



Erie County Gaming Revenue Authority

Minutes of the Board of Directors' Meeting

December 14, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on December 14, 2017 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 (via phone), Mr. Barney, Mr. Paris, Mr. Sample, and Mr. Yaple. Mr. Breneman, Mr. Lee (arrives late), Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

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

APPROVAL OF MINUTES – November 2017

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

COMMENTS BY THE CHAIR

Mr. Sample: I would just like to recognize Jay Breneman who has been a fantastic support as our liaison with County Council, as well as recognize James Domino, who is not here today. Mr. Paris has a token of our esteem.

Mr. Paris: We would like to present you with this plaque as thanks for your service to this Authority.

Mr. Sample: Jay, we are very appreciative of all your efforts. You've been very supportive and I don't think we could have asked for a better liaison. I also appreciate Jim Domino and the time that he put in and his efforts.

PUBLIC COMMENT

None.

PRESENTATIONS

None.

COMMITTEE REPORTS

- a. Treasurer's Report – Mr. Wood: Mr. Peters is unable to be here, so if it is okay with you, Mr. Chairman, I will give that report. You'll see the standard reports. The first is the Profit & Loss and you'll see that there has not been any flow of gaming revenue. So, gaming revenue has not continued to flow from the State despite the fact that gaming legislation has been fixed. We're not sure when gaming revenues will flow again, but we'll let you know and we will update the Revenue Dashboard as soon as that happens.

You'll see standard savings interest, as well as interest from the two Enterprise Development Fund loans, which we are going to talk about restructuring today; the Bridgeway Capital investment, and our newest investment, The Progress Fund.

You'll see that we are under budget in most categories. We're eight months into the fiscal year from that perspective. You'll see in the Grant Categories that we have spent the majority of our grant-year funds at this point in the year-to-date column.

Moving over to the Balance Sheet, you'll see the standard checking and savings along with the Notes Receivable that we currently have outstanding. There is also the Cash Flow Statement included, as well as the Budget vs. Actual which shows you that we are on target. We have gone over in a couple of areas but for the most part, we are on target with standard expenses. Does anyone have any questions about the Budget vs. Actual? I know there is a lot of information on that report.

The Schedule of Grant Reserve shows that there is no new amount to put into the Restricted Funds because we don't have any new revenue stream; we haven't had any new checks cut to us from the State or the County. You will see the Disbursement Detail with the funds that we have done this year, bringing us to a total disbursement of just over \$1M. Committed Funds remains the same; we didn't have any major drawdowns from that fund except for the Summer Jobs Program (just over \$4,600) so that brings us just shy of the \$150,000 that we committed to that program.

Finally, the Check Detail is there for your inspection. Of course, if you have any questions, I would be happy to answer them at this time.

Mr. Sample: Are there any questions of the Treasurer's Report?

Mr. Barney makes a motion to approve the Treasurer's Report. Mr. Yapple seconds the motion. Motion carries 5 – 0.

- b. Regional Assets Committee: Mr. Wood: Mr. Chairman, the Regional Assets Committee is currently working on the Mission Main Street grant which was due December 1, 2017. We have those grants available on the Foundant system for your review at this time for those who would like to be part of that due process. Mr. Maggio is here to give an executive summary of what has come in. I do want to commend Tom; we've worked really hard this round to make sure that every Borough that was eligible was able to come forth and put together some type

of proposal for Mission Main Street and I'm really pleased with the results. I've asked Tom to give a five-minute synopsis of the grants that were submitted.

Mr. Maggio: In the season of "It's A Wonderful Life", there are parallels with this movie and Mission Main Street and community banking and the role that we play. As Perry mentioned, we reached out and talked to the representatives of the communities, because we only had three applications last year. This year we have ten. A big part of that is the role of Preservation Erie. They stepped up and offered their services to administer these grant programs and give them some guidance; that's why we got to that total.

I'll just go over these ten briefly. We have first-time participant in the Borough of Edinboro. This is in partnership with the University and the Borough; it's a great thing to see them working together. The Borough of Girard is another first-time participant, in conjunction with Preservation Erie and they are going to be working on their historic downtown.

The Borough of Union City is another first-time applicant and will be working with Preservation Erie to focus on their downtown. It's a great partnership and a great start with Preservation Erie. One of the regulars is Downtown North East; they have been a participant for four years. They have been very effective in putting the money to work and they are going to be focusing on the Historical Society Building, and they already have the match to move forward.

Another one of our regulars is the Erie Downtown Partnership. This will be their fifth year and by the end of this round, they will have at least 25 facades in downtown Erie improved with our funds, so that is significant and we can see that when we travel downtown.

Impact Corry is another organization that has done some great things with our funding. They are going to be implementing a master plan. Perry and I went to Corry and saw the work that they have done in their downtown. They are working on some signage to connect people from the bicycle trails to the downtowns; that is very important.

Another first-timer is Lawrence Park Township. This is on the heels of the National Register Historic District work that they have been doing that we funded. They are going to be working on their downtown; they are in competition with Buffalo Road, so this is going to be important for them and we're happy that they are participating.

Preservation Erie has decided that they want to provide funding for people that aren't going to have a full-blown program, so there can be a county-wide façade program to really focus on those key heritage buildings. We've talked to them about working on the Route 6 Corridor, including Waterford, because that's a state scenic by-way and we'd like to devote some resources there. We've done several projects with Preservation Erie and Erie Yesterday to promote that corridor so this is going to be helpful in keeping those things moving.

Another non-profit that has stepped up is the Sisters of St. Joseph Neighborhood Network. They have more-or-less adopted the area on Peach Street between 26th and 21st; they've rebranded it and call it Independence Hill. There are a lot of great businesses there. Bridgeway Capital has made loans to three businesses in that corridor. It's really moving forward and they are going to do a mini-plan as to how they can address the improvements there.

Finally, there is another community group and that's Union City Pride. They have stepped up and are working on an ambitious streetscape project. They are working in conjunction with the Borough of Union City so everybody is on the same page to maximize the improvements so they really stand out.

Those are our ten applicants; the total request is \$145,000 but with the matching amount, the total is an over \$300,000 investment in Erie County. I look forward to seeing these projects come to fruition. Does anybody have any questions?

Mr. Sample: Tom, I would like to thank you for your efforts with this. I know that sometimes it is very difficult to get people to apply for free money. It's never made sense to me. I know that you and Perry went down there and really worked hard to get these applicants to understand that this is really for their benefit.

- c. Strategic Planning Committee: Mr. Paris: Good morning. The Strategic Planning Committee met last Tuesday and for those that weren't there, I will just review what we had discussed. First, we went over the legislation compliance review. The Committee reviewed the new gaming legislation and discussed how to address it with the input of the staff. The staff is creating a secure website for financial information to be available for the public's view. The Authority has been a target of scrapping or phishing, and I don't know if any of you gotten emails, but with the attacks from recent years, the secure page was advised by the IT experts to protect ECGRA from computer fraud.

What's happening is that we are getting emails from somebody saying, "We are so-and-so..." but they are fraudulent emails.

Mr. Wachter: It is my understanding that there would be emails that somebody would receive from Perry or Tom, supposedly, that would say, "Please transfer \$35,000 to this particular account." And those are fraudulent emails; scrapping attacks.

Mr. Wood: I didn't pay attention to those at first but I started to document them. We have had four different occasions where someone has either impersonated Mike Paris or Dave Sample or Chuck Peters and requested a transfer of funds.

Mr. Paris: I just got one a couple of days ago.

The second thing we went over was we reviewed the Pilot Project Guidelines. The Committee reviewed the Memo prepared by the Executive Director which included Draft Pilot Project Guidelines. Everyone agreed that the Board should discuss them at the December board meeting. Tim was instructed to give the guidelines a legal review that we'll discuss under his report. Two phrases were used to describe these Pilot project concepts – capable of repetition and the ability to replicate county-wide. Pilot concepts are intended to be projects that fall inside of the ECGRA grant-making framework but are of interest in addressing economic development in the region. They culminate with an institutionalized review to evaluate the pilot and learn from it before deciding on whether to create a grant program around it. The Committee is also recommending that ECGRA adopt a grant-making budget for the 2018 calendar year.

The third thing that we went over was the Sustainability Fund. The Committee reviewed the Memo prepared. ECGRA has been discussing longevity of gaming funds of over several years now. The Committee asked the board to consider two questions: "Should ECGRA create additional endowments?" and "Should ECGRA create a new endowment at ECF or separate entity?" As part of that dialogue, we asked the Solicitor if ECGRA can legally pay for the creation of a 501(c)3 that would create sustainability for economic development. The answer is "Yes" and it is contained in a Memo from Mr. Wachter that a new entity with a Board would need to be created. The ECGRA Board could double as the Fund's Board, just as Councilman Foust is suggesting with the double-board as the NIRF Board.

The Committee consensus is, "yes, we could create sustainability" and "yes, we should be separate from the Erie Community Foundation." In recent years, the Foundation has moved toward short-term funding bursts that they call Transformational Funding. This new

Fund would focus on the sustainability of projects that are evidence-based and have been studied for effectiveness.

We moved on to a restructuring request. A memo was prepared to update the Board on the Enterprise Development Fund's request of ECGRA. The Committee came to the consensus on the following:

- EDF shall receive no further funding
- ECGRA should restructure the EDF debt in accordance with the OFN Principles, known as the Equity Equivalence
- There will be no forgiveness of the debt and correlating interest on the debt will continue, but it will be reduced to 1% and the term extended to ten years with a possible ten-year renewal.

The Committee is recommending that the Board empower the Director and the Solicitor in negotiating and the restructuring with EDF based on these consensus points in the attached memo.

Lastly, we spoke on the ECF Endowment and the Lead Asset request. The Committee reviewed the memo prepared. The Committee is recommending that the suggested changes be adopted by the Board in a Resolution today.

I know that is a lot of information. Are there any questions?

Mr. Wachter: Mr. Paris, would you like me to, at this point, provide some comment on the Pilot to the Board?

Mr. Paris: Yes, please.

Mr. Wachter: Upon review of this, there are just a few items that need to be addressed. When we originally put the pilots into place it was done with the intent to allow a particular project to serve as a laboratory to review the program and ensure that it is utilizing best practices in its implementation and its operations. Following the completion of the project, there would be a standardized review of that to ensure that the practices that were used were, in fact, best practices and whether it was a program worthy of being replicated in other areas of the County. The purpose of doing all this was to ensure you didn't throw a brand-new concept out there, fund it, and let the chips fall where they may. You wanted to make sure that the program that you had was successful, there were best practices, it was capable of being repeated throughout the County, and that there was a successful model for other groups to follow.

With that said, under the purpose of the funding section, I do believe that we should ensure that the project must be capable of replication as well as County-wide application after the pilot period has expired. Additionally, we should ensure that this not a one-time thing. It's not building a pavilion; that is not a pilot program. It is not capable of replication elsewhere.

Lastly, I think that under the grant close-out section, we should include a discussion on the mandatory review, following the programs completion to make sure there were measurements in place to validate the impact of the investment and make recommendations as to if the program should be advanced by this Board for repetition throughout the remainder of the County. In that sense, if those additions were added and I think we are pretty close in the descriptions of those within here for just a little more clarification, then you would have what I believe to be a true pilot program.

Mr. Wood: I think the staff will take a look at those suggestions, incorporate them, and bring another draft back for your perusal in January.

- d. Update from County Council: Mr. Breneman: This is my last update from this seat, although I'll be back and sitting across the table from you all. I am going to take a bit of your time because I have devoted a lot of my time to come here, without pay, to attend these meetings so I felt like I deserve some of this time to take back.

When I was elected in 2013, right before I was sworn in, I was asked by a couple of the Council members that were leaving, "What liaison-ships or organizations do you want to be a part of?" I went through the list of about 30 or so, and because I'm a big macro-type guy and because I believe in neighborhoods and communities, I looked through all of those entities and ECGRA was my first choice. That was my first ask and I told them that I didn't care if I got approved for any of the other liaison-ships, but I wanted to be on ECGRA's Board.

At the time, I don't think I knew much, other than what I had seen on websites about ECGRA, and Perry, I think Jeremy Bloesser introduced me to you once, so I didn't really know anyone here. It was a learning experience. I remember the advice I was told coming in was, "Remember, as the liaison, you don't work for the Boards, they work for you" or something to that effect. So, I attended many of the meetings, not all. I know I've asked a lot of questions and given a lot of advice. In all this time that I have served in this position, not once has anybody from County government ever asked me a question about ECGRA. Not once have I ever been asked to seek information. Not once have I been asked to support something relevant regarding ECGRA – at all – and it's not a secret to my colleagues that I've been the liaison to ECGRA.

I do want to say that what I have witnessed here from all of you that are volunteers here, that I am impressed by the time and effort that you guys put into this organization. And to those Board members who have come and gone, and I have to say that unfortunately I haven't seen any other Board where Board members are pressured out or cycled through as many times as ECGRA. And yet, somehow, this organization not only manages to stay afloat but still do transformational things and not fall to the whims of politicians who want some walking around money. I think that you guys have done a tremendous job. You're volunteering your time here. I don't know if you here or any of the predecessors here has done what I have done, gone without money to attend these meetings, but I think that we should all be thankful and on behalf of the County, I want to thank all of you for volunteering your time and also be willing to be beat up in the media and by elected officials who've approved you to be here and asked of you to be here on behalf of the County.

One of the things in the last couple years that I have witnessed first-hand is how ECGRA works. Unlike any other Authority the transparency, and maybe that's part of the downside – the double-edged sword of transparency – I've talked to many elected officials, including some on Council who believe that transparency is a bad thing because it just muddies the water; it gets people too much involved in business that elected officials should be doing. I believe in transparency. I have definitely taken heat for wanting to expand transparency and I think that you should continue that transparency. At the same time, it does make you an even bigger target. I've been warned by the fact that Board members here do take advice, due provide considerations, and make significant changes based on input and discussions, where I've seen other Authorities who don't make votes or are afraid to take votes depending on what they're told to by the person who appointed them or by an elected official. I think that you have done is show how an Authority is supposed to operate and does operate.

I can tell you that I would rather these funds, or any program, go through ECGRA versus being in the hands of (and I'm going to say it) County Council because County Council, in the last four years that I have witnessed, we have been responsible (by tradition) for a couple million dollars-worth of grants with County dollars and with the Gaming funds that we

have received. I can tell you that only now have we even discussed putting any sort of framework as to requests and monitoring of those grants. The folks that have asked for those are the folks that believe in ECGRA's mission, not those who have targeted or have harangued ECGRA. None of them have supported these types of frameworks that we are discussing. The frameworks are as simple as a piece of paper asking, "What do you want to use the grant for?" and a piece of paper at the end of the year, "What did you use the money for?" These are questions that have never been asked; millions of dollars that have been disbursed and have never been asked. I would also point to the fact that not only that, but County Council has never looked at the dollars that it gives out.

This year I did something audacious and I asked every single grant recipient to send us a copy of what they spent their money on in the past year. I found some really interesting things. We ended up cutting some grants because of that. Not only that, but we discovered that the County has spent over \$5M to an organization that has a \$16M reserve; that doesn't need our money. Initially, I received some push-back from those Council members who spend most of their time haranguing ECGRA for how you operate.

I wanted to put that in perspective because I think it highlights the effectiveness of this organization and the hard work that you do and the fact that the product that you have pushed forth with the construct that County government has given you, I believe that you guys are an example of how an Authority should be run. I think you should all be very proud of yourselves. I consider myself lucky to have experienced this. Before I got into politics, I thought I was going to be working in the realm of what I got my degree in, Community and Social Development. I thought I would be out there working with neighborhoods to get them funding and resources to do the work that they do and in a way, I have been able to do that just by sitting on this Board as an unvoting member and discussing ideas with all of you.

I thank you all for your hard work on all of this and I really hope that elected officials come to their senses or get replaced by people that do have the senses that recognize the fact that we do have something good going here and we shouldn't be meddling with it. Again, I want to thank you for this and I wish you luck in the coming years.

Mr. Sample: Jay, I said it in the beginning. You can't even understand how much value you brought to this Board. When I came in, because I never have been in this type of venue, I thought we were doing what we were asked of and I just thought this is how everything ran until people explained to me later that it's only if you really want it to. I appreciate your efforts. I appreciate Mr. Lee's efforts. We have been very fortunate. Your point of how much transition we've had on this Board – it's always been interesting because we've been very fortunate that everybody that has been appointed to the ECGRA Board was able to see our process and be able to go through it and get on board with, and then unfortunately they be replaced because they didn't follow the edict of their appointer. I appreciate your efforts. I hate to belabor it but you have been very valuable and you have defended us, and I appreciate that.

Mr. Yapple: Same thing here, Jay. You and I are appointee and appointer. You are a breath of fresh air and I appreciate it. You are what you are; you are open-faced and you're willing to listen. You have never harangued me to go either way. I love your suggestions and everything else and I still want that 19th Street project. It's stuff like this that makes politics a good name. We should have more of you. Again, I congratulate you for everything and thank you very much. Same with you, Mr. Lee. I appreciate that.

- e. Update from County Executive's Office: Mr. Lee: Thank you Mr. Chairman. First of all, I would like to publicly thank Councilman Breneman for his leadership not only on the ECGRA Board, but in working with the Administration as we worked through some very challenging times this past year. It has been a pleasure working with you, Councilman Breneman. You have shown true leadership and a new thought process to Council which has been, in my opinion, absent for the time that I have been here. We hope that as time goes on, and I believe that you will continue to be engaged in some form and fashion, to hold us accountable. Many times, people don't like that word but many times government needs that. We need to be held accountable because this is the citizens money and we should not have full reign to do whatever it is we would like to do. If anything, we should more transparency. Again, thank you for your leadership. I appreciate it.

I'm hoping I will be back but you just never know. I am planning on staying with this Administration; we have some big initiatives going on and we're excited as we move forward. One of the things I will give the Board an update on is the Community College. That is a huge, tremendous initiative.

As you know, the Administration submitted the application down to Harrisburg June 30, 2017. We were told that it could take up to a one-year process for this. We had a special meeting October 10, 2017 and that meeting went very well. It was open to the public of Erie County to come in and express your concerns. There were about 50 individuals who had signed up to speak and the majority of them showed up and spoke. The Special Review Committee took that information back to Harrisburg. The Special Committee will have a special meeting on Tuesday, December 19; it is a teleconference. Mr. Wood, I will forward that information to you so you can disseminate it to the Board in case they would like to participate in that teleconference meeting.

The main agenda for the meeting is for the Committee to determine what additional supplemental information will be required for our application and to allow us to submit that information. That is the feedback that I have received. From that, the Special Committee from the State Board of Education will share that information with the Pennsylvania Department of Education; the Pennsylvania Department of Education will provide a report to the State Board of Education to review their findings and recommendations. At that time, we are told, it will continue to go through the process as to whether it is approved or not. The timeline remains at about the end of June 2018.

The County, as well as the State Board of Education, are still awaiting feedback from the Governor's office as to whether he is going to put this in the upcoming budget. The way that it reads is the number of community colleges that are going to be funded for the ensuing fiscal year. The bottom line is 14. If he says 15, then we know we are part of that budget. The Governor's office does not have a timeline on supplying that information but we believe that it will probably be sometime in February because that is when he is submitting his budget, so that just makes sense.

Just to remind everyone that there are three criteria that the State Board of Education is considering as it pertains to this particular application. One, the local sponsor has the sufficient minimum compilation to support the enrollment of a community college; two, they have the wealth to financially support such a college; three, the area is not adequately being served by the established higher education institutions currently in place. Those are the three main criteria, and that is taken from the Public School Code 1902-a.

We're looking forward to continuing this process. We're excited; we know the value that it can bring to this region. ECGRA has been a partner in this process, as well as the Erie Community Foundation, as well as Empower Erie. It has been a collaborative effort of getting everyone involved as well as Erie County Council and of course the Administration. This is

something that we're excited because we have a lot of momentum and we're hoping to bring it to fruition. Thank you, Mr. Chairman.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: I just want to briefly mention a couple of things then we'll move on to the Old Business and New Business and have the majority of the discussion there. The evaluation for the Summer Jobs Program is completed; Mr. Lee provided me with a copy of that. I just recently got that so I haven't had time to dissect it. It's by Keystone Research. What's great is we have three years running of solid evaluation documents of the Summer Jobs Program and the initial of the executive of the summary defining that it is pointing in a positive direction.

It is one of those programs that I think is exemplary of a fund seed trying to get up and running. As soon as I get through that, I will get it to you and we can do some type of evaluation, seeing that it is in its fourth year.

The other document is a shot at a grants management plan for 2018. There are a lot of unanswered questions still, so this is obviously in draft form; we can't make any decisions until January. Part of the key decision-making process is how much are we going to invest in things like neighborhood transformation. We've been using the term neighborhood transformation fund as a place-holder to match whatever could happen with the NIRF and whether or not that NIRF concept goes through, and what we can do for the neighborhoods even if the NIRF concept does not go through.

We've had some interesting strategic discussions about that. We talked about laying it out on this one-page dashboard showing you not only how we could try to get some of these revenue streams, where the funding is coming, from based upon a projected revenue of \$4.5M. If you look at the grant cycles below it also shows how ECGRA would manage that on a three-person staff. That is, for us, really the challenge because we have to do things on a quarterly basis. We have to give grantees enough time to be educated about the grant, fill out the grant, and for us to evaluate the grant. These three-month cycles seem to be working very well for us.

NIRF and neighborhood transformation seems to be the kind of concept that we can roll out twice a year within our grant-making process. We'll see where that takes us. Consider this an open-style discussion. This came out of Strategic Planning, where it was recommended that we adopt a formal grants management plan, which we have done before in the past, but formalizing the amounts in each category. Once again, this is a draft only and your feedback is appreciated.

There is an Executive Director's report on your SharePoint site. There are four memos included in it from myself to you which have been vetted through the Strategic Planning Committee. However, not everyone was at the Strategic Planning Committee meeting so I think, after hearing Mr. Paris's report, we ought to go to the Business and discuss it under New and Old Business. Thank you, Mr. Chairman.

SOLICITOR'S REPORT

Mr. Wachter: One of the items that was discussed at the Strategic Planning Committee meeting was the Enterprise Development Fund. What I am going to note, as was discussed at the Strategic Planning Committee meeting, my firm represents the Fund. If we are going to do a new loan agreement, as we have for every other agreement with them, I ask that you approve a Conflict Waiver so that we can continue to do that work and get it done as expeditiously as possible. That will require a motion by the Board to approve the Conflict and then I will provide a Conflict Waiver letter to Mr. Wood, which he would sign based upon the vote here today.

Mr. Wood: And just to refresh your memory, we have done that in the past each time we have adopted a new loan agreement with Enterprise Development Fund.

OLD BUSINESS

a) Restructuring of Enterprise Development Fund loan agreements

Mr. Wood: Memo 3, 2017 in your Executive Director's report was first presented at the Strategic Planning Committee meeting recently held. In essence, Enterprise Development Fund has requested three different things.

- 1) They have requested that we forgive \$500,000 of structured debt
- 2) They have requested that we lower the interest rate on the remaining debt from 3% to 1%
- 3) They have requested that we restructure the Preferred Equity Covenants to an Equity Equivalent Covenant

Let me start with the third one first because it's the easiest. You heard in Mike's report about the OFN which is the Opportunity Finance Network, that is the national resource that represents community development finance institutions. They have moved toward the direction of the Equity Equivalent language; it seems to make the most sense. It helps CDFI's to be unencumbered but yet holds them to the same standards across the board. That seems to be a non-controversial and innocent request.

The second is to lower the interest rate on the debt to 1%. When asked, "Under what context are you requesting us to lower this debt?" there are two things: They are attempting to make a new banking relationship with new community banking partners, and part of what they need to do is make sure that those new banking partners have confidence in them by lowering their debt repayment schedule. We are a key part of that. The USDA and the PDFA (Pennsylvania Development Financing Agency) both have terms with EDF and their funds are at 1%. So, there is precedent. There is a comparative analysis chart in your Memo 3 that shows you what the terms are. In essence, they are asking us, "Can you restructure so you have comparable terms to other agencies like yours?" That seems like a reasonable request.

The third request was forgiveness of \$500,000 in structured debt. The Board did discuss this at the Strategic Planning level and the consensus was that it is not a good precedent to set. I have three recommendations:

- 1) We adopt a waiver so that Mr. Wachter can represent us
- 2) We continue quarterly interest payments on the EDF debt but reduce the term to 1%
- 3) Create a new master loan that encompasses both of the current tranches of debt that they have with us into one master loan. Tim and I started working on this about a year ago and, if you recall, DevelopErie began bankruptcy proceedings. We put everything on hold to see how things would shake out. The new master loan agreement would be the document in which we would specify the 1% interest rate to be paid quarterly. All current reports that they send us would still be mandatory; those are programmatic covenants, those are not the same as financial covenants. Only financial covenants would shift to the Equity Equivalent concept.

Finally, at the term of the loan, when the new master loan be presented, be a ten-year term, which gives them enough runway to restructure themselves with new banking relationships. I would add, equivalent to the other debt sources, ten-year term with a ten-year renewal, based upon whether or not this Board wants to renew that agreement for another ten years at the end of the first term. Is that clear?

Mr. Wachter: With the principle balloon payment at the end of the first ten years, unless it is renewed?

Mr. Wood: Unless it is renewed. So, they would basically owe us the principle back at the end of the ten years unless we renewed.

Mr. Wachter: What was their reaction to that?

Mr. Wood: Their reaction was favorable.

Mr. Yaple makes a motion to empower Mr. Wood and Mr. Wachter to accomplish the three above-listed covenants. Mr. Paris seconds the motion. Motion carries 5 – 0.

Mr. Yaple makes a motion to approve the Conflict Waiver for Mr. Wachter. Mr. Barney seconds the motion. Motion carries 5 – 0.

b) Discussion of meeting dates for 2018

Mr. Wood: Of course, we publish a schedule for all of the next year's meeting dates in December timeframe. What we found out is that this room has been pre-booked for the second Thursday before we had a chance to schedule it. However, the board room across the hall is available. I don't know if you would want to change the group dynamic by moving to a smaller room. As you can see, our crowds are not exactly overflowing. I wanted to bring it to you because it would be a significant difference. If you look at the physical set-up of this room versus the set-up of the other room. If you want, you can still maintain this room by moving our meetings to the third Thursday of the month. It's up to you. Does anyone have a strong preference to the second Thursday?

Mr. Barney: I prefer the third here.

Mr. Paris: I like the cozier setting.

Mr. Lee: Would we have access to this room if we had a bigger crowd?

Mr. Sample: Not on the second Thursday.

Mr. Lee: So, if we were going to stick to the second Thursday, we would be across the hall. And if it was going to be a bigger meeting for whatever reason, it would have to be the third Thursday? Are there other options on the second Thursday if we had a larger crowd?

Mr. Wood: We would have to reschedule the meeting to use this room. So, am I hearing that it is okay to stay with the second Thursday and we will move it into the board room?

Mr. Barney: Not from me.

Mr. Lee: The second Thursday has always worked well for me because it's really in the middle, so to speak, so it allows you to get information in if you need to act before the end of the month and if new information is coming in at the beginning of the month, you are able to share it at that meeting. I'm looking at it from that logistical stand point. But it's up to you as a collective group.

Mr. Wood: I think, then, we'll have it on the second Thursday and if we need to, we can reschedule.

Mr. Barney: I want you to call a vote and see where everybody stands on this.

Mr. Wood: Does somebody want to make a motion for the second Thursday of the month? Does somebody want to make a motion for the third Thursday of the month?

Mr. Barney makes a motion to hold the meetings on the third Thursday of the month. Mr. Paris seconds the motion. Motion carries 5 – 0.

NEW BUSINESS

- a) Review of New Pilot Project Guidelines

Mr. Wood: We will just skip this because we did discuss this already.

- b) Review of Draft Grant-Making Budget for 2018

Mr. Wood: Does anybody have any questions about the draft document? Please accept this as a draft only for discussion purposes. We will revisit it by Committee or Board Meeting in January.

- c) Approval of 2018 Board and Finance Meeting Dates

Mr. Sample: We just did that.

- d) Resolution Number 14, 2017 – Resolution to restructure the Erie County Lead Asset Endowment and direct the Erie Community Foundation to release \$454,000.

Mr. Wood: Mr. Chairman, some meetings were held with the Erie Community Foundation and the Lead Assets in accordance with the MOU that we have with the Lead Assets through the Endowment. At that time, they requested that we merge our two accounts into one and as a result, the Erie Community Foundation said that if we did, they would reduce their management fee from 75 basis points to 50 basis points; that's the first time that we heard that. I am recommending to the Board that that be done; that we merge into what is known as a Donor Advised Fund. There is a draft copy of that document on your SharePoint site.

They are also recommending in accordance with the MOU that we have with them, that the disbursement be made from the Lead Asset Endowment which takes place this time every year. Those recommendations are in the attached Exhibit to the Resolution and include distributions to the nine Lead Assets in the total amount of \$454,000 as described in the attached list.

I would ask that the Board make a motion to instruct the Solicitor and the Director to enter into a new Donor Advised Agreement with the Erie Community Foundation and to distribute funds in accordance with the MOU as outlined in the attached Resolution.

Mr. Sample: Are there any questions?

Mr. Paris: So, Erie Community Foundation is cutting the checks and when will they be doing that?

Mr. Wood: Yes, ECF is cutting the checks and they will be doing that soon after we direct them to.

Mr. Paris: Will there be some type of press conference?

Mr. Wood: We do have a press conference scheduled for Monday. We will notify you of the details right away.

Mr. Barney makes a motion to approve the Resolution. Mr. Paris seconds the motion. Motion carries 5 – 0.

ADJOURNMENT

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