



Erie County Gaming Revenue Authority
Minutes of the Board of Directors' Meeting
September 14, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on September 14, 2017 at The Erie Zoo, 423 West 38th Street; Erie, PA 16508. 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 (via phone), Mr. Barney (arrives late), Mr. Domino, Mr. Paris, Mr. Sample, and Mr. Yaple. Mr. Lee, Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

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

APPROVAL OF MINUTES – August 2017

Mr. Paris makes a motion to approve the minutes. Mr. Yaple seconds the motion. Motion carries 5-0.

COMMENTS BY THE CHAIR

Mr. Sample: We still have no idea what is going on with our life but it appears that the House was working on things last night. Hopefully this will all get resolved because I know that the "Indians are getting restless" not knowing what is going on.

PUBLIC COMMENT

No public comment.

PRESENTATIONS

No presentations.

COMMITTEE REPORTS

- a. Treasurer's Report – Mr. Wood: I will fill in since Mr. Peters is not here. Briefly, on the Profit & Loss – a quick reminder about Gaming Revenue – you'll see \$172,000 coming in in August; that is for the second quarter and a reminder that it is an incomplete quarter. It's two out of three months and it's incomplete because the Supreme Court Stay expired at the end of May. In the year-to-date, you'll see the interest income and the summary of municipal grants and the first payment to the Summer Jobs Program.

On the Balance Sheet, the only major update that has been done there is that we have removed the Lead Asset Endowment from the Balance Sheet on the advice of Counsel. Tim actually has a memo on this under the Solicitor's Report. Do you want to talk about it for a moment?

Mr. Wachter: We reviewed the accounting standards and found that, because there is no variance power associated with the money (essentially we have no control over the money), that is not an item to be listed on our Balance Sheet. Mr. Peters asked for this opinion because the past auditors said to put it on our Balance Sheet and the current auditors said to take it off. Who is right? We went back and checked and we agree with the current auditors that it is correct to have it off of the Balance Sheet.

Mr. Wood: Next is the Statement of Cash Flows, then the Budget vs. Actual. There is something I am going to ask you gentlemen to vote on today and that is every two years we renew our online grantmaking system with a company called Foundant. We started using Foundant two years ago and our grantmaking system has been smooth; we have had no technical problems since we moved over to them. We have started to accumulate data in that system. I forgot to bring that up during budgeting because it is only every two years; we realized that when we got the notification from them that our license was going to expire. It's \$9,200 for two years, so it will require Board action.

We are going to create a line item under "Other Types of Expenses" for the online grantmaking system. I'm asking you to please vote on that under Old Business when we get to that point, but I can answer any questions you have.

Mr. Sample: So, we're not going to amend the budget, we're just going to put it under "Other Types of Expenses"?

Mr. Wood: If that is acceptable.

Mr. Yapple: Do you have to buy a two-year subscription?

Mr. Wood: Yes. That is the way it is structured.

Mr. Barney: But if we only use it for a year, do we get a refund?

Mr. Wood: I didn't ask.

Moving on to the Schedule of Grant Reserves, you'll see the summaries there. Tammi and I continue to evolve this document so it can best fit the needs of this Board to understand where we are at, certainly with the Committed Funds, and what we have done as of this current fiscal year.

The most changes came to the Committed Funds section at the end which now include what happened in the current month, the original commitment, and the amount remaining for distribution. That certainly helps us in the area of future grantmaking management.

Finally, we have the Check Detail; you'll see the settlement payments did go out as of August and the rest of our expenses there, including the payment for our audit. I can answer any questions you may have about that.

Mr. Yapple makes a motion to approve the financials. Mr. Domino seconds the motion. Motion carries 6 – 0.

- b. Regional Assets Committee – Mr. Wood: The only thing to report is that we did hold a grantmaking meeting in which we discussed the Community Asset Grants. Mr. Sample and Mr. Paris attended that and we did have two community advisory panel members, Breanna Adams from the County Health Department and Ashley Lawson from Gannon University.
- Mr. Sample: I just want to say that they were very helpful; they did an excellent job. They were from the latest round of graduates from The Jefferson Leadership Academy.
- Mr. Wood: That's how Tom found them.
- Mr. Sample: We have been very fortunate in getting people from the community come in; they've always had very valuable input.
- Mr. Wood: The results of that session are in New Business, under Resolution Number 10, 2017 to approve this year's competitive Community Assets Grants.
- Mr. Sample: There were some that we did not fund because, even though they were qualified under the guidelines, they just weren't a real good fit.
- Mr. Wood: We can certainly answer any of your questions regarding the Corry Beaver Club, the Edinboro Market, the North East Arts Council and the Veteran's Miracle Center. The last one we believe did not qualify based on the way the application was written and the functions of the organization. Even though they are all good organizations, they just didn't qualify fully.
- Mr. Sample: The Corry Beaver Club, for example, there just wasn't enough information.
- c. Strategic Planning Committee – Mr. Paris: We had a meeting on August 30, 2017 and a presentation from PACA, which was very nice. They were asking us for money, which would be part of a Pilot program, which we don't have anymore. We talked about bringing that back and changing the Strategic Planning to allow that to happen again, so we will be working on that.
- We also talked a bit about the STEM funding.
- Mr. Wood: We had an interesting discussion about the STEM funding, but it was brief. Once I got into the initial research, I realized this was going to be a much longer-term project in order to get to the bottom of how it would be most effective for us, as a grantmaking agency, to interact with the schools.
- Mr. Paris: We talked about the future of the Multi-Municipal grants and how that is all going to work out and hopefully making it more of a sustaining fund and we're looking at creating ways to do that.
- Mr. Wood: I would just like to add that through my Director's Report I am entering into the record Memo #1 and Memo #2 of 2017. In Memo #1 we talk about updating the Strategic Plan by looking at the idea of Pilots; how we can move it from our operations budget into a grantmaking bucket, what's the smartest way to do that. But that led to a larger discussion that it's been about two years since we've updated our Strategic Plan so we probably need to look at it holistically and have further conversations moving forward.
- Memo #2 is about the idea of sustainability funding, which was an interesting discussion; we've had this talk on and off for several years about creating another endowment for some of these other sources but we have not taken action on it. So now that we are in the Strategic Plan review process, now would be the time to discuss it in further detail.
- I'm entering these two Memo's into the record for your consideration.
- d. Update from County Council – Mr. Breneman is not present to report.

- e. Update from County Executive's Office – Mr. Lee: Thank you Mr. Chairman. This coming Tuesday, September 19, 2017, GECAC will be doing their wrap-up of the Summer Jobs & More Program. Mr. Wood, Mr. Batchelor, and some of the key members from the County as far as from an investment standpoint have been invited to attend. This meeting is open to anyone who would like to come but it is targeted to the employers that have participated in the program. We are going to be receiving their feedback on the pros and cons about what can be done moving forward to improve the program. In addition, Keystone Research Corporation will be presenting their report on the program, which is a really good time for us to engage the employers in the feedback process because we are looking to improve the program. Again, that will be this Tuesday from 9:30am – 11:00am at the Blasco Library.

Another initiative I would like to give a brief update on is the Community College initiative. The County has entered into an MOU with Empower Erie, and Empower Erie will play the role of Project Manager; the County will play the role of Project Administrator; the County will run this particular initiative. The County Executive has asked me to oversee this project personally and this is a project that we feel is really needed for the community, especially in light of Edinboro announcing that they will be transitioning out of the Community College arena starting next fall.

More importantly, we have continued to hear from employers in the region that they need a training workforce development center that is going to make their employees and their business more competitive.

The State had a meeting yesterday where they covered four key areas. One area was to formally announce a sub-committee which will be three persons that will represent and review the plan and submit it to the general Board, which is the State Board of Education. Two, they have reached out formally to the Governor's office to ask and request whether they will be putting this in the budget for 2018-19. Three, they have scheduled a public hearing here in Erie, which we requested, which will be October 10, 2017, Tuesday from 6pm – 9pm at the Blasco Library in the Hirt Auditorium.

The fourth was with the Department of Education. They had actually requested this back in July but this bears repeating; they have asked the Pennsylvania Department of Education to review the plan and come back with findings and recommendations. This is a process that could take up to year from the time that we submitted the application, which was June 30, 2017. We will continue to engage the public in this process; all this information is on our website in real time. This is an initiative that, we feel, is really going to add a lot of value to the region. Thank you, Mr. Chairman.

Mr. Barney: You spoke on the budget and whether it was going to be in there. They are having problems getting the regular school district their money through the current budget.

Mr. Lee: That's a good point. The money is going to come out of a different bucket of money; it's not going to come out of the money set aside for the Erie School District or other school districts. There is an appropriation at the State level for Community Colleges, so that would be part of that particular budget.

As far as the County share, we are looking at using the Gaming Funds, a portion of the Gaming Funds. We are also looking to use the money from the long-term debt from the Airport and the Erie Insurance Arena, initially. Make no mistake, this is a process. We're going to have to look at the financials very closely, the State will provide us feedback, we're going to have to make sure our projections are very realistic for the first five years, but the timing is perfect for us to sit down and work through this process to see the value of it.

Mr. Sample: Initially, didn't they say it would be a two-year process?

Mr. Lee: They may have said that. To be honest, the last time they reviewed a Community College application was 1993. We've been told that realistically it will be a one-

year process, but someone could have shared that it could be up to two years but we've been told that they are looking to have this finalized and completed within twelve months.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: As Mr. Lee said, there is a wrap-up meeting coming up for the Summer Jobs Program. I have been very pleased with what Keystone Research has produced as far as an annual evaluation program and I think it has given us the kind of information we need to determine long-term trends and where the program is headed and formative ways that we can beef it up. It's a good use of our time to ask the employers what their experiences were like and have them, in a focus group fashion, give us some feedback; that has always been a great move.

As far as the rest of the Executive Director's Report, you will see the standard things in there; letters of appreciation, news clippings, one of which is about the Innovation District which continues to move forward. I have a whole list of projects including the Innovation District in which we, at some point, need to do some type of midterm presentation from the group; not necessarily a daily collection report at this point but a point where these projects get to a certain level and they have to come in and report to the Board.

The Innovation District is one of them. I think that having a presentation from the Innovation District is a good idea since they have an Executive Director now.

Mr. Sample: Where does their Director come from?

Mr. Wood: I met him right before they hired him. I'm thinking he's from California. I have a brief biography on him that I can get to you. He came from Lockheed Martin; that's the company he was working with. He had some kind of business in between that didn't work out so now he's back in the Innovation game.

I have a whole list of organizations that we would cycle in for presentations.

Finally, the big thing we did in the last month, although we continue to vet big projects like G.R.E.A.T.T. and PACA, we also had a Strategic Planning Committee Meeting which I thought was very productive. I have two Memos to enter into the record that are a result of that meeting in moving that Strategic Plan forward and updating that in the near future.

We do continue to monitor Gaming Legislation and we think that perhaps next week we'll know better if something will get through the Senate and the House, but I feel like I've said that to you before. Whatever happens in Harrisburg, happens. We're hopeful; fingers crossed. Sen. Laughlin continues to be a strong supporter of what we're doing here at ECGRA and that reflects in his conversations with us about the progress of the legislation.

Mr. Sample: I am very appreciative of Sen. Laughlin and his efforts. I think we need to get Michelle more on board. Corry and Union City have got a lot of funding and those aren't in Dan's territory and I know Michele wants to be actively involved.

Mr. Wood: That's a great point. I talk about Sen. Laughlin a lot but there is another Senator from Erie County and that is Sen. Michele Brooks. She represents some of those rural areas and she has been updated as well, but maybe not as aggressively as we've updated Sen. Laughlin. I think it would be good, from a government relations standpoint, to keep her in the loop on what we're doing, as well.

SOLICITOR'S REPORT

Mr. Wachter: I would like to enter my Memo that is on the SharePoint site into record; the opinion from Elliott Ehrenreich of my firm regarding the Endowment and whether it's appropriate for that to be on the Balance Sheet.

OLD BUSINESS

Mr. Wood: The Online Grant Management System (Foundant) is \$9,200; if the Board is amiable to us continuing that Online Grant Making System.

Mr. Yapple makes a motion to continue with the current Online Grant Making System. Mr. Domino seconds the motion. Motion carries 6-0.

NEW BUSINESS

- a. Resolution No. 10, 2017 – Resolution to enter into agreements with twenty (20) Erie County Community Assets in the arts, culture, entertainment, heritage, and recreation-based nonprofit sector.

Mr. Paris makes a motion to approve the Resolution. Mr. Barney seconds the motion. Motion carries 6-0.

- b. Resolution No. 11, 2017 – Resolution to accept the 2016-17 audited financial statements. You will see the final product of our audit, which is in the blue folder in front of you. This is MaherDuessel's first time auditing us, and I can tell you from the staff experience, it was a positive one; I felt like I learned something in the process. There are a couple things I would like to point out to you that were discussed at the last Board Meeting pertaining to the audit that I had further discussion with the Treasurer, as well as the auditors, about.

The first one is on page four in the Notes Receivable. This was a significant addition of language to the audit process in which we created an allowance for potentially uncollectable Notes in the amount of \$460,000. That number was discussed and agreed upon based upon the percentage that we thought would be potentially, not indefinitely, but potentially uncollectable. So, the idea of cost allowance was inserted.

The second thing is on page six in the Irrevocable Gifts – The Community Foundation. We had never reported the marked value of the consolidated Funds before; they recommended that we reflect that. Even though it is no longer on our Balance Sheet, they thought it was still valuable to reflect the value of that Fund, which is, as of March 31, 2017, \$12.8M.

On Page 8, Section 9, Contingencies, they thought it was important to reflect the potential financial vulnerability of ECGRA by adding in this paragraph. Tim and I both worked on this contingency paragraph from a legal standpoint in which it talks about Local Share Gaming Revenue and how the Commonwealth is basically the single source of revenue for ECGRA.

Mr. Barney makes a motion to approve the Resolution. Mr. Domino seconds the motion. Motion carries 6-0.

ADJOURNMENT

Mr. Paris makes a motion to adjourn.