Erie County Gaming Revenue Authority

Minutes of the Board of Directors' Meeting
August 16, 2018

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on August 16, 2018 in the Jordan Room; 5240 Knowledge Parkway; Erie, PA 16510. Legal Notice of the meeting was given through an advertisement appearing in the Erie Times-News. The meeting was called to order by the Chair.

ROLL CALL

Mr. Bagnoni (arrives late), Mr. Barney, Mr. DiPaolo, Mr. Logue, Mr. Paris, and Mr. Sample. Mr. Lee, Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

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

APPROVAL OF MINUTES – July 2018

Mr. Sample makes a motion to approve the minutes as presented. Mr. Barney seconds the motion. Motion carries 6-0.

DIRECTOR'S COMMENTS

There are no comments.

COMMENTS BY THE CHAIR

Mr. Paris has no comments at this time.

PUBLIC COMMENT

There is no public comment.

PRESENTATIONS

a. Erie Innovation District – Karl Sanchack

Mr. Sanchack: Good morning, folks. I apologize for being a minute or two late. I have a few minutes on your agenda and I appreciate the opportunity to update you as to how we are proceeding with the grant and what we're trying to achieve. I would like to just spend two minutes and give you a little, "Where do we start, where we're going, and how I think this is actually moving forward." Please, if you have any questions, stop me at any point.

As far as my role as the Lead of the Innovation District, my real start date is October 2017; roughly about 10 months ago. These three objectives were what drove the initial grant; it was partnered with Erie Community Foundation and ECGRA. The three things were the triumphs of making brain-drain becoming brain-gain, white collar jobs, and revitalization.

I want to boil this down to the two principles that I am working against; one is improving the quality of life here in Erie and two is generating economic development outcomes. Against those three needs, everything I am doing has an intent to do one of those two things – preferably both so that's my acid test. If I can't answer, "How does it improve quality of life?" and "How does it generate economic outcome?", I'm not going to do it.

Coming in with the Mercyhurst-led proposal, the concept was develop an Innovation District. I'm not sure if everyone recognizes what this concept is and what it's really intended to do, but it's really pretty straight forward, at least in principle. The principle is you find a location, in this case the downtown, and the idea is you're going to cluster together entities that you believe are going to provide some serendipitous outcome. Academia, corporations, small businesses, start-ups, accelerators, incubators, all these groups that have an economic interest in the area and can potentially create a new business arena, a new business area, a new market in industry, etc.

Coming in, there was a principle that said we were shaping this against the concepts of safety and security which are values that are important to Erie and values that are important to a number of members of this community. We looked at the Brookings Institute concept for an Innovation District and we said we would do safety and security. So, day one I walked in and the assumption was we would do something in cyber security because those are the sorts of things that are happening at Mercyhurst University and other places. All of the universities right now are investing in some fashion in that space. It's great; I love it.

The question however, on my day one was, "Why would we be able to cluster businesses into Erie specifically in cyber security?" which is a very mature and competitive field. Frankly, it's a field that is in the top 500 companies. So, the principle says we are working on safety and security, we're going to cluster businesses and generate job outcomes, why would somebody outside Erie want to come to Erie to do cyber security? It's a nice place to live, it has a good cost of doing business, but frankly you can find that other places. That's not discriminating; it's a value proposition.

When we look at safety and security questions, it's a great principle, it's a good market, but how do we get ahead in the market instead of being a follower? One of the things that came to the table in about the second month I was here was a concept from Penn State for a Smart City implementation. The idea was we could improve the city's infrastructure and that would make a better environment for doing business; more technology and a more digital environment. I liked that idea. I thought it would be an interesting hook for Erie, in addition to doing something nice for the downtown, but we would need to do at least two things with this hook which would make Erie completely unique in the world. And if we did that, I believed we

could bring in the businesses that we wanted to organize, we could create the job outcomes, and actually do something nice for the citizens of Erie as well.

Essentially, what you see is this concept of a secure Smart City. There are two things that have not been done and believe me that there are a lot of Smart Cities out there or cities trying to become Smart Cities, two things they have never done; one is organize centrally. In other words, a Smart City has a lot of features – better lighting, consistent video parking, traffic management, there's a lot of nice amenities that they bring, but generally speaking, you have a water authority who does something, you have a parking authority that does something, you have a streetscaping group, and each of these Smart Cities organize these different features separately. Pittsburgh does mobility because they are all about traffic management. The problem with that is they don't get any synergy, they don't get shared information, they don't find things together to be useful. What we're going to do is centralize that capability in Erie and we're going to work on next generation security because frankly, a lot of these systems are not secure. We have an opportunity to be a different market where we organize and share the data across all these different services into one repository. Here's the kicker – we want to create a marketplace, MIT would call it a living lab, where other companies could come and bring their capability, show how it adds to the city, how it provides new features and services, and do it in Erie with a single point of entry. That's attractive; very attractive. It's unique.

Cisco, Dell, any of the big players out there, it doesn't matter who you ask, they'll tell you that there isn't another city anywhere in the world that can do this, but Erie is a singular community; it has a small enough footprint to be manageable but it's big enough to be credible. We actually have an opportunity to jump out into the market and be a market leader. I have all kinds of examples but in the interest of time, I'm not going to go through all the things. If at any time you want, I would be more than happy to drill down but you would be shocked how many groups have latched onto the possibility of working with Erie just based on that.

How do we get there? Across the top are partnerships that are credible; these are partnerships that cannot be done without the municipality hand-in-glove because we're talking about things that involve right of way. We can't be doing it without the county's support because frankly, we need to have a footprint that's large enough to be understood. Your grant makes possible some of the systems and capabilities and frankly, some of the companies that we're bringing in. Across the bottom row, these are the guys who are doing the technology. We've got a couple interesting hidden discriminaries. V-Net, as a fiber provider in the city, has a footprint larger than any other singular entity in any other city. The fact that we have a fiber footprint that sits across about 80% of the city, if you're looking at creating a Smart City, it's a phenomenal starting place.

We partnered with a company called Fontella, it was recommended by Penn State, who is backed by Cisco, to employ an approach that would allow us to control and manage multiple services and provide shared information across all of these services in the City of Erie. We've deployed it; this is not a theory. Using that starting spot, I want to show you at the simplest level what that means in practical terms.

If the coming in said, "Here's the definition of an Innovation District by the foremost expert, and the requirements are: show me your anchor institutions, show me your companies, show me your start-ups, build this capability." We started with that at the top. Since then, we've had eight more companies involved. The accelerator, which hopefully you have been hearing about in the news, which is the start-ups we've brought in specifically tied to the Smart City – none. Right now, all the companies with the asterisks have a formal agreement with the district; this isn't some loose federation of activity. There is a specific set of requirements for every one of these companies to support the district in some fashion that is relevant to the

grant to do something that we expect to have happen, and it's a two-year agreement in every case.

Dell, who is designing systems for us, is doing it to for free for two years. Enterprise Ventures Corporation is a company down in Johnstown, they are a noted defense contractor; they have been doing defense work for 25 years. I can't tell you much more because we are under an agreement that has a confidentiality clause but we're bringing in some of their capability to the city – for free – and integrating in there so we can do some new sales built and designed out of Erie.

Fontella, QPS is one of these contractors under confidentiality but again is tied to this. Singularity is a partner helping us bring in a lot of these start-ups and, frankly, if you watch Erie News Now you'll get a chance to see what each of the start-ups is doing. They are doing a pretty nice job of describing it. Basically, we're running everything from transparent e-government, so one of the start-ups is helping the City of Erie take all their processes and put it online; another one is working with the county doing some personal safety wearables for his field agents. Before our ten-week accelerator is up, we're going to have over four projects that will be in the City of Erie at no cost to us at the starting point because they are coming to us and they are doing these as pilots. That never happens with an accelerator. We're going to have that done here and you'll see lots of interesting news stories come out by the end of this not only about what start-ups decided to stay and what IP they brought to the city, but also who is staying and why they are building out, which includes relationships we're building right now with the manufacturing community. They have products that they need to have manufactured; it's currently going on in China and we're moving it to Erie. These are all direct outcomes.

The logos in the center, all I want to say on that in the interest of time because time is a killer today, everything we're doing, we're integrating. Where you hear about video arrests and the downtown is part of the pilot on State Street, we've already started integration with the Downtown Partnership and all their cameras. We can tell you today that they all work; we just need to finalized that integration. That means we're not going to reinvest in infrastructures that are already done, we're just going to expand. The Perry Square Alliance – one of the advantages of providing a public access walkabout is that we can now send people through when they sign into our Wi-Fi to sites of interest or civic leadership. For a couple weeks we were doing the Christmas Tree, as of last week we started Celebrate Erie; the point is that we can direct communications on a broad scale. If you think, "Who is going in?" During Roar on the Shore we had 26,000 guests on this site, 81,000 people traveled through the system, and 600 people at any given time were concurrently using the system that we put up in Perry Square and we received zero complaints.

All this is actually running in its pilot form. We already brought in the companies, it's already driving traffic, it's helping with donations. This is all part of your grant.

Two last charts – a Smart City can be many things, frankly. It can be energy systems, it can be renewable energy, there's a whole lot of different groups that are interested in doing something interesting in Erie. They've got different ideas. All I want to do is create the environment where they can bring those ideas here, stay here, show their value proposition to the rest of the world, and sell it out of Erie. That's the goal. By the way, while we do this and we do it right, the city gets into the band of digital divide covered by Wi-Fi, better safety in video. You all hear stories about how we're improving our first responder's feed, for fire department coming in and out of active situations in schools; this is an active pilot we're designing right now so the no-kidding benefits of the sensory has a secondary result of having spent this money to do just this initiative. It's genuinely unique.

When we talk about the start-ups, I just wanted to say a little bit about that because it's probably interesting to understand the quality level. We told them we'll give them 10 weeks, we'll give them a $50,000 investment to help them take it to the next level. We got over 100 applications with 36 countries and 19 states represented. Seventy of those I would call credible, 40 of those were interesting, 20 of them were great, and two which I offered deals to and we couldn't close because they got significant ($20 million or more) investment just before I could bring them in. All of these companies generally have an evaluation of $3 million or more per company at this start-up stage. These are not concept companies; they actually have the product. They usually have a pilot, they usually have a customer. What they are trying to do is figure out how they can scale. We help them scale here because I bring in something unique in their IP.

By the way, this whole week inclusive of today, we've got ? looking at them trying to figure out how to fund and keep them in Erie. Ben Franklin has been organizing that on our behalf.

Timelines – tell me what you're going to do, tell me what you did, and tell me when you're going to do the next thing. Then we have the pilot up; it's up and running completed within one week of the target date, even though we had a two-month delay trying to organize certain things. Testing runs through the end of this year along with the first accelerator. My objective is to have a city-wide roll out sometime in the next year to 24 months and while you only see a second accelerator on an annualized basis, it is because that is where our funding stands today. What I prefer to do is have an accelerator run three times a year. Think about bringing in 30 new companies a year and hope that we retain some 50% or higher of those companies. Realistically to date most accelerators don't achieve this many companies staying. I can tell you I have assurances that at least four of my nine are staying absolutely as of right now; two have already signed lease agreements. I have a track record already that has beaten out what was here before, statewide.

You have international start-ups coming in, we're going to build out a facility, we're going to lease a facility; we've been in negotiations for three months trying to find the right space. Keeping these folks here is a challenge; various issues like size, space, design, whatever. Ultimately, let's get to the ending – what does the ending look like? You've got an improved city, a Smart City, we have a landmark facility in the downtown, we have all these services provided out of downtown, we've got new start-ups coming in, we've got contracts with government which is a whole other discussion I should share with you another day; and at the core of it there's a data center doing intelligence work that has contracts that lasts five to ten years. Long legs, good value, new companies. It has a strength.

It will feed a lot of things; it will feed infrastructure, it will feed industries, we're going to support the med-tech industry, we'll support the insured industry, our manufacturing will get the benefits of driving up the companies, we'll do this integrative approach. I can't tell you how many things have already happening today, no kidding, even in the first ten weeks of this accelerator. It's frankly unprecedented. But I genuinely believe, and you'll hear from everybody you talk to about it that we offer something unique in Erie that nobody else can easily replicate - that is a ? entry for competition. That's how we're going to get the economic development. That's how we're going to get jobs. And oh, by the way, the community will benefit too. That's a wonderful two-for for the same money.

That's my presentation. I know I went a little long and I apologize. Are there any questions or comments?

Mr. Lee: Karl, first of all, I commend you and your team for the vision and innovation in such a short period of time. I think this is outstanding. The question that I have is that over the

projected two-year time line, do you have any projection as far as job creation? I know that it is a moving target because of the types of companies and things rolling out the way it's projected. But do we have any type of potential numbers?

Mr. Sanchack: That's difficult to answer, Gary. I'll be honest. Generally, these companies range in size from three people to twenty. It's not just one or two guys in a garage, it's usually three. The biggest has nineteen employees that are scattered around because most of them are contract employees but they're also supporting 60,000 physical units or buildings as part of their service space, so they have a pretty good base. My guess is you'll see two to four people per company on average. Let's say we get six or seven companies around, we do three or four of these a year (maybe four the first year and a half), so several dozen. Is that going to move the needle in terms of pure jobs initially? No. However, what it is going to do, and this is an unequivocal question, it's going to bring unique IP into the city. Part of what I'm doing is I'm using that unique IP to develop those contract agreements with larger entities who are interested in finding a place where they can expand their portfolio.

To your question as mentioned in the previous chart, Cisco is doing these world-wide rollouts to Smart Cities and they have their own hardware and software. Because of what we're bringing in, we're looking at expanding their hardware and software. I'm going to push Cisco up here, I'm going to push some things from Pittsburgh up here; you'll see these relationships develop. This is not in theory; I'm in the process of doing that right now. So, that will actually generate significant jobs, it will generate unique Intellectual Property in the city. Worst case scenario is you get improved services, so the bottom line is pretty good. The only question is, what does the final jobs profile look like? I believe with the Federal Opportunity Zones coming in that this directly feeds, several hundred to several thousand jobs over the next decade. The only question is the first two years; that's a ground game. This is a ten-year play. But when you look at the ten years, you're probably looking at something like 1,500 – 2,000 jobs. When you go into federal contracting, you get in a number of other commercial spaces and you have a fairly large staff in order to do that kind of activity. Right now, I just want to build differentiation in Erie so that we can be a real player.

Mr. Lee: It does. Thank you.

Mr. Wood: Karl, this is a very informative presentation. I think in the last five years we have seen a proliferation of innovation districts spring up all across the country. I think what's interesting about Erie is 1) this one is really well funded as compared to most, 2) there is a public/private spirit behind it in which both spheres have come together in support, and 3) it has a clear focus; the cyber security focus that you brought here is clear. Safety and security through cyber security.

If I had to summarize for the Board two things that you're doing right now during implementation so they can better wrap their arms around all this information, I would say that 1) you've got a cyber security-based accelerator in which you've brought nine national companies in that you say are valued at $3 million or more which means they do have customers, they are selling, they are bringing in revenue; the goal is to retain as many of those nine as possible. I think I heard you say that if you got half, that would be fantastic and on average you would bring in ten per accelerator. That's great.

Point 2) you've got active engagement with the City of Erie in the central business district to create public benefit. You've created in the central business district what you called a living lab in which these companies can come in and actively test their products in a secure, Smart City environment which doesn't exist anywhere – that type of living lab scenario with

active, ongoing collaboration between companies and local government so they can test their cyber security-based products.

Mr. Sanchack: And build them here and potentially sell them out of here. It's a one-stop shop for these companies. They don't have that anywhere else in the world. Forget it. There are a number of cities around the world that are making the move to Smart Cities and a general technology base which makes sense because of the economics of saving money or cost efficiency or some other sort of benefit. Frankly, drifting in that direction makes sense regardless of play. The only question really is, can we leverage our need to actually do more than one thing? In this case, it's an ecosystem play, creating a completely new ecosystem and it's attractive to these companies. It gives us value beyond whatever our dollar is. And that's why they come here. They look at this and see that Erie has 2x of a manufacturing base of any city on average in the United States, so you have a natural manufacturing base, we've got a place we can show our product, so why can't we show it, scale it, build it out, sell it right out of Erie? That's a genuinely good story for a start-up that's trying to scale and get beyond a certain size.

Mr. Wachter: Karl, everything you're talking about is great and I understand a lot of it. Can you tell the Board how much you propose saving the City of Erie in electric costs due to street lighting alone? The direct impact to the city's bottom line.

Mr. Sanchack: There are 7,000 bulbs in the City of Erie; it's about a $1.2 million annual cost. The standard, if you do nothing but simply change out the bulbs to an LED scenario which is what we're using, you get a 50% cost savings. So, you're talking about $500,000 - 600,000 per year just for changing the bulbs.
        Now, if you do what we do in the Smart City context which is control them so they do dimming and a lot of different things based on condition, you get an additional 10 – 20%. The reality is that it is a lot of money per year times x number of years, which is why most cities look first at the lighting. It's an easy, cost-efficient savings. By the way, now the quality of LEDs last longer, they take less to maintain; in practical terms, on the street LED system is literally half the weight of current lighting so there are less poles falling over. Total cost of ownership drops just by doing that one feature. All the rest of this is just adding to the layers and adding to the quality. Ultimately, our intent is to try and find a way where these systems are self-sustainable through one business model or another. There will be some initial capital cost undoubtedly but the outcome and goal and plan and part of what I'm trying to get funded through the state is doing a design that shows how we can have it be self-sustainable over the long haul. That's the right way to approach this.

Mr. Wachter: So, this very small, easy project for you is going to save the city upwards of $800,000/year of actual tax dollars.

Mr. Sanchack: The safe bet is $500,000; beyond that probably closer to $700,000 - $800,000. But we can say $500,000 right now.

Mr. Wachter: You're looking to create a revenue model that is going to be generated out of the infrastructure you're going to be put into place that will not only create additional operating funds for the Erie Innovation District but also potentially for the City of Erie.

Mr. Sanchack: Yeah. At a minimum, our goal is cash-flow neutral. Depending on what we do, it is a potential that we could go to cash-flow positive. It's really a question of there are certain traits that you would get with these systems and I'm trying to err on the side of doing the right thing instead of necessarily monetizing everything that could be monetized. That's another day's deep discussion but generally my principle has been, do no harm and do the best possible outcome.

I'll give you one great example that will help because a lot of people talk about the video and question about that. Obviously, we could look at faces and arrests and that's always a concern. We're not storing faces more than 30 days. The faces aren't stored in the database; what's stored is information relative to the faces. There are ways to mathematically find a face, but it doesn't mean anything unless someone has a reason to check. So, as a service to the police, if they need to find somebody in our system, it doesn't mean anything until they do a match. We're trying to anonymize things because I believe that's a federal approach, it's a much safer approach, and it's not an invasive approach. All those types of things are being considered as part of this design. We're being very thoughtful about recognizing the values in the development of this system.

Are there any other questions? Thank you, gentlemen. I appreciate your time.

COMMITTEE REPORTS

a.   Treasurer's Report – Mr. Barney: First, let's start with the Profit & Loss statement. If you notice under income we have interest on two things that came forward which was the interest on Savings and the Progress Fund. Looking farther down, we've got the Summer Jobs Program, but you will notice there is nothing there; there was a draw down but it was in August, so it will reflect on next month's report. The reason for that is because the county used their funds first before they got into ours. Under that you will notice the $250,000 for Ignite Erie – that was a final payment.

Then we'll move over to the Balance Sheet; basically, it speaks for itself. If there are no questions on it, we will move on. Statement of Cash Flows is negative but that is because we haven't received our money. It's in the process for this quarter; we should be getting that, and it will reflect on next month's report.

Budget vs. Actual for July – if you look at the one that says Government Relations Services, you may be asking, "Oh, we're not paying them anymore?" Well, we are but their invoice came late and that's why there is no reflection on payment but next month's statement you'll see that we're going to pay them twice. It will be double.

Moving on down, the Copier Lease is a negative but that is due to renewing the contract and different things that took place, so they gave us a credit and we will take care of that. There shouldn't be anything else out of the ordinary on the Budget vs. Actual. If you see something, feel free to ask.

Grant Schedule – there is nothing out of the ordinary there. Grant Reserve – are there any questions on anything?

Mr. Wood: If I could just point out that the big draw downs in July came from the three new Renaissance Block grants that were awarded, it came from the first payment on the Anchor Buildings; those are both multi-year, multi-draw down grants so Tom and I are actively monitoring those. And then Municipal Collaboration, we had a big announcement in North East and those drawdowns took place as well in the month of July.

Mr. Sample makes a motion to accept the Treasurer's Report as presented. Mr. Bagnoni seconds the motion. Motion carries 6-0.

b. Strategic Planning Committee: <u>Mr. Lee</u>: Thank you, Mr. Chairman. Good morning everyone. What I wanted to do is give briefly some background about this particular initiative and talk about where we are right now and where we plan to go with it.

First of all, Up For the Jobs Initiative came up about 18 months ago where the UE 506 leadership came down to meet with the County Executive and myself and they shared with us that they really wanted to come up with some type of marketing strategy to highlight and really sell our workforce because of what was going on with GE and some of the other manufacturing companies. We brought to the table the Workforce Investment Board representatives, the Governor's office, United Way, and ECGRA. They were all present at some of the meetings in reference to when we started to go about selecting consultants to help us with this particular endeavor.

Phase One involved really setting up the – How can we market Erie better? and then it developed from not only that but to How do we attract companies to consider coming to Erie? We built a website; it is in beta form at this particular time. Phase One had $36,000 invested by the County of Erie. Phase Two – another $36,000 is being invested by the County, for a total of $72,000 to really set the infrastructure as it pertains to the website and also other marketing promotional initiatives. What I mean by that is we are working on various videos; we're going to be doing up to eight videos highlighting the various industries within Erie County.

The request that was submitted to ECGRA was Up For the Job; that has developed into Choose Erie and is much bigger now from the aspect that we're really trying to have research done so we can populate the website to be able to highlight the various industries here. This will also set up a site selection process that where any firm that is considering coming to Erie, they can go to one place, gather this information, and be able to make an informed decision as far as why they should come to Erie.

Presently, it does not exist in that form. Many people thought that it did, but it does not. The research would be able to pinpoint the industries based on the data as far as the companies and industries we have here in Erie. The company would do research, they would go out and meet with companies that have left Erie County to find out what has happened from that aspect, they would also, companies that choose Erie County as a business location can talk to some of the companies that are considering maybe looking to various cities or regions like ours, and then they would work to build a better infrastructure as far as a platform for this to launch.

So, the request that is in before ECGRA at this point is dealing from the research perspective and that comes to $39,500. I think it's important to say that the Erie Community Foundation – we have already talked with them as being part of this on a much larger scale. By the way, I think it is important that I highlight that the Erie Growth Partnership Chamber has submitted the application; this is falling under them. The reason why we did it this way is that we don't want to create all these separate entities; we want to kind of bring everything under one umbrella. That was the reason we went with the Erie Chamber.

This is going to be the research part of it. The next phase will be working with the Chamber; they have submitted an application to the Erie Community Foundation which this would be a part of it as well. We believe that the $39,500 is sufficient to do the research part so this is going to be very, very well invested money. The oversight will be done by the finance team of the County of Erie to make sure that we're meeting the outcomes and to make sure that the money is being handled properly. Are there any questions?

Mr. Logue: Who, from County Council, is going to be the liaison to this or who is the current liaison?

Mr. Lee: Good question, Mr. Logue. Right now, Council as a block has approved this and they have not put a liaison to this particular project.

Mr. Logue: But they have approved it?

Mr. Lee: Yes, they have approved it. All the colleagues went before County Council twice; Phase One was approved at $36,000 and two months ago, they approved the other $36,000. That's the total of $72,000. But they have not assigned an individual colleague to work on this particular project; they are just getting updates as a group.

Mr. Logue: Did they approve that at a Finance meeting or at a regular Board meeting?

Mr. Lee: A regular Council meeting.

Mr. Wood: Just to clarify, Mr. Lee. The project already has $72,000 in match from the County.

Mr. Lee: That is correct.

Mr. Wood: Thank you. So, at the Strategic Planning Committee meeting in August, there was consensus I believe in the committee that the Pilot Project should be recommended to the Board for funding. Is that accurate?

Mr. Lee: That is correct.

c. Update from County Council: Dr. Foust is not present.

d. Update from County Executive's Office: Mr. Lee: I want to spend a couple minutes on the Summer Jobs Program. This was our fifth year and it was a very successful year. The last four years we have seen over 600 students complete the program, a 93% completion rate. An investment from County of Erie, ECGRA, Erie Community Foundation, Gannon University, Erie Insurance to the tune of $1.2 million, but the bulk of that is through Erie County government and ECGRA. We both have invest $150,000 each.
    Over the years we have grown from 118 students all the way up to about 175 students; that's what we had last year. This year we had about 160 students complete the program. Last week, Keystone Research had a focal group meeting that I attended and was a part of most of the meeting (because I couldn't stay for the entire day). The time I was there it was really good to get feedback not only from the employers but from some of the students that are participating in the program as well as some of the leaders that are running the program from GECAC. We're looking forward to the report; an assessment from Keystone as far as some of the things that we can do to improve the program moving forward.
    Mr. Kevin Arrington, who has been a real champion of the program, had a contract with the YES consulting firm and that's how he was running the program. He had been part of the program since its inception. He is no longer a part of YES; there were some things that transpired between YES and Mr. Arrington that caused him to depart from YES. As he departed from YES, he departed from the Summer Jobs Program. It was a loss for us

because of the champion he was for the program over all the years. But I can assure you, because our contract is with GECAC, they met with us and shared with us what their succession plan was. We're fine with it. Mr. Wilson, who is one of the key managers down at GECAC has taken more on his plate to make sure that nothing falls through the cracks. We will be sitting down with GECAC at the end of this year, when the program ends in the end of September, to find out going forward what is going to be the strategy; whether they will set up a little differently based on the departure of Mr. Arrington. Again, Mr. Arrington played a major role; he was the key person. Some things happen in life and we're just going to continue to move on. We just want to make sure that the infrastructure is set up regardless of who may be there and who may not be there.

We're excited that we will be receiving feedback from Keystone Research as far as how we can improve the program going forward. Any questions?

Mr. Paris: Thank you, Gary.

Mr. Lee: Thank you, Mr. Chair.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: You'll see a couple documents in front of you; one is the printed copy of the audited financial statements. This packet has been distributed to County government, to County Council, as well as the County Controllers office. The second thing you see in front of you is ECGRA was recently recognized; we won a state-wide award for Preservation Pennsylvania. There is a description here on the forthcoming September 27 Awards Ceremony in Harrisburg. I wanted to extend the invitation to any member of the Board that would like to attend and ask that you please let us know through Tammi by the end of next week and we'll help make arrangements for your travel to go down and accept the award. We did invite the County Executive's office as well as County Council to participate in receiving this award. We are very excited about that.

For today's report, I want to hit up a couple of areas here – Quality of Life, Neighborhoods & Communities, Small Business, and Municipal Collaboration; there is a lot going on. We are very proud about the fact that we won this award but we also wanted to give you an update on the six programs that are currently in play right now, the steps we have taken, and then finally wrap up with a review of the Pilot Choose Erie which you are going to see on your agenda as the only resolution today that we are asking you to pass.

We were nominated by Preservation Erie for this award, they call it the Planning Award. It stems from the fact that we're the only region in the Commonwealth, and apparently this is talked about quite a bit in Harrisburg, we're the only region in the Commonwealth that uses gaming money for historic preservation. Of course, we do it for the purposes of economic development to a very exciting level. It's nice to be recognized, it's nice to get an award like this, and it's good to see that you as a Board are putting funds toward something that's being recognized by the leadership of the state.

Let's get into the updates. First is the Renaissance Block. We had Mary Maxwell who is the Director of the Jamestown Renaissance Block come into Erie. We hosted a roundtable of everybody who received funds from us to come in and speak with her about what she is doing in Jamestown, what were the pitfalls when the program first started, what were the obstacles and what she did to overcome those obstacles. This was a great roundtable discussion. We got great feedback from the Renaissance Block folks here in Erie that they really appreciated it. Ms. Maxwell is now in their rolodex as a contact, she is well networked, and she is a great resource as far as how to get your Renaissance Block up and running.

We did, in July, approve a second round of funding for Renaissance Block that went to Bayfront East Side Taskforce, Preservation Erie, and ServErie. Two of those are on the east side and we made that public at the Anchor Building announcement.

Our next step is to reconvene these folks again. What is interesting is that we're really learning as we go because this is a brand-new program; in that way it's kind of an adaptive network kind of program. We're going to reconvene these folks in September and say, "You've had three or four months to implement this now. What have you learned? How far are you in the process? How much of the funds have you actually gotten on the street and improved people's homes?" I will bring a report back to the Board to decide how that's going and what to do in the future of this program.

I know that it's in its infancy, but I think we need to periodically check it since we've made a substantial investment in it.

We did hold a Community Asset workshop on July 12th; it was conducted by the staff of ECGRA. At that point we unveiled the new Community Asset Guidelines which have three tiers in them now, and the funding has gone from $150,000 to $1 million. So, there were a lot of questions to clarify with potential applicants. It was very well attended. They had a lot of questions and we had a lot of follow-up questions as well. Those grants are due August 31st; that will be the next grant round that we are dealing with as a Board of Directors and if everything is on time, hopefully the Board will see fit to award those at the September Board meeting.

Anchor Building – I mentioned we had a press conference at St. Mary's in July at 345 East 9th Street where we unveiled all of the Anchor Building funds. We had elected officials there from all over Erie County to help us be a part of that. It was a really wonderful event bringing the nonprofit community together with the Erie County government sector. Mr. Lee was there, Mr. Paris was there. I would say that the atmosphere there was one of appreciation and excitement. This Anchor Building concept has some real momentum and will most importantly complement the Renaissance Block Program.

Beehives – we launched the Beehive grant. We did an information session on August 7th right here in Knowledge Park. We had the universities and the Blasco library attend where we reviewed the progress of Ignite Erie. If you remember, I just did a midterm report for you on where Ignite Erie is at and that the Beehive is the next logical step in the process to support the Ignite Erie concept in taking that to the next level. We talked about the grant development process and we talked about how we evaluate these grants and made sure that the folks knew that this would be highly competitive funding. I do have the presentation that I gave attached to the Executive Director's Report. Those are due September 27th. That will be the next thing we're dealing with after Community Assets and if the Board sees fit, based on the recommendation of the grant committee, we'll be making Beehive awards in October.

Municipal Collaboration – August 9th we had a great announcement once again with Erie County officials and grant recipients. We did this one in North East because, in my opinion, the most exciting program in Multi-Municipal Collaboration this year has been the exploration of North East Borough and North East Township on the consolidation of their sewer, water, and potentially police forces. I'm using that term loosely – they are looking at shared services, there could be a consolidation or merger. The idea is to create efficiencies. We'll see where it plays out, but they initiated this concept. They came to us. The fact that this source of funding available is the catalyst which actually got them to the point where they are working on studying it and the initial phases of implementation, especially on water and sewer.

We got some fantastic media. County Executive was there to help us announce it, Dr. Foust was there, and a whole slew of elected officials from the Township and Borough were there as well. The media is attached as well in the Director's Report.

Next, Mission Main Street timeline – we passed a new set of Mission Main Street Guidelines to make the program more robust and exciting. Technically, it opens today. The grant workshop is still trying to be worked out, but it will probably be at the end of August or

early September. We will bring the Mission Main Street folks in here and go over it with them line by line. Those will be due in November, and once again, if the Board sees fit and done their due diligence, awards will be made at the December Board meeting. That is great because it gives them plenty of time to get ready for the spring construction season and they can go on planning for their next big round. This is a pretty exciting grant; it has kind of seen a renewal in what we're doing in actively engaging Main Streets.

On to the Pilot Project. The Strategic Planning Committee reviewed the pilot project concept; it's in your packet. It is called Choose Erie, as Mr. Lee said, and it's been an evolution that began as the Up For the Job concept. ECGRA did participate in the RFP review process with the county as far as selecting the vendor; that was back in May 2017. Mr. Lee kind of went over the timeline but I want to reiterate it just to show you that this is not something that is brand new; we've been working on this for several months. May 2017 was the RFP process; August 2017 is when we began conversations with Mr. Lee and the county about what a collaboration of funding would look like. November 2017 is when the project team leaders came here and gave us a presentation on this concept, where it was headed, how they would like to engage ECGRA, and how is it benefiting the community. You might remember in January 2018 that we passed the Pilot Project Guidelines to formally create that process and then we began working with the Chamber and the county on what this concept might look like.

Just a reminder, Pilot Projects begin with a Letter of Interest. When that comes in, the Letter of Interest is shared with the Board. The staff thoroughly reviews it to make sure it makes sense. This is bread and butter of economic development; this is traditional economic development that you see all over the country. In fact, we haven't done this before – created this digital front porch which is actually kind of surprising. That prompted a lot of discussion, a lot of back and forth. Then the Letter of Interest turns into a full proposal, which you have as an attachment to the resolution here today.

That full proposal is pretty thorough and impressive but also concise and focused which is why I really like it. The staff did review it, we recommended it, we kicked it to the Strategic Planning Committee, they have recommended it. You're going to see a couple of terms and one is the digital front porch and that is the idea that when you, as a site selector, are looking where to advise a company on where to expand or relocate, you look for the digital front porch. It's the first step that you always do. We have no digital front porch as a community. The second concept is channel marketing. What is our bread and butter? It's advanced manufacturing but also the emerging entrepreneurial stuff like you saw Karl talk about here today. Those are different channels, and you want to channel those folks with different types of data and that's really what Choose Erie does. It puts the front porch up and the data backflow behind the front porch to make it valuable to site selectors.

You'll see in the application there is a swat analysis on how to do this; it's an interesting methodology that is used very well. Part of this is predicated that they introduce this to the community with a presentation with Governor Mark Schweiker who does this for the city of Philadelphia. He came up and gave his presentation at Blasco; everybody was invited. I don't remember who from the Board made it, but I was there. It was a very exciting presentation on what this looked like.

At the time, they were using their front porch to chase Amazon. Like many cities across the country, they were putting their resources into that. We don't even have a digital front porch let alone the ability to chase a whale like that. But it was exciting to see how they used their digital front porch to pursue Amazon.

So, that's kind of the model. Just to reiterate, $72,000 in match is clearly in place from the county government. That's fantastic and it has already been approved. There is other match on top of that as well from the other organizations engaged. Ownership of the data and maintenance of the front porch will take place through the Erie Regional Chamber and Growth Partnership; that's a good place to put it. Just like in Philly where the Chamber takes the lead on it, here we will have the Chamber take the lead as well.

There is a 90-day start to finish which is something else I like about this. This is clearly a research-based competitive analysis project of what makes Erie unique, what information do we need on our digital front porch. This is kind of a four-phase process that you will see in the grant application which made it very organized and I think it ranked high by the staff.

In conclusion, the Strategic Planning Committee did find the project worthy. Resolution Number 26 on the agenda, our internal review process asked the standard pilot project questions which is, has the project been documented by public plans? We found that it is prevalent in both Emerge 2040 and the Erie Refocused plan, so it definitely points to a public process. We asked, does this request fall outside of ECGRA's current programs? The answer is yes, there is nothing that this would qualify for. Does this request bridge a gap in the current funding system? Yes, this type of economic development funding does not currently exist. It really should be a line item at some point probably at the county level.

Does this request fall within ECGRA's strategic plan? It does; clearly Small Business Development is the impact area. Does this request have an economic and community development focus? I would say yes both from a workforce standpoint with the original idea of a huge GE workforce being displaced, how do we put that workforce into the form of marketing ourselves to the rest of the world, but also an industrial development which is what you see through the Chamber marketing. Does this request qualify for a purpose in the PA Economic Development Financing Law? Yes, it clearly does. This is bread and butter. Does the application have at least a 1:1 match? It's got a 2:1 match.

There is my update on our Quality of Place programs, Neighborhoods & Communities, Small Business and Multi-Municipal Collaboration. Can I answer any questions at this time?

I just want to reiterate on the Award that we won, please let Ms. Michali know by the end of next week if you are interested in attending so she can make arrangements with folks from Preservation Erie for the event and any travel arrangements we need to talk about. Thank you.

Mr. Paris: Thanks, Perry.

SOLICITOR'S REPORT

Mr. Wachter: Perry and I have been working on writing the agreements with Blue Highway, International Institute, Bridgeway Capital, and Ben Franklin Technology Partnership that are the MRI recipients from last month. I have a couple of issues that Perry and I have to work out and some of the details of how to deploy those dollars. Specifically, one of the issues that comes to mind that you should be aware of is Blue Highway Capital is probably going to get the money similar to a contingent interest agreement that we have done, at least that is my recommendation, with 1855 Capital. They are going out and moving that purchasing equity in companies in the world by means of Erie County versus the Progress Fund model which is where they were making loans.

We don't necessarily have documents that are prepared for that, so we have to change some things up, but it is progressing nicely. Thank you.

OLD BUSINESS

There is nothing to discuss.

a. Resolution Number 26, 2018 – Resolution to enter into an agreement with the Erie Regional Chamber and Growth Partnership to fund an ECGRA Pilot Project for Choose Erie: Competitive Advantage, Market Assessment, and Asset Inventory Research

Mr. Wood reads the Resolution.

Mr. Barney makes a motion to approve Resolution 26. Mr. Bagnoni seconds the motion.

<u>Mr. Paris</u>: Is there any discussion?

Motion carries 6-0.

ADJOURNMENT

Mr. Sample moves to adjourn.