



## **Erie County Gaming Revenue Authority**

### **Minutes of the Board of Directors' Meeting**

**January 16, 2020**

#### **CALL TO ORDER**

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on January 16, 2020 in the Board 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. Cleaver, Mr. DiPaolo, Ms. Hess, Mr. Paris, and Mr. Sample (via phone). Mr. Lee, Mr. Wachter and Dr. Wood are also present.

#### **APPROVAL OF THE AGENDA**

Mr. Barney makes a motion to approve the agenda as presented. Mr. Cleaver seconds the motion. There is no discussion of the agenda. Motion carries 7-0.

#### **APPROVAL OF MINUTES** – December 2019

Ms. Hess makes a motion to approve the minutes as presented. Mr. Barney seconds the motion. There is no discussion on the minutes. Motion carries 7-0.

#### **DIRECTOR'S COMMENTS**

There are no comments at this time.

#### **COMMENTS BY THE CHAIR**

Mr. Paris: I just want to wish everyone a Happy New Year. I also want to wish Perry a happy belated birthday. I gave you a little present – this throwback pic!

## PUBLIC COMMENT

There is no public comment.

## PRESENTATIONS

There are no presentations.

## COMMITTEE REPORTS

- a. Treasurer's Report: Mr. Barney presented the Treasurer's Report during the Finance Committee meeting prior to today's Board meeting.

There is no further discussion of the Treasurers Report. Ms. Hess makes a motion to accept the Treasurer's Report as presented. Mr. Cleaver seconds the motion. Motion carries 7-0.

- b. Strategic Planning Committee: Mr. Paris: We did not have a Strategic Planning meeting, but we did have the Personnel Committee meeting.
- c. Update from County Council: Mr. Horton is not present so there is nothing to report.
- d. Update from County Executive's Office: Mr. Lee: Good morning, Mr. Chairman and good morning, Board. I just want to get everyone up to speed about the community college. A public hearing is going to be held March 18 at 10:00am at the Blasco Library; this will be an evidentiary hearing which means that while it is open to the public, the public will not be able to come up and start speaking like we have seen in the past. This will be set up more from a court perspective where the Board will be the judge and the attorneys for the various parties will call witnesses and they will have a chance to give testimony and be cross-examined. We're looking at this being an all-day affair; we've been told that at the end of the day on March 18 the Board will take a vote and we will know one way or another if we are approved. We are very happy about that and hope that comes to fruition.

The reason I say hopefully, there has been some talk about making sure there is a quorum for the Board – this is the Pennsylvania State Board of Education. We know that our weather sometimes can be a little tricky, although you can't tell that by today and what we've been having thus far, but there has been some concern expressed whether there will be a quorum. Of course, we can't deal with things out of our control, so hopefully on March 18, we will know one way or another whether we have been approved by the State Board of Education for a community college. Are there any questions?

Mr. Cleaver: Let me ask you, after the decision is there an appeal process by any chance or it is what it is?

Mr. Lee: To answer your question, no, there is no appealing process. For whatever reason if the County was denied, we can take legal action through the courts. Hopefully it will not come down to that. The Department of Education has already provided their findings of recommendation and they stated that we met the criteria to be a stand-alone community college. Now it's the Board's decision and gets to vote, not only in that findings, but based on

the Special Committee's recommendations which was a committee that was set up with three Board members tasked to look at this in depth and they recommended that we have this particular hearing here on March 18. Are there any other questions? Thank you, Mr. Chairman.

### REPORT OF THE EXECUTIVE DIRECTOR

Dr. Wood: You'll see on Board Effect that there is an Executive Director's Report. The first page gives you an idea of our grants management for the 2020 calendar year. Special Events is currently open, Municipal Collaboration is currently open, and the Neighborhoods & Communities is mentioned there too which I'm going to go into more detail later in my report. Those programs are the Anchor Building and Renaissance Block.

Next, you'll see the report from Ridge Policy Group; the current grant concept we're working on is called the BUILD grant – it used to be known as the TIGER grant. This is the big transportation funding grant and we're going to have some conversations with folks. This has to be multi-municipal, so we're going to reignite those discussions. The City was not prepared to participate in those last year, but I think after this year they might be, so we'll light that up. Also, the STEM Apprenticeship Program is being looked at by several school districts and being quarterbacked by Ryan Bookhammer who is head of the gifted program and the 3-D printing lab in the Fairview School District. He is bringing in multiple districts and potentially multiple counties outside of Erie County, but Erie County will be our focus obviously. They're going to attempt a competitive grant cycle there.

The next page is a letter from Knox Law Firm basically stating what the legal hourly rate is. We get this once a year, correct?

Mr. Wachter: Once a year; it's a \$5 increase.

Dr. Wood: That letter does recognize that we get a special nonprofit rate. Next, you'll see the quote for Officers and Liability Insurance from Professional Government Underwriters. I gave you all a hard copy but included it in the Director's Report as well. You'll see that we did a Lead Asset Press Conference and a distribution of those funds since the last Board meeting. There was also some press on the Beehive that Gannon did and then a series of articles that came out about Innovation District, Renaissance Block, things like that that are tacked on to the end of the report.

The real meat and potatoes is the document you have in front of you titled Neighborhoods & Communities Midterm Evaluation that I have prepared to review with you here. I have been working with the staff on this for the last couple of months; this is a guidepost, an indicator, a wind sock – how is the program doing? It's not complete; it's about halfway through. A lot of information has been captured here, so let me kind of walk you through it.

If you open up to the first page, you'll see an Executive Summary. Neighborhoods & Communities is basically three grants: Anchor Building, Mission Main Street, and Renaissance Block. They're all about improving place, not necessarily people. These are not people-based nonprofits or municipalities, these are places that are being improved. In this report I wanted to capture three things: Where have the funds been invested?, How is the implementation process going?, and lastly I wanted to illustrate some interim outcomes because we are collecting reports from these folks, and these are multi-year grants.

Page three is a brief introduction that I will skip over so let's go to pages four and five which I've summarized the qualitative outcomes thus far. The program is meeting the goal of serving a county-wide audience. We have nine neighborhoods within the City of Erie that are engaged in these programs and we have six communities in the rural parts of Erie County that are engaged; that's pretty representative of population centers. I know that we want to make focused investments, but that is the nature of these funds – you focus on a commercial corridor, you focus on a residential district

nearby, you focus on an Anchor Building that can have a positive economic effect on one of those or both of them.

The second point to make is that we have quantifiable outcomes as well; there are homes that are being repaired, there are business facades that are being improved, and there are historic structures with commercial value that are being preserved as part of this process. How to measure success long-term on an initiative like this is a different question. We have seen Jamestown Renaissance Block and what they have done is they have captured data before the implementation of the program then they did a five-year longitudinal study, and what they found, and this was part of the justification for us coming up with these programs, is that property values were increased. You could translate that another way – neighborhoods are being stabilized as a result of a program like Renaissance Block. Jamestown did it and I think we can too. In the short term, we have photos; before and after photos and we have some data as to how much money is being invested by property owners and how much is being invested by the organizations that we're putting money into.

This leads me into the next point, we're getting great leverage on these programs. So, private capital is being invested clearly by homeowners and other funders are jumping on board. So, in places like Corry, the Corry Community Foundation and in North East, the North East Community Foundation, they're jumping on board with these concepts. The third is the Commonwealth of Pennsylvania with its NAP Tax Credits (Neighborhood Assistance Program Tax Credit) which has grown in tremendous popularity. The overall state bucket just went from \$18 million to \$32 million and in this past fiscal year it was undersubscribed by \$4 million, so there is room for growth. We had a meeting with DCED about this trend and they are targeting economically disadvantaged neighborhoods, so that program is working perfectly well. However, we're helping other economically disadvantaged neighborhoods that aren't accessing the program. It's going to be an ongoing collaboration between the State and ECGRA on how to help these communities access these funds. You'll also see the dollar amount of \$1.3 million of NAP Tax Credit has been used as match to ECGRA funds of \$1.7.

Mr. Wachter: The report that you said was done on the increased property values, is there any correlation that they have found between the amount of the investment and the increase in the values?

Dr. Wood: Correlation is the right word, I'm glad you used that word. The primary correlation that was found in the report was when you target neighborhoods and then make the next investment in Renaissance Block consecutive to your initial investment, you get increased property values. When you spread the funds too thin, you do not get the same type of impact. So, in years one and two, as we talk to these folks about opening Renaissance Block again, we want to see contiguous investments. If your first investment was the East 6<sup>th</sup> Street corridor, maybe your next investment is the East 7<sup>th</sup> Street corridor. I don't want to be too prescriptive; we're going to have these conversations with applicants, but that is what the quantifiable results are from the Jamestown report.

Mr. Wachter: I think it would be helpful for local governments and school districts, if, when those studies are done, you could show what the result and impact on taxes are as well. Increased home values, increased tax collection. Of course, that won't kick in until you have a county-wide reassessment or the project they're doing they have to pull a permit for. But at the end of the day, I think local governments would like to see that.

Dr. Wood: That's a great idea, Tim. The fourth point is that there has been both economic impact and equitable development through these grants. From an economic development standpoint, housing stock is being improved, the market dynamics in commercial corridors are changing, and finally, we are proactively preventing blight. We're the entity in Erie County at this point that is proactively addressing blight, whereas the land bank is reacting to blight. That's how the two compliment each other, and that's a wonderful synergy there.

For most people, their home is their largest source of wealth; I don't see that trend changing anytime soon – it's what they have equity in so it makes a program like this that much more important. For the commercial corridors, attracting customers is the most important and we have a ton of studies that show that historic preservation has an effect on your local economy. The results are out there, and our strategy is consistent with that.

The equitable development side is another interesting way of looking at that; it's more like improving the social fabric of communities. One way to look at that is that it's about self-determination. In essence, we are empowering these neighborhood groups to work with their residents to fix up their own communities, to get actively engaged, and to put their own funds into the process. We don't have data of what the races of the homeowners that are accessing the program; we only have it geographically at this point. So, from an equitable standpoint I can say that we are definitely serving all of Erie County, we're definitely empowering neighborhood groups that have been formed by neighbors in order to improve their communities. Those are the four outcomes.

Moving on, I will briefly say that in each program, Anchor Building, Mission Main Street, and Renaissance Block, the first paragraph is a description of the program, the second paragraph is the significance of the program, and the third paragraph are the examples followed by a chart. If you flip over to page six, you may be wondering where all the grants have gone, and this shows you a nice concise chart showing the applicants, the titles of their projects, their request, what we awarded, and finally the interim results. Of course, we have interim results from last year, but the 2019 awards were just given so we have results from 2018 recipients but not the 2019 recipients. You will be seeing results in the spring construction season as they begin most of their projects.

There is some great summary information on all three programs. If you skip to page seven you will see the information about Mission Main Street, page eight shows the chart with the twelve main streets we funded. If you flip over to page nine, there is Renaissance Block and the chart associated with that. If you follow me to page ten, even though you know this stuff already, we're putting this in the report because this report eventually will become a document that the public can see and, later on, I think a document that elected officials see as well. This is a reminder on what our process looks like. If you remember, this is part of the ECGRA Board Orientation, it's also part of a new County Council member orientation, and that is, how does ECGRA make decisions? If you ever wondered, this three-step process really lays it out. There are public plans that represent the communities will that the elected officials oversee. Some of those are listed there in bullet points. The staff reads all of those plans, literally all of them, with dog-eared copies as we try to figure out what the community's will is and what the elected officials want.

The second step is benchmarking. We have a plan, and these plans are big on strategy but they're not very big on tactics. That has been our experience anyways. So, we have to look at what other communities have done so we can learn from those communities, that's where the benchmarking comes in. Jamestown Renaissance Block is a great example; that's a tactical approach to neighborhood renewal. I'm sure there are plenty of studies in Jamestown that say the neighborhood renewal is important and we ought to do it. But the real question is, how?

Finally, what is ECGRA's role? It's for the staff to synthesize with you guys in discussion those first two processes, which are the plans and the benchmarks, into guidelines. Then we have the discussion with you about the guidelines, we assign dollars figures to it, we right-size the amount of the grants, we put it into the grants management plan, and then we execute. Of course, there are close-out reports and in some cases, there are special reports like the one in your hands right now. We put that in there as a reminder to anyone who might look at this document that that is what the process looks like.

Page eleven is just a couple paragraphs on placemaking; we might move this up to the front. These are the exact places where the investments are taking place. The City neighborhoods in some cases are self-named and in other cases they are names that have been pulled from Erie Refocused, the City's comprehensive plan. The right-hand side shows the rural communities that are engaging in these three programs. There is a section on leverage; we require a dollar for dollar match so you can see my projections for 2020 and 2021. ECGRA has money set aside for these programs and we know we're going to get a minimum of 1:1 match or we wouldn't be approving the grants. For the

2020 grants, we're going to get leverage of \$2.4 million. That number will go up as the actual leverage dollars come in and I think what we'll find in most cases is that there is a larger investment than what we require of match. We have seen that with NAP Tax Credits in several circumstances.

Mission Related Investments – two examples are laid out there and the reason why they're examples and they haven't been executed on is because their fundraising hasn't been completed for either one. As you will recall, last year we went through an extensive due diligence process with the staff and then talked with the Board in committee process about two big MRIs. These are the first two MRIs that deviate from the small business development theme and come on over here to the Neighborhoods & Communities theme of investments. The first was Erie Center for Arts & Technology which is Wayne School Reimagined. That of course is redevelopment of that historic structure into this type of training facility which is also going to have a health care facility and perhaps a food bank attached to it and some other services. Daria has recently given us a report on that and everything is going very well. I shared it with Tim since Tim and I will be coordinating on when that loan will be closing, along with the other funders. That is a \$500,000 loan, mission related investment.

Ms. Hess: Where is Daria at with, didn't she have to get so many things in place to be able to take advantage of the . . .

Dr. Wood: It appears that all of those things are in place. In fact, PNC loved the project so much that they added another million in financing to it.

Ms. Hess: That's great for the community.

Dr. Wood: It's great for the community, and just a reminder that this is Erie County's first ever New Market Tax Credit project, which is a complicated tax credit to execute and she has done an amazing job of making it translatable.

The other MRI in process is Sustain North East; we did not expect that to be done by the end of the calendar year. That is a loan fund that we made a \$400,000 commitment to. They are in the process of finding their match as well. I will come back to you with updates as those things come along, but as you can see these are MRIs associated with this particular theme of ECGRA funding.

Let me close with recommendations. We basically have four recommendations for everyone to think about. The first is that with this information we absolutely recommend continuing the programs. We have already budgeted for this and we have it in the grants management plan, but I just want to go on record as saying the next round of Renaissance Block absolutely should be launched alongside Anchor Building because we're seeing results.

The next recommendation is that Neighborhoods & Communities, this report format, could be a great report for local government officials. State Reps, our Senator, members of County Council, County Executive, and so on. This would be a great report to show them the great diligence we're going through and what takes place. This is a mid-term evaluation. People are often asking me, "How do you know something is working?" I tell them we collect information, but then they ask, "What do you do with it?" When it's as complex as this, we try to put it in report format so it's translatable. We really ought to use this report as a good government relations tool.

Next, there is the potential to collaborate with other funders. No one else is doing this type of work in Erie County. We have been approached by a couple of funders. I don't want to set an expectation with you right now, but I think we ought to explore it. Obviously, I'll come back to the Board and talk about it but it's been everything from, "Can you share your research with us?" which I have no problem doing, to, "Maybe you guys should administer this for Erie County since you're doing such a great job." We'll continue to have that conversation. Like I said, I don't want to set an expectation of anything here that is too far down the road. It is just basically in talk; a potential phase.

Finally, we wanted to do further research projects on other forms of grants that could potentially be added to this. We're not trying to add another grant, but it is potential that we can amend these ones or add a new one to fit our purposes. That will stem from our benchmarking

research but also focus group discussions with the applicants on the effectiveness of the current programs. That's often how we tweak grant guidelines; we have focus groups, we have individual interviews.

In conclusion, I'll just read the paragraph here – The ECGRA teams' background in local government, neighborhood renewal, main street management, planning, redevelopment, and construction activities makes us uniquely positioned to design and administer this trio of programs. In addition, our collective networks with the City of Erie and the rural parts of Erie County have been strengthened through these programs. The staff believes that a strong foundation has been laid to make Neighborhoods & Communities a signature thematic area for many years to come. As the Authority moves forward, we will continue to collect status reports and financial data to inform the board of directors. Should you have any specific questions, requests or comments, do not hesitate to share with myself or the staff.

Thank you very much.

### SOLICITOR'S REPORT

Mr. Wachter has nothing to report.

### OLD BUSINESS

#### a. Review of Insurance Rates

Mr. Bagnoni: Do we go out to bid or something?

Dr. Wood: We did about seven or eight years ago and landed on Great Lakes Insurance in order to provide copies of the best underwriter and this is the one they came back with.

Mr. Cleaver: You just got this one?

Dr. Wood: This year, yes. But back in the day, when we first did this, we had multiple options.

Mr. Bagnoni: The Airport Authority used to go out for bids every year. But we had like 20 insurance policies that we had. It was a culmination, so we had everybody bidding on it.

Dr. Wood: This is not a bid, it's just more renewal of existing.

Mr. Cleaver: As long as it went down a few bucks, it's fine.

Dr. Wood: This is for Officers and Liability Insurance; it's probably the most important insurance we have here because it protects everyone on this Board from up to \$1 million in potential liability.

Mr. Bagnoni: That's a good thing.

Dr. Wood: We will need a motion to accept this since it's over \$5,000.

Mr. Cleaver makes a motion to accept the insurance quote as presented. Mr. Barney seconds the motion. There is no further discussion. Motion carries 7-0.

NEW BUSINESS

There is no new business to address.

Mr. Barney moves to adjourn.