



Erie County Gaming Revenue Authority
Minutes of the Board of Directors' Meeting
April 19, 2018

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on April 19, 2018 in the Jordan Room; 5240 Knowledge Parkway; Erie, PA 16510. Legal Notice of the meeting was given through an advertisement appearing in the Erie Times-News. The meeting was called to order by the Chair.

ROLL CALL

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

Both Ms. Presta and Ms. Wyrosdick are present as members of the general public for this meeting.

Mr. Sample: Before the Nomination of Officers, our esteemed counselor would like to review something with us.

Mr. Wachter: I would just like to explain the Roll Call, you'll notice, that two of our members just gave. It had come to our attention after last month's meeting through a conversation with Ms. Presta and Attorney Jay Alberstadt, who represents some of the other county authorities, that when the County Council had increased the number of Board members on our Board here at the Authority, they had done so in a manner that is not compliant with the provisions of the Economic Development Financing Authority Law in order to amend the Articles of Incorporation to properly increase the number of Board members. So, the appointments were not legally effective.

Attorney Alberstadt and I do have a meeting with Attorney Haller from the County next week in order to discuss a universal fix so that this can all be fixed in one fell swoop. Until that time however, I believe that Ms. Wyrosdick and Ms. Presta are serving in an Ex-officio fashion in order to comment on policy matters that are here before the Board; however, we are not going to be able to record their votes. They will not be able to make motions or vote on any items.

Mr. Wood has done a review of all of the votes that have occurred since the County's attempt at an appointment and the outcomes of those votes would not have changed if their votes were not counted. So, the items that passed would have passed with or without their votes. There is no need to take any action to ratify any decisions that were previously taken by this Board.

I wanted to get that on the record and have an explanation for purposes of the minutes and for all the Board members as to where things are. I would anticipate, just so you're aware the process to fix this, in order to amend the Articles of Incorporation to increase or decrease the number of

members of the Board, the Authority here has to initiate the process by adopting a Resolution. Once that Resolution is adopted that contains the language of the proposed amendment to the Articles, that is then to be sent to the County Council. County Council is to adopt or reject such amendment by Resolution or Ordinance. After it has been adopted, the Articles of Amendment is to be created by the County. They shall advertise its intent to file Articles of Amendment with the Secretary of the Commonwealth. That advertisement is to appear at least three days prior to the day that the Articles of Amendment is presented to the Secretary of the Commonwealth. Then, the Secretary of the Commonwealth of the Pennsylvania Department of State is to certify the filing of the Articles of Amendment. At that point then the appointments would be effective.

I am hoping that after we have our meeting next week we'll have a resolution prepared for adoption by the Board in May, presented to County Council shortly thereafter. I would hope that they would take the necessary steps to waive prior readings, adopt whatever ordinance it is that they need to adopt, and then have that presented to the Secretary of the Commonwealth in a time sufficient for the appointments to be effective by the June meeting.

Mr. Logue: Mr. Chair, if I may ask the Solicitor a question. When did the County become aware of this problem?

Mr. Wachter: I am not aware as to when exactly the County became aware of it. I know that about three or four business days after last month's meeting, Ms. Presta reached out to me and said, "I suggest you should talk with Jay Alberstadt." He and I discussed it at that point and he said that he had made the County aware prior to all of this; maybe during the appointment procedures. Nonetheless, I did have a conversation with Marcie Haller about it that week and made her aware that Attorney Alberstadt would be scheduling a meeting and I would be participating in so that we can have a universal fix.

Mr. Logue: Thank you.

Ms. Presta: Mr. Chair, if I may. I became aware of the potential issue on the same date that I contacted Mr. Wachter, probably three or four days after our last meeting. Just in conversation with Attorney Alberstadt who is one of my partners, it came up really as just an incidental side matter; it wasn't the point of our conversation. But I followed up immediately in that regard with both Mr. Wood and Mr. Wachter and that is what ensued thereafter.

In addition, I wanted to thank Mr. Wachter for his explanation on the record and providing the context of my remark that I remain very interested in the matters of the Board and the Authority; I am going to be actively listening today. I will not, as suggested by Mr. Wachter, be moving anything or voting on anything. I will be participating and offering remarks as a member of the general public during that portion of the agenda allocated for such comment, as that's really my appropriate role at this time.

That said, I would urge the Authority to consider when it comes time to that discussion, a new voice on the Executive Committee. It is my understanding that the members in place have done a very good job for a significant period of time and it may be time for a new voice in that regard. But of course, I will not be voting.

Thank you, again, Mr. Wachter.

Mr. Sample: Thank you. Now we will move on to the nomination of officers.

NOMINATION OF OFFICERS

Mr. Paris: Mr. Chairman, if I could, I would like to make a nomination of a slate of officers.

Mr. Logue: I am going to object to that, Mr. Chair. A slate would be prohibited under the by-laws. If I read the by-laws correctly, and you can ask our Solicitor, the by-laws would respectfully have to have a – you, as a Chair, would have had to select a nominating committee to put forward such a slate. The way I read the by-laws in conjunction with the Roberts Rules of Order, that you have to have the individual; we never had a nominating committee submitted by you so therefore, individual nominations should be set forward.

Mr. Wachter: I would recognize Mr. Logue's concern. Our by-laws do not speak to a nominating committee. I do not believe there is any reference to a nominating committee within the by-laws. I do not believe there would be a concern with an appointment with the nomination of a slate.

Mr. Sample: At the last meeting it was recommended that people that were interested in offering a slate, that that would be done at this meeting.

Mr. Paris: I would like to nominate a slate of officers for the Board of ECGRA; I would like to nominate myself, Mike Paris, as Chair; Dale Barney as Vice-Chair; Chuck Peters as Treasurer; and Perry Wood as Secretary.

Mr. Sample: That's a motion. Is there a second?

Mr. Barney: I second.

Mr. Sample: Thank you, Dale. Any discussion?

Mr. DiPaolo: In light of what happened with the two young ladies here who aren't able to participate because of the Articles that need to be amended, would it be possible if we delayed this until such time that they are back on board? Would that be possible? Solicitor?

Mr. Wachter: The by-laws, Mr. DiPaolo, indicate that the Authority shall organize within the first ten days of April of each year. We did waive that at the last meeting. That organization would include the appointment of officers.

Mr. DiPaolo: Under the circumstances, could we waive it again until we have a full Board back?

Mr. Wachter: I believe that if we had the power to waive the ten-day requirement within the by-laws, that same thing would hold true for the appointment of officers. One provision doesn't carry any more weight than another, so that would be a vote. You would need a motion, a second to table that and then it would have to be a majority approval by the Board.

Mr. DiPaolo: Do we take care of Mike's first?

Mr. Wachter: You have a motion and a second, so you do have a motion and a second on the floor. A motion to table that would be something that would need to be disposed of first.

Mr. DiPaolo: I would make a motion that we would table this particular nomination of officers because of the fact of what has occurred with the two new members and that we hold off on doing that until such time that they are back on board. That way, it gives them a chance to vote for whoever they feel that they want to vote for.

Mr. Wachter: Mr. DiPaolo, would that motion include a recommendation that the current slate of officers would continue until such time?

Mr. DiPaolo: Absolutely.

Mr. Sample: We have that motion. Do we have a second?

Mr. Bagnoni: Second.

Mr. Sample: Any discussion of that?

Mr. Wood: So, we are voting on the table motion?

Mr. Sample: This is the motion to table and to extend . . .

Mr. Wachter: . . . to table the nomination of officers until such time as the appointments are legally effective.

Mr. Peters: I want to make sure before I cast my vote that I understand, and it's a little tough being remote. So, the motion is to table the nomination until that period of time when what happens? Somebody rules one way or another on the appointment of . . .

Mr. Wachter: Mr. Peters, the effective nature of the motion is that the current slate of officers would continue until such time as the Articles of Amendment are filed with the Department of State and the appointments of Ms. Wyrosdick and Ms. Presta are legally effective so that they can participate in the voting for officers.

Mr. Peters: I don't have an issue with that. I vote yes.

Mr. Barney: I don't have an issue in waiting, even though I had already seconded the other one. I don't mind everybody being involved.

Motion to table the nomination of officers carries 6 – 1, with Mr. Paris voting in the negative.

Mr. Wachter: The nomination of officers has been tabled until such point as the Articles of Amendment are legally effective.

Mr. DiPaolo: Thank you.

APPROVAL OF THE AGENDA

Mr. Peters: Mr. Chairman, before we move to that, I would just like to explain my situation where I'm at and ask advice from counsel on whether or not we should attempt to rearrange this agenda. First of all, I'd like to apologize to everyone that I can't be there; I'm in Kansas City with a client and I have limited time this morning. However, as the Treasurer, I did want to make sure that you all heard you heard my comments on the recommendation for the budget. I see the agenda in front of us, I don't know how many comments there are from the Chairman or the public or if there are any presentations but I do have limited time; I have about 30 minutes left. I'm willing to roll with this agenda if we're going to keep things moving.

Mr. Sample: There are no presentations and there are no comments. I don't view that 30 minutes as being a problem. If it is, we'll move you ahead. Or should we just amend the agenda and put him next?

Mr. Wachter: Mr. Sample, unless you have significant comments you want to give I believe we'll be at Treasurer's Report in about three minutes.

Mr. Bagnoni makes a motion to approve the agenda. Mr. Barney seconds the motion. Motion carries 7-0.

APPROVAL OF MINUTES – March 2018

Mr. Bagnoni makes a motion to approve the minutes as presented. Mr. DiPaolo seconds the motion. Motion carries 7-0.

DIRECTOR'S COMMENTS

There are no comments at this time.

COMMENTS BY THE CHAIR

Mr. Sample: I would like to apologize for not being prepared but I didn't think I would be here at this point.

PUBLIC COMMENT

Ms. Wyrosdick: I wanted to echo the comments made earlier by Ms. Presta. I too am very excited to be part of this Board and I look forward to hopefully a positive resolution of this issue. I think I can add a lot of value to the discussion and the direction of ECGRA. With that, I do thank you for tabling the item of the election of officers because I too would support some fresh new faces on the Executive Board.

I just wanted to make that known. Hopefully, as we go through the agenda and as we talk about some of the items that are on the agenda, if you would allow me just to provide some comment during that, I would appreciate that.

Mr. Wachter: If I may just comment on that. While I appreciate the efforts that are being made to ensure participation as a member of the public only, I do believe, given the intent of the County and the intent of this Board to do everything to assist in facilitating your appointments that you would have

the same ability to comment as an ex-officio member would on items before this Board. I think that is an allowance that this Board would make.

Mr. Sample: I would just like to say that I don't think that the County could have picked two better people than you and we are in full support of amending that; at least I am.

PRESENTATIONS

No presentations.

COMMITTEE REPORTS

a. Treasurer's Report – Mr. Peters: I am not sure if all of you have this up on your iPads or if it's up on the screen or not. The first part of this I would like to move through pretty quickly. You should have your March Balance Sheet; nothing unusual to report. It's consistent with where we've been going throughout the year. Profit & Loss – of course we're reporting on the last period of our fiscal year and as such, you see in essence our total annual revenue from a fiscal perspective and how that flows down through. You see next the Statement of Cash Flows. You all have this in front of you I presume?

Mr. Paris: Yes, we do.

Mr. Peters: So, the Statement of Cash Flows; where we start our cash position and where we end. Finally, the Schedule of Grant Reserves. Again, this document, for new members, shows where we have committed dollars because often it looks like we have more money than we have because we have made commitments to folks that have not completely drawn down on their grants. That's a really nice report to have to see where we are at with those commitments.

Then you see the Check Detail; where we wrote checks. And with that, I will take any questions of where we are at as of the end of March.

If there aren't any questions, ideally, we could take action on the report and then I'd like to talk about the budget after we get through March.

Mr. Wachter: Mr. Sample has stepped out for a point of personal privilege. Is our Vice-Chair able to take a motion on the approval of the Treasurer's Report?

Mr. Paris: Would anybody like to make a motion to approve Chuck's report?

Mr. Bagnoni makes a motion to approve the Treasurer's Report. Mr. Barney seconds the motion. Motion carries 6 – 0 (Mr. Sample is absent for the vote).

Mr. Peters: Thank you. The next thing I would like to talk about is the budget. Last month we went through the budget; unfortunately, I don't have it in front of me – I assume you all do. I wasn't able to get to it on the SharePoint so I apologize. There's really one change that I need to address from what you saw last month and that is that I received an email from Attorney Wachter reminding me, as we were discussing cost of living increases, that our Executive Director is under a contract. That contract does have provisions for annual increases.

We have created a budget that shows that annual increase. I'm not sure if I missed it on the SharePoint or if you all have it in front of you; if anyone there can help me out in letting me know if you have it.

Mr. Paris: Chuck, it's in the Resolution area; Number 6 and Number 7.

Mr. Peters: I got it.

Mr. Wachter: There are two resolutions so Exhibit A is Draft Budget A and then there is Exhibit B, which is Draft Budget B, which reflects the increase.

Mr. Peters: Right. I got it. I was looking under my report for that. So, in essence Resolution Budget A is without that increase which, I don't know if you want to comment on that Tim as to how that would affect the contract that we have with Perry. But the second one includes that increase.

Mr. Wachter: I don't have Mr. Wood's contract in front of me right now, but I do believe that there is a minimum CPIU increase that is guaranteed, not to exceed a certain percentage unless the . . . I think the contract says that there is a minimum CPIU increase not to exceed 3% unless the Board would vote to do so. Mr. Wood, is that fair?

Mr. Wood: Yes.

Mr. Wachter: Mr. Wood says that is a fair representation of the contractual provision.

Mr. Peters: So, when it comes time to take a vote on this budget, my recommendation to the Board would be that we approve Budget version B. Certainly, if it pleases the Board to ratchet that down to the CPIU increase, whatever that was, we can calculate that and include that. But I would like us to take action on this so that we can move forward. I'm certainly willing to take any questions about that.

Mr. Wachter: Mr. Peters, the CPIU for the period of 2017 was 2.1%.

Mr. Peters: So, it might make sense and certainly we can pass it as A with no increase which would put us out of compliance with our contract with the Executive Director, we could pass Budget B with the 3% increase which would put us above the COLA, or I suspect that we could pass a Budget B with a 2.1% increase instead of 3%. Beyond that, the budget is largely the same. I don't know if there are any other questions.

Mr. Sample: Point of clarification – the 3% is attributed to all three employees, is it not?

Mr. Peters: Yes.

Mr. DiPaolo: Mr. Chairman, I would renew my motion to table the raise only with the fact again, until we determine what we are doing with the two girls, the two young ladies I should say, in regards to waiting for them to come back on board so we can look at this again and basically go from there with it. Only because the fact that hopefully, within a short period of time, they will be back on board with us. So, that's why I feel that maybe we should wait on that particular item until such time as they're back on.

Mr. Sample: Technically, that's under new business. We're just discussing now. There won't be a vote at this point.

Mr. DiPaolo: Okay.

Mr. Sample: My feeling is that if we are contractually obligated, I don't want to end up being out of compliance.

Mr. DiPaolo: I'm sure if in fact we, as a group, decide that's what we want to do, then we would just take a vote on it and that would be the end of it. But that's my concern.

Mr. Wachter: We are not at a voting point yet but I will just add a few comments from a policy perspective. If that is the way that you would like to go, we would need another, what we've determined to be a continuing resolution to allow for continued spending, or you could adopt Budget version B which has the 3% in it with the caveat that you are not authorizing such expenditure until such time as the appointments are effective. That way, we don't have to continue with this continuing resolution; we can have a budget in place that would have the allowance of the expenditure, but you would not authorize such expenditure until the appointments would be effective.

Mr. Logue: I don't know. I think you're putting too many sprockets into the wheel here. I think that if we are just going to do this or we wait until . . .

Mr. Peters: I'm sorry. Whoever is speaking, I can't hear you.

Mr. Logue: I'm sorry Chuck. It's Tony. I think we should wait on that. I think that what you're proposing, Tim, just kind of compludes everything. I think we should just kind of hold off until we make some kind of decision with respect to the two other appointees.

Mr. Sample: Again, it's just discussion at this point.

Mr. Wachter: We'll deal with that under New Business, but I wanted to put that out there for consideration.

Mr. DiPaolo: That's fine. Thank you.

Mr. Peters: I have one other thing to report and that is Resolution Number 3. Last month I had spoke of a credit card policy which I was also hoping that we would take action on. I'm curious if the intent today is to table everything today until the new Board members are part of the group, we could probably save ourselves a lot of time by just doing that. It seems unusual to me that we would table certain of these waiting for the potential of the two new directors but move forward with others.

I had three items; I appreciate everyone passing the report but we also have the credit card policy, the budget, and then there were Summer Jobs and other requests for funding. So, I'm just curious that if that's the direction we're headed with this meeting, maybe we can just speed it up.

Mr. Sample: I, for one, would encourage us going with Draft Budget B and just moving on even if we adjust it to the COLA. Again, that's something that we're going to be voting on and if we want Mr. Peter's input, we're going to need to move forward so that he can be here for the New Business. Mr. Peters, have you completed your report?

Mr. Peters: I have nothing further unless there are questions about the credit card policy.

Mr. Wachter: I believe we do have a question.

Mr. DiPaolo: In regards to that, I don't want to beat a dead horse but I think the new members should be a part of that too – whether or not we adopt a policy for a credit card being used. I didn't get any information on it. I called Tammi and explained that for whatever reason my computer I couldn't get it. So, I have no idea what we're talking about as far as the credit card to begin with. Not just because I'm not aware what is going on with it, but I think we ought to wait and address that when we address everything else with the new members. That's my opinion.

Mr. Sample: If we do accept a credit card policy, that could be amended later, could it not?

Mr. Wachter: You could change it at the will of the Board.

- b. Regional Assets Committee: Mr. Wood: There is nothing to report.
- c. Strategic Planning Committee: Mr. Paris: There is nothing to report.
- d. Update from County Council: Dr. Foust is not present.
- e. Update from County Executive's Office: Mr. Lee: Thank you Mr. Chairman. Good morning. I just want to give an update on the Summer Jobs Program. I know that we have a resolution on hand but I am going to speak about some of the highlights and where we're headed and then answer any questions.

Back in 2014, the Dahlkemper administration along with ECGRA and the Erie Community Foundation worked together to come up with a program to really be proactive as opposed to reactive as it pertains to our youth and to help them with job training and workforce development. We came up with the Summer Jobs & More Program. This is a program to date where I have seen over 600 students complete the program, we've invested \$1.2M collectively into this program, and it is very positive for our young men and women.

It is a County program; currently, we have about 70% coming from within the City of Erie and 30% coming from outside the City of Erie. It did fall a little bit last year but we are working with GECAC, who is the administrator for the program, to share with him the importance of getting a better balance. The ultimate goal is 50/50; 50% inside the City of Erie and 50% outside the City of Erie. They have been given their marching orders and they will proceed to work on that particular mix.

In saying that, the breakdown for the funding of that program is \$150,000 from Erie County, \$150,000 from ECGRA, and then \$60,000 from the Erie Community Foundation. We were able to obtain funding from Gannon University, Erie Insurance, and National Fuel.

This year, the numbers that we are targeting is a total of 175 students for the entire program. We are adding and expanding the interviewing process. I feel that it is very

important to keep this program as real life as possible so we will have students being interviewed for the program.

The interviewing session is mainly a coaching session to share with the young men and women to help them develop their interviewing skills. Again, we're not expecting to weed anyone out, but we really want to make this of value to these young men and women to put them in real life situation and give them feedback as far as improving what they need to do.

The program criteria is you must reside in Erie County, the age group is 16 – 21, and then there are some federal guidelines as far as income restrictions that go along with the program. We will be expanding our service project and we will be teaming up with ServErie on their initiative because we feel it is very important that the students learn to give back and to pay it forward. We're very excited about that aspect of the program.

If there are any questions or any types of concerns, I would be more than happy to address them at this time.

Mr. Logue: It's not a question more as it is a concern. Last time we spoke on this, and you know I'm very big on this project, but if the community college comes to fruition here in our county and when we come to revisit funding, I want some type of or have the Authority to create some type of endowment for students that do well during the summer program or we have something built in to provide some type of . . . As a community college, I understand that the tuition base might be very low but I want some type of, I guess the correct word would be I guess I would consider it a reward or award, that if they do well in the summer program that we're going to show them that we'll continue with them. Seeing that we're putting some additional items on their backs, so to speak, that we do have something to offer them. This could be years down the road.

Mr. Wood: Like a scholarship.

Mr. Logue: A scholarship. However we could do it, I think that would be something that could help. Understanding, I don't even know what the status is here of the community college in Erie County anymore; if that's going to be coming or not.

Mr. Lee: Very good point, Mr. Logue. I can give an update on the community college. Are there any other questions about the Summer Jobs Program? Again, we look forward to continuing on with our partnership with ECGRA and we're excited about going into our fifth year.

Community college update – where we left off is the County submitted the supplemental information down to Harrisburg. It was a pretty extensive response; the State Board of Education provided five pages of questions. Our response to that amounted to 31 pages in response. So, the State Board of Education has the information, the Special Review Committee has the information, they are working in conjunction with the State Department of Education to provide us the findings and recommendations dealing with the community college.

We have been told that in their May meeting coming up, the State Board of Education is going to give an update as far as all of the information that they have collected. The Special Review Committee is going to go back and analyze this information and they are planning to have a recommendation to the full Board the second week of July (because they meet every other month). It is our hope that by the middle of July we will know one way or the other whether the community college has been approved for Erie County.

Mr. Logue: Thank you.

Mr. Sample: Unless there is an objection, I would like to move to New Business so we can have the full Board present to go over the resolutions.

NEW BUSINESS

- a. Resolution Number 9, 2018 – Resolution to adopt the funding for the Summer Jobs & More Program.

Mr. Barney makes a motion to adopt this resolution. Mr. Paris seconds the motion. Motion carries 7-0.

- b. Resolution Number 10, 2018 – Resolution to accept the credit card policy.

Mr. Paris makes a motion to accept the credit card policy. Mr. Barney seconds the motion.

Mr. DiPaolo: I would like to bring up again, Mr. Chairman, that basically I think we ought to table this until such time that the two Board members are on board. As I have said before, I have no idea why we are even doing this.

Mr. Peters: If I could interrupt for just a moment, Mr. DiPaolo. The reason for doing this is the County Controller suggested it. We already have a credit card, we already use the credit card, this policy indicates that there are rules and regulations surrounding when that card can be used. Primarily suggesting that staff can't use the credit card for personal reasons and that it's got to be work related and documented. While I absolutely respect the fact that we want to include our two new potential directors, this is a practical matter. The credit cards exists, the organization uses the credit card, I would highly recommend that we take action on this.

Mr. Sample: And again, this could be amended at any time.

Mr. DiPaolo: Let me ask you this, Chuck. If you know, was there an audit done by the County Controller that says this and that's why this was brought up? Do you know why, all of a sudden, the County Controller came in and . . .

Mr. Peters: She asked me if we have a credit card policy and I said, "No, but I'll bring it up" which I did last month. It's a best-practice to have one. But no, there was no audit done and she didn't have any concern or suggest that we shouldn't have a credit card. She suggested that it is a good idea to have a credit card policy. So, this is not a result of some issue. This is simply an administrative action to document something that is really a practical matter and that I'm confident that our staff understands already. At the same time, I think it's a good recommendation and I see absolutely no harm in moving forward with it.

Mr. DiPaolo: Thank you.

Mr. Logue: Mr. Chair, if I may. I have a couple of comments that I can incorporate with what Mr. DiPaolo stated; one of my arguments. I had the opportunity to read the credit card policy with the Solicitor. His opinion and mine differ a bit but the language in there is a bit troublesome. The language in there, and God-forbid this would happen, that we basically

would take action to more-or-less sue the individual to return the funds. I would look at it if someone was stealing like that, they should be prosecuted criminally. I think that would give them somehow some leeway to say, "Hey, I signed this contract. That's more of a civil action. You can't bring me into criminal court."

Secondly, if I read this correctly, the monies would be withheld from their paycheck to cover whatever expense might be there. I think that runs afoul with the Pennsylvania Department of Labor, their Wage and Hour Division. What I request we do is, we do table this so we can have somebody, and Tim said that the auditors suggested this language, that if we could have one of the auditors come and explain this to us as a Board or to me individually, why that language is there and why it doesn't run afoul to Pennsylvania Department of Labor and Industry, I'd be happy then.

That's what I'm asking is that be tabled until that time.

Mr. Sample: Again, anything can be amended. We have a motion and a second, we've had discussion. I'm assuming we take a vote?

Mr. Logue: I think we vote on the table.

Mr. Sample: Or do we vote on the table?

Mr. Paris: We would need a motion and a second on that.

Mr. Wachter: Mr. DiPaolo, are you making a motion to table?

Mr. DiPaolo: Yes, I would like to make a motion to table this until we can get some more information, like Tony said, from the auditors plus with the new directors being on board.

Mr. Logue: I second that.

Mr. Sample: Let's have a roll call vote on the tabling.

Motion fails 3-4, with Mr. Paris, Mr. Peters, Mr. Barney, and Mr. Sample voting in the negative.

Mr. Sample: We have a motion and a second to approve the resolution. Let's have a roll call, please.

Motion carries 5-2, with Mr. Logue and Mr. DiPaolo voting in the negative.

- c. Resolution Number 11, 2018 – Resolution to approve the 2018-19 Budget. I guess we need some clarification as to whether we are going with Budget A or Budget B.

Mr. Wachter: It depends on whoever makes the motion.

Mr. Paris: I make the motion that we accept Resolution Number 11, 2018, Budget B.

Mr. Barney: I second that.

Motion carries 5-2, with Mr. Logue and Mr. DiPaolo voting in the negative.

Mr. Sample: Now we will go back to the Report of the Executive Director. Chuck, I appreciate you hanging in there with us and I appreciate everyone for being on board.

Mr. Peters: I appreciate your understanding of the fact that I couldn't be there in person and I thank my colleagues for their patience with the technology.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: I am going to be brief. The full report is in the Executive Director's download section of SharePoint. The staff has reviewed the Summer Jobs Program with the County and the other partners and we're making a recommendation that we continue, so we appreciate you passing Resolution Number 9. The credit card policy, as mentioned, has been reviewed with our auditors, it was a template provided to us by our auditors. The ideal place to receive a credit card policy is from the auditors seeing as they are the ones to review those policies as part of their audit every year. We appreciate you passing the budget.

The next thing is that we are going to request that you open up Mission-Related Investments. This would be the third round of MRI's. This is known as Impact Investing. The first round was in 2015, the second round was in 2017. It took us some time to tweak it between the two but we are ready to open up the third round.

Instead of giving you the whole presentation, I'm going to let you look at it in your leisure on the SharePoint site. In essence, I have information on here particularly for the new Board members on what is impact investing, what does the ECGRA strategy look like in impact investing (this was all passed back in 2015), what does the timeline look like, and then some practical questions that I had anticipated. Those questions are, what was loaned?, To whom was it loaned?, and what has been paid back? Finally, what was the impact of those funds? And what is the flow of the next steps?

I talk a little bit in here about how the impact investing is tied to the community development tradition, stemming from the CRA Act and how early on in the United States philanthropy partnering with government was the bridge to get this to the point where folks that were in grant-making positions or that were in philanthropic positions realized that you just couldn't get everything done; you needed to fine-tune the community with grant funds and it often made sense to make impact investments instead.

Then I go on to talk about the impact investment strategies; the four areas. First of all, there needs to be a targeted impact, that there's financial risk and return associated with it, that there is a geography element to it, and finally, what is the level of engagement with ECGRA in this circumstance?

A little bit about targeted investment; you can see here how it's related to the Strategic Plan of ECGRA as well as the things that we track during our impact. This chart is a great illustrative example of the different levels of funding that we have participated in; not necessarily asset classes, but when it comes to where companies are at in the formation investment process.

A little bit about financial risk and return. This chart was created by the FB Heron Foundation and I think is very helpful in explaining the difference between a market-rate investment that a bank might make for example or a mutual fund versus what we're doing here at ECGRA. If you look here in the center, where the guarantees are, that is kind of the fulcrum of display; everything to the right is market-rate, everything to the left is what would be a local government or economic development in the impact investment which is known as the below-market rate. Those are the different vehicles listed there; cash investments, taking senior loan position, some type of subordinate loan position or some type of quasi-equity position.

But there are other types of risk to talk about as well. There is, of course, financial risk, but when you make a mission-related investment, there is also reputational risk to keep in

mind. But I would say that it is balanced with opportunity risk; what will happen if we don't make the investment?

And finally, geography. We are able to negotiate with everyone that we have had a mission-related investment with to target these funds to Erie County in a way that has been satisfactory to the Board both legally and from a programmatic standpoint.

Level of engagement – ECGRA's level of engagement is kind of an interesting discussion because we do not have an asset manager on staff to analyze these. We do it based upon our impact investment policy, we do it based upon past practice of the organizations that we are investing with. As a result, we look at a series of things that are in what we call the prequalification packet, which you have a printed copy in front of you for that.

A little about asset allocation. Our impact investment statement calls for three different asset classes – cash, fixed income, and alternative investments. Normally you would have a very small percentage of alternative investment and much larger in fixed income. However, as an economic development authority, we exercise the inverse of that. Most of what we do is in fixed income still, but there is a higher significant amount in alternative investment. You'll see that with seed-funds like Erie Innovation Fund as well as what we recently did with 1855 Capital.

Here's an example of where some of the past investments that we have made fall into the risk as well as the vehicle status of what we have made. You'll see the Enterprise Development Fund is in the subordinated loan position, whereas the Erie Innovation Fund is a quasi-equity grant concept; what Tim calls the Groan (Grant/Loan) Concept, as well as what we've done with CIBA where we are in a senior loan position. 1855 Capital is more toward the grant support/equity position, sometimes the most convertible debt equity.

The impact investing timeline – in 2014, we adopted the impact investing policy, we began to implement it at the end of 2014. The first round of MRI's was awarded in November 2015; it took a substantial amount of time in that first round and we did a lot of reflection as well as data collection between 2015 and the second round in 2017, when we made the second awards. So, we're asking you as a staff, to open up MRI's for the third time this month.

A little bit about anticipating your questions. Some have asked us, "What exactly do we have out on the street?" This chart is a great summary of it. We have awarded a total of \$7.1M in Mission-Related investments to the entities listed; only \$6.175M of it has actually been drawn down. The big difference there is the Penn Venture Partners concept was never negotiated and therefore never closed because Penn Venture Partners Fund #2 never got up and running. However, the other groups that were properly vetted have gone through and there you can see them as a summary.

Another anticipated question – what was paid back? We have a subordinated loan positions with these entities. You can see here that the Enterprise Development Fund is who we've had a relationship with the longest, dating back to late 2010 and 2011. You can see there the interest that has been paid back; they have never missed a payment. They have been in compliance since that original proposal (since the original grant agreement). Now we have the Progress Fund, which is the newest. Bridgeway Capital is the second entity, or CDFI that we came into relationship with and that was the Erie Growth Fund just as a reminder there. Corry Industrial Benefit Association was the first Groan that we did; we're not sure where that project is headed. We had a \$50,000 low-interest groan concept with them. I will come back to this if there are still questions later.

What is the overall impact? The overall impact, back in 2016 when we did our economic impact study, I can tell you that the focus of what happened with small business development financing was significant. In fact, what we found was that there was a 6:1 return on investment; for every dollar that we put into one of these small business loans, there was another six dollars invested or leveraged somehow. That is probably one of the most significant economic impact figures that we have seen. It certainly was for the economic impact report. So, what did that do? It effectively created 573 jobs, and \$2.9 million in tax

revenue as part of an overall impact of \$87.2 million. Just to put it in real numbers, at the time of 2016, we invested \$4.1 million which was leveraged to \$24.2 million.

So, what does it look like for us to go through an MRI process, especially if you haven't been here before? First, there is a prequalification packet that is requested. There is a copy of the prequalification form in front of you. That asks for all the relevant information pertaining to mission and past performance. Then there is a staff review; they are thoroughly vetted at a staff level to make sure that all the information is accurate and all the questions are answered. Then we kick it to a committee of the Board, which is typically every member of the Board; that committee can come up with a recommendation out of discussion with the staff as to whether or not to move forward with an MRI. Then it would go into the form of a Board resolution, we would have discussion on it and vote on it at the Board level.

I'll take any questions at this time. I can talk about past performance, I can talk about other MRI's that we have made, I can talk about what the process is.

Mr. Lee: Thank you, Mr. Wood. The information is very helpful to illustrate the impact that ECGRA has made and hopefully the impact that ECGRA will continue to make. I just have a question. Shaping Tomorrow Grant Program with the Erie Community Foundation; as you are aware, the LOI's for any particular organization that wanted to be a part of it were submitted back in March. The Foundation has allowed the individuals or various organizations to have applications submitted. My question is this, will ECGRA be participating with the Erie Community Foundation in that process?

Mr. Wood: So, separate from impact investing, yes. We have had discussions about continuing the Shaping Tomorrow relationship at the ECGRA level and we have been involved in discussions at the Letter of Intent level. I have interacted with the Vice-President of Community Impact at the Community Foundation level. Of course, it's completely up to the Board but we talked about setting aside \$500,000 for that process. Erie Community Foundation has approximately \$2 million set aside. I planned at the May Board Meeting to brief the Board as to where we are at with that.

Mr. Lee: Great. Thank you.

Mr. Bagnoni: I have a question. How much money did the Ridge Policy Group bring us last month?

Mr. Wood: There is a report in the Director's Report about the activity of the Ridge Policy Group.

Mr. Bagnoni: I'm talking dollars and cents. How much?

Mr. Wood: No grant dollars.

Mr. Bagnoni: That's all I wanted to know.

Mr. Sample: There is a meeting scheduled for next week, correct?

Mr. Wood: Yes. In fact, there is a flyer in your packet on the details of that meeting.

Ms. Wyrosdick: I did have a question, thank you Perry, on some of the individual performances of these. Is there an opportunity, I know that the Enterprise Development Fund there was some challenges with that fund, an opportunity to do a "lessons learned" before going into approving the next round of MRI's? If you want to talk about that, that would be helpful. And the process.

Mr. Wood: So, the question is about the Enterprise Development Fund and the lessons learned from that. I think one of the biggest lessons learned is ECGRA has to be careful to the extent to which we are a participant in the fund. With the Enterprise Development Fund, we are well over half of its value at this point. Tim, I think it was 60% of that fund. Is that what it was approaching?

Mr. Wachter: Yes.

Mr. Wood: That's overexposed. And even though they are the Erie County based CDFI, we certainly felt the pressure of that overexposure once they were at risk of collapsing. That, of course, is what precipitated the renegotiation of their terms. So, I would say that that's probably the biggest lesson I learned in this process. It's difficult to compare these like apples to apples because they all have different sweet spots. The Progress Fund, for example, is focused on retail in rural areas whereas 1855 Capital is looking mostly for technology-based start-up companies, specifically in the pre-seed to seed level. The Erie Growth Fund, Bridgeway Capital, they're more interested in Series A, Series B growth capital financing; more of a working capital type entity.

If you're comparing apples to apples at how many jobs they created for each financing structure really requires us to look at where the gaps are in the financing and determine whether or not they are effectively doing their job in filling those gaps that are in the market place.

Ms. Wyrosdick: I assume they submit progress reports to ECGRA and those are reviewed by the Board members as well?

Mr. Wood: Those quarterly progress reports are available electronically. No, the Board does not review those on a quarterly basis; the staff does.

Mr. Wachter: But they would be available to the Board if requested.

Mr. Wood: If somebody wanted them, absolutely they would be available.

Mr. Sample: To Kathy's point, with the Enterprise Development Fund, we actually turned them down. We went to two meetings with them and had meetings with him and they wanted additional funds. We as a Board did receive some outside pressure to go ahead and fund them. We didn't and then they failed; but they were destined to fail. We were wise to not fund them further. To your point, it is a learning thing but one thing we have learned is that no matter how much outside influence, we still have to make a good decision. Part of it was, and I hated seeing it not work, but the inland port – when we talked to them and asked them what the feelings of the people of Harborcreek were, we were told it really didn't matter because he was going to do it anyway. We thought it was a wise decision to avoid that.

Mr. Wood: Just a couple other things in the Director's Report; we did hold a Renaissance Block workshop and launched that program effectively, as well as Anchor Building, we launched that. Today is the first public announcement of Anchor Building; we have a roundtable discussion about the goals of that program as well as the county cultural heritage plan. And finally, Multi-Municipal Collaboration has launched.

Mr. DiPaolo: In regards to the Renaissance and the Anchor, prior to you presenting that to us, did you know what areas this was going to; what areas you were going to target? The only reason I say this is I saw on TV last week that the West Bayfront was in line for this. If that's true, just that area or could it be anybody?

Mr. Wood: Before we bring a set of guidelines to the Board, we often do a set of focus groups with the potential grant recipients themselves, so we sit down and have a conversation with them.

Mr. DiPaolo: Okay. When does the Board find that out?

Mr. Wood: The Board is part of the process. It starts with the Board. The Board approves the concept whether it be in a planning committee or at the Board level; that's what happened with Renaissance Block. Then it went to a focus group level, and then it went to draft guidelines. Then the Board discussed and approved the draft guidelines.

Mr. DiPaolo: So prior to us voting on these, so I understand, this all comes to the Board so the Board knows exactly where this is going.

Mr. Wachter: Mr. DiPaolo, I think I see where the confusion is here. The guidelines have been approved, there are entities that are expressing interest in applying for the funds. When they apply, it will all come back to the Board for approval. The applications are not yet due, so there is not an approval for the funding for you to look at yet.

Mr. DiPaolo: Okay. But for a specific area, you don't target that?

Mr. Sample: It's county-wide. Anybody that qualifies can apply and then they bring it forward and then we decide.

Mr. DiPaolo: Okay. That's all I wanted to know.

Mr. Wachter: There are just some groups that are more excited than others.

Mr. Sample: And some feel that even a blind squirrel finds a nut once in a while and they'll apply to everything.

Mr. Wood: Are there any other questions? Thank you very much.

SOLICITOR'S REPORT

Mr. Wachter: If I may, I'm going to limit my Solicitor's Report to comments regarding the Knowledge Park lease, to respond to Mr. DiPaolo's question from last month and I would like to do that in executive session. If there are other items you would like to address first . . .

Mr. Wood: Yes, why don't we pass the MRI's first before we go into executive session. Is that okay?

OLD BUSINESS

- a. Knowledge Park Lease – to be discussed in executive session following the remainder of Old Business
- b. Opening of Mission Related Investment (MRI) Prequalification

Mr. Wachter: The only item left is the opening of the MRI Prequalification.

Mr. Sample: Let's go to that. We are looking for a motion to open the Mission Related Investments.

Mr. Paris makes a motion to open this round of MRI's. Mr. DiPaolo seconds the motion. Motion carries 5-1, with Mr. Logue voting in the negative (Mr. Peters had left the meeting prior to the vote).

Mr. Sample: Do we need a motion to go into executive session?

Mr. Wachter: We do not need a motion to go into executive session unless there is an objection. If there is no objection, would the Board permit Ms. Presta and Ms. Wyrosdick to participate in that executive session?

Mr. Sample: Not only permit, but I would encourage that.

Mr. Wachter: As long as that is fine, can we please turn off the recorder and close the door and talk about the lease item?

The Board of Directors enters into an Executive Session. The Board comes out of Executive Session at 10:09 a.m.

Mr. Sample: We are now out of executive session and we are dealing with the Knowledge Park lease.

Mr. Bagnoni makes a motion to extend the Knowledge Park lease for a period of one year. Mr. Paris seconds the motion. Motion carries 6-0.

Mr. Wachter: If I can please ask that the minutes reflect specifically that Mr. Peters was not here during the point of discussion, he was not here during the executive session, and did not participate in the vote.

ANNOUNCEMENTS

Ms. Wyrosdick: I have one other question before we adjourn; I should have asked during the Executive Director's Report, excuse me. Just a request for the Ridge Policy meeting next week, I see that there are a number of focus groups or stakeholder meetings scheduled starting at 1:30 p.m. Would it be appropriate of me as an ex-officio Board member to attend those?

Mr. Wood: Absolutely! Encouraged.

Ms. Wyrosdick: I wasn't clear if I could attend all of those.

Ms. Presta: Mr. Wood, I am clearly missing something because I see the same agendas for Day One and Day Two, but the date of this is when?

Mr. Wood: Those are next Thursday and Friday.

Ms. Presta: Is it on here? So, Day One is Thursday the 26th and Day Two is Friday the 27th?
Thank you.

ADJOURNMENT

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