitting in. I think they're going to have a price point, and they're going to have people out in West County that will utilize that, but we're trying to make this significant. We're not just interested in hurting other people and pulling them up to Erie.

Mr. Yapple: Will this ice cure our need for it?

Atty. Catalde: Yes. A double-pad facility is going to fix our need – and again, you have to understand this isn't just hockey. And we can't grow. The Erie Hockey Association cannot grow. The figure skating clubs in town cannot grow. There are therapeutic programs, the Gliding Stars, and the Sled Dogs, that can't get ice. The Sled Dogs and the Gliding Stars, I don't know if they've even been on the ice in months and months. There's nothing for them. These are therapeutic things that are good for the kids.

Mr. Wood: You mentioned that Rink Management Services is doing a feasibility study?

Atty. Catalde: I call it a feasibility study. They came in and talked to users. They've been in many times and reached out. They have letters from all the users. They wanted to know what the level of use was going to be. They came in and determined exactly what the need is before they told us we need to have a double-pad facility. Initially we were going to remove some of the basketball courts. They said you absolutely cannot, and working with the sports commission they said you actually cannot, because you need those. There are a thousand kids that are in the NYAA Basketball League that are up there now that utilize it. They can't grow.

Mr. Wood: Is there a community needs assessment report that says the community needs another million dollars in ice time, because that, in essence, is what your report says.

Mr. Peters: That's what the proforma says, basically, because if you can assume that you're going to generate a million in revenue in ice time, then that number came from somewhere, and that's the level of detail I would want to understand - how exactly you came up with that number.

Atty. Catalde: I think I can get you that information.

Mr. Wood: If they've done a formal report, I think it would be very helpful.

Atty. Catalde: I don't know that it's a formal report, but again, they'd be able to speak to that better than I can, and I don't want to speak out of turn.

Mr. Wood: It seems like the project is going to rely two key things:

1. You get the level of financing that you need in order to make it happen, which seems to be a moving target, right now. It's scalable. You don't know how big you want it. You don't know how small. I've seen the numbers from \$6 million to \$13 million. So, you've got to get your financing right, which means you need financiers in place, which is what you're doing right now.
2. A lot of this hangs on Rink Management Services being able to effectively pull off the project. If they have done the homework and have put it in some type of quantifiable report, I think it would be very helpful for us to see that and understand how they interacted with the Erie market to know what the need is. With a project this big, I think a needs assessment is a no-brainer to start with. If they've done that to some level internally, it would be helpful to us to see it.

Mr. Peters: Just to bring it full circle back to my initial question, which is how many of these communities are providing subsidy, that's the reason that I'm asking the question. If they know that they operate these things at a deficit but that the community always comes up and subsidizes it, that's, I think, important for us to understand when looking at this proforma report. How much of that million is in subsidy versus actual generated revenue? And so that everyone else can ask questions, I'd like to ask my last two quick questions, and they piggyback with Perry's question about the loans.

I think I heard from PNC that you're still in an appraisal state with PNC. Are there other lenders that are being talked to and other appraisals that are being done? And then, finally, and it ties in with my first question, our closest neighbor that is similar to this is the project in Geneva. They don't have ice, I don't think. I'm just curious, again they may be a different operator, and I know it's different because we're talking ice versus track and field, football, and whatever else. It would be nice to know if they are able to operate without subsidy, or if they continue, and I know the guy that did whatever he did to earn that money, my understanding and rumor mill stuff is that a continual subsidy from him, not

necessarily the community, is necessary. Like so many other large-scale projects that look good, it's just nice to know that whatever the ask ends up being, because I don't see if there is a particular ask here, this feels more informational, and getting this group educated, it's nice to know on these big projects, is the ask the ask, or is the ask the ask plus, hey, there's going to be subsidy every year. It should help Nancy understand, because the Gaming Authority is not going to be able to continually provide subsidy if there is a huge deficit. And I don't know how STEIDA feels. They're doing a lot of other stuff. I just think that we are really going to have to fine tune and understand the financials.

Ms. Agostine: If I could just interject, I think the key difference is when you're talking about this project, and the difference from when it developed before – ice. It's what makes the money. We take ice time at all hours of the day and night if we have to, so it's not relegated to the convenient hours or certain hours in the day. Just another point that I did not make. STEIDA was the first one to take the leap of faith a year ago in December. These folks came to us, and they needed to get their feasibility study done for The Erie Community Foundation. So we gave them the \$20,000 for that. I think it's also important to note, that in my contacts, I am aware of another buyer waiting in the wings that is another local developer that I've worked with many times willing to pay a little bit more than what they're paying, and it will be a warehouse project. That will put money in the developer's pocket – not in the casino, not in the community, not in the youth, and we will have missed an amazing opportunity. That thing up there now is becoming a white elephant that Bush Industries did. Beautiful buildings started to deteriorate. Next thing you know you get somebody good coming in, and look what Lord has done with that. We can do the same thing here.

Mr. Sample: The footprint in what you're talking about in phase one is basically the building and the parking area?

Atty. Catalde: Correct. It's the two structures, which are the field house, all the parking that surrounds the field house, the dome, and there are also some areas that are connected. Currently there is an outdoor put-put, batting cages, bumper boats, go-cart track, those types of things. We're going to take all that. We don't have any plans. We want to remove the outdoor batting cages, put-put, bumper boats, and replace that with usable, and less expensive to maintain fields for sports use. I understand Chuck's points, and everything he's saying makes perfect sense to me. I think that it would be enormously helpful if I put Rink Management Services in contact with you folks directly and let them speak to what they've done to research this project, and how confident they are in moving forward with it. Tom was going to be here, but some things changed. They manage 50 different facilities.

Mr. Lee: Bob, thanks for you and your team coming in and sharing the scope of the project. One comment I have and then I'll get to my question. My ears perk up when I start to look at employment projections for individuals in our region. As many of you know, the unemployment rate for our region is 6.9% for Erie County. For the state it's 5.8%, and nationally, 4.7%. Full employment is considered 5%. So, we in this region, unfortunately, have been going the other way. Most of the impact has been because of GE, but not all of it. So when I start to hear about jobs coming to the region, I get excited. Then I start to read and see that these jobs have the potential to be above the state average, which is about \$20,000. You are projecting these jobs to be about \$38,000, which, again, I think is great, because we need more employment opportunities. So here's my question. And this may be for the Rink Management company to work with us. I would like to see, and if you're going to be asking for ECGRA to consider investing in the project, a projected schedule of how these jobs will be phased in. The number that was quoted was about 124 jobs after the construction, and I think that's fantastic and am excited about that. What I would like to see is a projected schedule – how they plan to phase these jobs in, because these are a lot of jobs, and you have to have some type of schedule on how they will be phased in on this particular project.

Atty. Catalde: Tripp Umbach, the firm that did the economic impact study, provided all that information through their – they've got a certain, I'm sure you folks are familiar with it, they've got a

program they have to determine all that – but I'm sure they'd be happy to address that, Gary, and give you whatever information you need with respect to that.

Female voice: I think it's also important to note though that the job creation, the economic impact within the region. So, Rink Management wouldn't be handling the whole 120 jobs that would be full-time at the sports complex. They're talking about insularly jobs that would come from the economic impact of the tournaments here.

Mr. Lee: Whatever organization would be able to provide us as far as the direct impact and the insularly jobs, that would be great for us to see, so that we could have a better understanding of how they will be phased in.

Mr. Yaple: Are there any covenants on the property? In other words, things you can do or can't do? I ask that only because of experience up there. We lost the adults, because we didn't have a sports-bar type of situation. Something like this includes the fathers and mothers. I think that is a need and am hoping this management team looks at it. We lost them. The game's over and they're gone.

Atty. Catalde: I think that Gary Renaud, who has nothing to do with the property now, had a policy that there would be no alcohol. One of the things that Rink Management Services wants to do, and again this was initially in our plan. This is what Perry was referring to earlier when he said it was a moving target what we were looking for in financing. Initially this was a \$16 million project. We had applied for \$8 million from RCAP. We've honed it down now to something based upon what we got from RCAP and what we think we can support. The long-term plans absolutely include a bar. If the rest of you are familiar with where the indoor soccer fields currently are in the field house, those are what are going to be converted to the ice rinks. The second floor between both of those is a gym that is ridiculously underutilized. For the time being we are going to keep that going for the community and sell memberships. Our plan is to absolutely convert that to a bar.

Mr. Yaple: That glassed-in area would be phenomenal.

Atty. Catalde: One of the first things that Rink Management Services did when they came to Erie was, we're not reinventing the wheel, that is a model that exists in many of the nicer facilities throughout the United States and Canada. If you walk into this gym, it looks like a restaurant. It's already outfitted structurally for a restaurant. It's perfect. There was a little bit of blowback from the community. A few people said negatively, oh, you have alcohol up there. We're not going to be having keg parties.

Mr. Yaple: We lost people because of that. I'm just trying to cover anything I can, because that's a phenomenal building.

Atty. Catalde: I'll bet you anything that all of those concerns you have and the ideas are things that we are considering and have in our plans. The financials, we have to ask some questions, and I understand. But I really do think with respect to the game plan that we have up there, and what we want to do, and the impact it's going to have on the community, I really do believe that we've got ourselves positioned the way we need to be. This is 2-1/2 years in the making. This isn't something we decided just a few days ago. We've really, really put a lot of effort and thought and design into this process and have changed it a few times.

Mr. Paris: I have several questions, and some of them can probably be answered very quickly. Can we set up a face-to-face meeting with Rink Management?

Atty. Catalde: I guarantee that Tom would be willing to come here if that is what is most convenient for everybody.

Mr. Paris: Just to have us all there so that we can all ask questions. As far as retail, are there going to be any incentives for people to come in there?

Atty. Catalde: The only thing we are going to do right now is have a skate shop. When you walk into the rinks you have to be able to sell helmets, brakes, shin guards, ice-skate sharpening.

Mr. Sample: Skate rentals?

Atty. Catalde: It depends. I think part of the program that Rink Management wants to offer is open skating, so they are going to have skate rental up there as well. One of the things I'd like to do and I've discussed this briefly – I don't want to compete with Erie Sports Store. I would like to have them work with us and maybe move the small corner of their store they use for their hockey department. I'd love for them to move that up and let them rent space from us and operate up there and then use that space in their store for whatever else they need to use it for. It's hard to compete with a large hockey supply company, but you have to offer something.

Mr. Paris: We talked about the hotels and the ease of pedestrian traffic coming to and from. Are there plans in Summit Township as to how that can be done?

Atty. Catalde: Not yet.

Mr. Paris: How much is Summit Township committing?

Mr. Sample: Half a million.

Ms. Agostine: We're in the same position you are as far as the gaming revenues go. However, our industrial economic development authority has \$880,000 they can work with, and that's why we would anticipate initially approximately a half million, and perhaps additional. The board of supervisors funds that, and we fund it through gaming revenue. What we've done this year in our budget is we only counted for gaming revenue through the end of January when the law is going to be addressed. So we have not allocated \$1.6 million. Some of that I would anticipate would come from STEIDA as a continued economic development. But this is what I feel we can reasonably do right now. And what I would encourage is I would love to be able to use that half million dollars as a match to encourage some of our businesses up there; some of the big players that are going to reap the revenues. Let them match our money and get them a million instead of a half million.

Mr. Paris: We spoke of the dorms, and I know that is something that might never happen. Are there plans that in case you can't buy these dorms you would build some?

Atty. Catalde: Absolutely.

Mr. Paris: You have enough property to do that on?

Atty. Catalde: There is contiguous property for sale up there as well.

Mr. Sample: That would be phase two?

Atty. Catalde: Phase two that we have right now does not include building any dorms.

Mr. Sample: But you've got property there to do it.

Atty. Catalde: Yes. There's a lot of property up there. Those dorms, there's property behind them that he does want to sell. Quite frankly, I have intentionally not discussed this with anybody else because I don't want him to limit what we can and cannot do.

Mr. Sample: You don't want to end up being held hostage after you take the first part.

Mr. Paris: The outdoor basketball courts are not part of this?

Atty. Catalde: No. They are not part of this. They connect to the dorms.

Mr. Paris: As far as the purchase price of \$3.25 million. Where does the debt go that Gary has now? It's gone?

Atty. Catalde: Yes. We're not assuming any debt.

Mr. Wood: If I could just ask some summarizing questions about the financing. So you have a RACP commitment for how much?

Atty. Catalde: \$3 million.

Mr. Wood: What are the requirements on that? Does it have to be matched?

Atty. Catalde: Yes, it does. The match can come from multiple sources, but primarily the match is going to come from the value of the property. We're working with Katrina Vincent and Rick Novotny, who are holding our feet to the fire to make sure we comply with all of the RACP requirements. The RACP grant, we have to make sure that we comply with their standards and requirements. Come March, that's when the formal application goes back to them to show them that we complied and have our match and are all set to go.

Mr. Wood: What is the total fund-raising goal for the capital campaign?

Atty. Catalde: Our capital campaign has set the goal at \$3 million. You have to understand, those financials you are looking at don't take into consideration any additional grants but for the RCAP. It doesn't take into consideration anything from you folks, Summit Township, or from our capital campaign. I think it would be very helpful if you were to speak to Tom Hillgrove, and some of these folks from Rink Management Services, because they will tell you, and you're right, Chuck, a proforma is a proforma, but they didn't just slap some numbers together. Those are very conservative numbers with respect to revenue and expenses. It doesn't do us any good to fool anybody, certainly with public money, and secondly with banks, or anything else. This is what it is. Do you have one of these meetings every month? Maybe on the next one of those we could come back for that, or if you want to set up a special meeting, a video conference with Tom. I think that once you speak with Tom from Rink Management Services, I'll bet anything you're going to be impressed and a lot of your concerns, issues, and questions will be answered or alleviated. I'm pretty confident of that.

Mr. Peters: We entered into an agreement in 2010 with the municipalities surrounding the casino, as well as Erie County, Summit Township was part of that as well. We created what is commonly referred to as "The Framework", and we manage this organization based on that framework. There have been modifications over the years to that, but what it does is establish certain buckets for funding. We're not a grantmaking institution that says, hey this sounds like a cool idea, let's write a check. It has to fit in with our funding parameters. I don't know if this goes to strategic planning. It probably needs to be discussed that if there was a formal ask at that point when you are ready, which program would it even be coming from? That's a technical question.

Hon. Fabrizio: Primarily being responsible for the genesis of this organization, how much money do you have, and what buckets are there, and how much is comingled with Erie? I want that report in writing and to me, and how much is with the Community Foundation. I want to know how much you have available. Before we ask, we have to know how much money you have and where it is and what your obligations are to these other municipalities with these agreements you've entered into.

Mr. Peters: So, anyhow, I think that's something we would have to understand.

Mr. Sample: And the future of gaming revenue money.

Hon. Fabrizio: To answer that, actually, for those of you who don't know, we've been fortunate enough to have my colleague, Pat Harkins appointed as democratic chairman of the gaming oversight committee, which is good, because we have direct access to the committee and what it's doing. There are two primary functions we have to perform when we get back regarding gaming. One is to fill the hole that we created in the budget of \$100 million that we were going to generate from gaming. We've never determined how we were going to generate that. We did that in the house when we passed internet gaming. I can assure you that having talked with the majority chairs and the minority chairs, that's the number one priority. We're going to get that thing resolved quickly when we get back. We have casinos right now that are still volunteering to pay the same amounts of money that they had in the past, so, obviously the one that brought the lawsuit is not doing that. I think you're going to see that resolved, okay, so that this operation can continue its good work. But I would like a breakdown of how much money you have.

Mr. Peters: We do an annual report.

Hon. Fabrizio: I don't want an annual report. I want to know what you have now and where. How it's broken out and what your obligations are to the various municipalities that you've entered into.

Mr. Peters: That's not a problem.

Ms. Agostine: That was by court order.

Mr. Peters: It was by structured settlement. It wasn't a court order.

Mr. Sample: The board agreed to the settlement. Thank you, and we realize the importance to Erie County. Like Chuck said, we have to do our end of due diligence. We appreciate your time.

Atty. Catalde: In the meantime, Perry, if you or anybody can give me some kind of guidance how you want me to connect you with Rink Management Services, how you want to handle that, let me know.

Mr. Sample: We'll discuss that and get back to you.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: A quick update on gaming legislation. We know that the PA Senate has begun the process of drafting an extension request to the supreme court. If they are successful, we think they'll ask for between 90 and 180 days. That will keep gaming revenue flowing. If not, gaming will stop being collected by the Commonwealth on January 27. Local gaming share, of course, will stop at that point, although funds will continue to flow based on the fact that in February we'll receive the final 2016 monies. The funds are always delayed by up to a quarter. ECGRA can still expect to receive those funds. After that, the quarterly payments, though, will be suspended. So if the legislature is able to fix local share gaming, then it would resume in April. One piece of bright news is that there is a new senator chairing the economic development committee in the senate that oversees gaming, and he represents a community that hosts a casino. So, there is some incentive there.

Mr. Peters: Who is that?

Mr. Wood: Mario Scavelo. So that's a piece of bright news. The former chair did not represent a casino.

The economic impact study of Erie County gaming funds commissioned by ECGRA is in its draft phase right now. ECGRA staff has given its initial feedback, and we're awaiting a second draft from the consultants. The results have been impressive and, I believe, will function as an important historical document for the authority, but also for a decision-making tool for the future based upon what they determine of our activities created economic impact and how much. We expect it to be complete February 1. Following its completion, I'll be traveling to Harrisburg to present to staffers in the house, senate, and DCED. We'll also be doing some press on the economic impact study.

Shaping Tomorrow contracts for the community college were finalized by both ECF and ECGRA. Empower Erie has begun the search process for a firm to conduct a feasibility study for the community college. The innovation district steering committee has met several times to determine how to proceed in its initial phases as well. They decided recently to hire Bruce Katz, who, you may not know, is the father of the innovation district concept, to coach the Erie team on moving the concept forward.

Mr. Peters: What does that get them, the "hiring" of Bruce Katz?

Mr. Wood: We can talk about that in more detail, but, basically, it gets you access to a worldwide innovation district network that's been created – the only one like it, and then the ability to move forward and determine what makes Erie's innovation district unique and how it can appropriately capitalize on its strengths and assets.

The community schools concept has hired site coordinators that are acting as lead agencies for participating locations. It was very publicized a few days ago, and that is the critical first step in getting that concept up and running.

The East-West Bayfront Plan has decided to split their grant funding 50-50 between the two geographic areas. Our West Bayfront has signed a tax credit deal with Marquette Savings and Erie Insurance in addition to their Shaping Tomorrow funds.

Finally, Mission Main Street. ECGRA has conducted a focus group with the most successful main street programs in Erie County in order to discuss how to improve the program and increase collaboration across the region. The results will be part of a report for the regional assets committee on grant recipient needs assessments. We will also be interviewing those who have dropped out of the program to find out what their main obstacles are.

You'll see on SharePoint an executive director's report. In it are appointment letters for two of our board members – Mr. Paris and Mr. Sample – both reappointed by county council. Congratulations. You'll also find our most recent commitments to the human services grants in collaboration with The Erie Community Foundation. You'll find some great press that we were a part of through some international organizations. You'll find some letters of appreciation from grantees that have come in. You'll find newspaper articles that mentioned the name of ECGRA and describe our detailed work over the last 30 days.

So that concludes the executive director's report.

SOLICITOR'S REPORT

OLD BUSINESS

No old business.

NEW BUSINESS

Resolution No. 1, 2017: Resolution to adopt the 2017 ECGRA Special Events Grants Guidelines. Mr. Paris makes a motion to adopt the resolution. Mr. Bagnoni seconds the motion. Motion carries 6-0.

ADJOURNMENT

Mr. Peters moves to adjourn.