

**FUNDING AGREEMENT BETWEEN
THE ERIE COUNTY GAMING REVENUE AUTHORITY
AND
ERIE CENTER FOR ARTS AND TECHNOLOGY, INC.
FOR
COMMUNITY FACILITIES MISSION RELATED INVESTMENT**

THIS AGREEMENT, entered this 14th day of August, 2020 by and between the:

Erie County Gaming Revenue Authority, a body corporate and politic organized and existing under the provisions of the Pennsylvania Economic Development Financing Law, 73 P.S. §§ 371 et seq., with offices at 5340 Fryling Road, Suite 201, Erie, Pennsylvania 16510, hereinafter referred to as “ECGRA,”

AND

Erie Center for Arts and Technology, Inc., a 501(c)(3) nonprofit corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, with a mailing address of P.O. Box 6214, Erie, Pennsylvania 16512 and a corporate address of 120 West 10th Street, Erie, Pennsylvania 16501, hereinafter referred to as “ECAT.”

WHEREAS, ECAT, a community-based education arts and career training facility that inspires, educates and empowers people of all ages with adult job training and creative youth programs, purchased the former Wayne Elementary School located at 650 East Avenue, Erie, Pennsylvania, and contributed such building to ECAT Wayne School, Inc., a Pennsylvania nonprofit corporation (“QALICB”);

WHEREAS, QALICB is a “supporting organization” of ECAT;

WHEREAS, QALICB received New Markets Tax Credit (“NMTC”) financing to assist with the redevelopment of the former Wayne Elementary School;

WHEREAS, following such redevelopment, QALICB will lease the facility to ECAT to serve as the ECAT headquarters (the “Project”); and

WHEREAS, in order to finalize the capital stack for the financing of the Project, ECAT has assembled a group of lenders, including the Erie Community Foundation, Northwest Bank, Erie Bank, Reinvestment Fund, Inc., Commonwealth Cornerstone Group and ECGRA (the “Leverage Lenders”), to provide local capital for the Project; and

WHEREAS, as a member of the Leverage Lenders, ECGRA has determined to loan Five Hundred Dollars (\$500,000.00) to ECAT to help fund the Project via facilitating the NMTC financing to QALICB; and

WHEREAS, the Credit Agreement with ECAT provides that ECGRA and ECAT shall enter into this Agreement for Community Facilities Mission Related Investment for the purpose

of describing the permitted use of funds loaned to ECAT, to ensure proper reporting to ECGRA, and compliance with other applicable requirements.

NOW THEREFORE, on the date first identified above, and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows.

1. **Incorporation.** The recitations above are incorporated hereby as if more fully set forth herein.
2. **Relationship of the Parties.** ECGRA and ECAT are separate and distinct entities who intend to act independent of one another as parties to the within contract. Employees of ECAT shall not be considered the employees, agents or ostensible agents of ECGRA. The employees of ECGRA shall not be considered employees, agents or ostensible agents of ECAT.
3. **Term.** This Agreement shall commence upon the date of the last party to sign the Agreement, and shall continue until the maturity date as determined by the Note and Credit Agreement entered into between the parties.
4. **Activities.**
 - a. Funds received by ECAT from ECGRA will be utilized to fund the Project in the manner described in the Recitals.
 - b. ECAT shall comply with those representations contained within the Application for Mission Related Investment (MRI) Funding submitted to ECGRA and attached hereto as Exhibit A.
 - c. ECAT shall not utilize funds supplied by ECGRA to: (1) acquire or finance the acquisition of a project which shall cause the removal of a plant, facility or other business from one area of the Commonwealth to another area of the Commonwealth, unless the secretary of the Department of Community and Economic Development has found that relocation of the plant, facility or other business is necessary in order for the plant, facility or other business to remain competitive or to prevent the plant, facility or other business from leaving this Commonwealth; (2) enter into any agreement to finance the acquisition of a project in excess of the cost of the project; (3) engage in business, trade or commerce for a profit as an owner or lessee of a project, or otherwise; (4) finance any project which will be used in whole or in part for illegal activities; and, (5) finance any project which is not located within Erie County, Pennsylvania.
 - d. All such lending shall be made, and ECAT shall utilize funds provided by ECGRA, pursuant to the following guidelines:
 - (i) **Geographic Limitation.** ECAT shall ensure that the funding provided by ECGRA is only used for projects primarily located in Erie County, Pennsylvania, and with the specific condition that such funds shall only

be invested within the geographic boundaries of Erie County, Pennsylvania, and may not be invested in any business locations or operations outside of Erie County, Pennsylvania.

- (ii) Internal Leverage. During the Term of this Agreement, ECAT will obtain at least Five Hundred Thousand (\$500,000) of additional investment into the Project. Such matching funds must be committed, and proof of the same must be provided to the Executive Director of ECGRA, prior to closing.
5. Financial Monitoring. During the term of any financing provided by ECGRA, ECAT shall, in addition to any other documentation reasonably requested by ECGRA, provide the following documentation to ECGRA:
 - a. Audits.
 - (i) ECAT's annual audited financial statements shall be provided annually throughout the term of this Agreement and within one hundred and twenty (120) days of receipt by ECAT.
6. Default. Failure to meet any provision of this Agreement shall constitute a Default by ECAT. In the event of Default, ECGRA will shall utilize the Default procedures contained within the Credit Agreement and Note.
7. Suspension and Termination. If ECAT fails to correct substandard performance and thus cure the Default within the period of time stated by ECGRA, the Agreement may be Suspended or Terminated at ECGRA's sole discretion pursuant to the terms and conditions of the Note and Credit Agreement.
8. Cooperation. ECAT shall cooperate in every reasonable way with ECGRA to facilitate the purposes and intent of this Agreement. ECGRA shall cooperate in every reasonable way to facilitate the purposes and intent of this Agreement.
9. Indemnification. ECAT hereby agrees to release, indemnify and hold ECGRA harmless from any claims, damages, losses, law suits, causes of action or demands arising out of the good faith provision of services by ECGRA hereunder, except to the extent that such claims, losses, lawsuits, causes of action or demands are based on the negligence, recklessness, or intentional misconduct of ECGRA and/or its agents, employees, and/or personnel.
10. Right-to-Know Law. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101 - 67.3104, applies to this Agreement. (the "RTKL"). Upon notification to ECAT that ECGRA has received a request for records under the RTKL, ECAT shall fully assist ECGRA in responding to the request. Such assistance shall include, at a minimum, providing ECGRA, within three (3) days, access to, and copies of, any document or information arising out of the Agreement in ECAT's possession that ECGRA deems a Public Record ("Requested Information") and providing such other assistance as ECGRA may request. If ECAT fails to provide the Requested Information to ECGRA within the required time period, the failure shall be considered an event of default, and

ECAT shall pay, indemnify and hold ECGRA harmless for any damages, penalties, detriment or harm that ECGRA may incur as a result of ECAT's failure, including reasonable attorney's fees incurred by ECGRA in the administration of the Right-to-Know Request and any appeal therefrom. If ECAT refuses to supply the Requested Information, and the Pennsylvania Office of Open Records, or the Pennsylvania Courts, determines that a record in the possession of ECAT is a public record, in addition to the foregoing, liquidated damages of \$200 per day will be assessed for each calendar day beyond the date ECAT was required to provide the record by the Pennsylvania Office of Open Records, or, upon appeal, the Pennsylvania Courts. ECAT's duties under this section survive the termination of this Agreement and as long as ECAT has Requested Information in its possession.

11. Entire Contract. This Agreement, the Note, the Credit Agreement, and all other documents submitted as part of the Closing Requirements, constitute the entire contract between the parties hereto and there are no other understandings, oral or written, relating to the subject matter hereof. This Agreement may not be changed, modified or amended, in whole or in part, except in writing, signed by all parties.
12. Binding Effect. This Agreement and all of its terms and conditions shall extend to and be binding upon the parties hereto, and upon their respective heirs, executors, administrators, successors, and assigns.
13. Prohibition against Assignment. This agreement shall not be assigned by either party without written consent of the other being first obtained.
14. Severability. If any provision of this Agreement shall be held invalid under any applicable laws, such invalidity shall not affect any other provision of this Agreement that can be given effect without the invalid provision and, to this end, the provision hereof is severable.
15. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.
16. Governing Law. This Agreement shall be constructed under the laws of the Commonwealth of Pennsylvania. The venue for any litigation relating hereto shall be the Erie County, Pennsylvania Court of Common Pleas.
17. Notices. Communications and details concerning this contract shall be directed to the following contract representatives:

ECGRA
Tom Maggio, Grants Manager
Erie County Gaming Revenue Authority
5340 Fryling Road, Suite 201
Erie, PA 16510

ECAT
Daria Devlin
Erie Center for Arts and Technology, Inc.
P.O. Box 6214
Erie, Pennsylvania 16512

With a copy to:


With a copy to:

Timothy S. Wachter, Esq.
Knox McLaughlin Gornall & Sennett,
P.C.
120 West 10th Street
Erie, PA 16501

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have set their hands and seals on the date first above written.

FRIB COUNTY GAMING REVENUE
AUTHORITY

By: 
Michael Paris,
Board Chairman

Attest: 
David Sample, Secretary

12/1/2012

ERIE CENTER FOR ARTS AND
TECHNOLOGY, INC.

By 
Daria Devlin, Executive Director

EXHIBIT A

ERIE CENTER FOR ARTS AND TECHNOLOGY, INC.
APPLICATION FOR MISSION RELATED INVESTMENT FUNDING



***Wayne School Reimagined:
Job training, arts education, entrepreneurship, healthcare and community
revitalization on Erie's Eastside***

Organizational Background:

The Erie Center for Arts and Technology (ECAT), a 501(c)(3) nonprofit organization, is a community-based educational arts and career training facility that inspires, educates and empowers people of all ages with adult job training and creative youth programs. Transforming minds and launching careers, ECAT strives to realize the genius in everyone and enables youth and adults alike to become productive and successful members of society.

ECAT is a local replication of the Manchester Bidwell Education Model, which creates empowering educational environments based on the framework created by Bill Strickland in Pittsburgh in the 1960's. Having led this work for over 50 years, Mr. Strickland remains an influential advocate for Erie and has pledged to leverage his political and corporate network to support the work beginning here. Locally, ECAT represents the culmination of more than five years of feasibility study, which began when a group of local business leaders saw the value of bringing the model to our community. This feasibility study was initiated by the Erie Regional Chamber & Growth Partnership and was supported by philanthropic investment in excess of \$250,000.

Although new to Erie, the Manchester Bidwell model has been successfully replicated in more than 10 communities across the U.S., including Cleveland, Buffalo, Cincinnati, New Haven, Chicago, Grand Rapids and, in our Commonwealth, in Sharon and Brockway, PA. Importantly, the model allows communities to meet local hiring and training needs by providing participants with tools for success in work and in life. Local and national data indicates that nearly 100% of youth participants graduate from high school on time and that 80% of adult participants secure and retain middle wage jobs. In Brockway, PA and Grand Rapids, MI, centers are reporting that 50% of graduates are no longer in need of public assistance within two years of graduation from their respective job training programs. By replicating this success, ECAT will provide a two-generational approach to help Erie families break the cycle of poverty and will rely on a

combination of state grants, fundraising and income from its lease holdings inside the Wayne building to support its own organizational sustainability plan.

ECAT's work is inspired by the philosophy of Bill Strickland, which is elegant in its simplicity: 1. Environment shapes behavior; 2. All people are assets; and 3. Creativity fuels enterprise. Guided by this philosophy, ECAT presents two platforms for engagement with Erie's at-risk youth and adults. Both platforms are provided together in a world-class facility— a place of light, beauty, openness, inclusion and respect— that represents a stark contrast to the physical and emotional characteristics of poverty. **Both platforms are also offered at no cost to any student.** These platforms are:

- Visual arts-based education offered during out-of-school time, for high school students who are most at risk of dropping out. Programs, which will include photography, ceramics, digital and design arts, are designed to grow 21st century skills and foster a connection to success in high school and beyond.
- No cost, industry-driven workforce training in middle skills, middle wage jobs for unemployed and underemployed adults in Erie County. Importantly, this training is based on a unique combination of full-time coursework, technical skill-building, personal growth development, externship and career placement to create a pathway to job retention and success.

Wayne School Project:

After extensive search, the former Wayne School (650 East Avenue) was chosen as the ideal site for ECAT's programming due to its location in one of Erie's most distressed neighborhoods and its co-location with Wayne Primary Healthcare (operated by Primary Health Network), which has been in the building since 2012. For its part, Primary Health Network (PHN) is the largest Federally Qualified Health Center (FQHC) in Pennsylvania, with over 50 sites in 17 counties in PA and OH. Throughout its network, PHN employs a medical staff that consists of over 165 physicians, dentists, physician assistants, certified nurse practitioners and other health professionals as well as 600 support staff. With PHN as an anchor tenant and partner, ECAT will fully renovate Wayne School, transforming this historic and prominent blighted property into a community hub for innovation, healthcare, job training and the arts.

Plans for full renovation and buildout of the former Wayne School include:

- 10,000 square foot expansion for Primary Health Network including expanded primary services at Wayne Primary Care, additional specialty offices and a pharmacy, bringing the total healthcare footprint to roughly 17,800 square feet.
- Gym space and gallery space for community events, art exhibits and rentals
- 16,000 square feet for ECAT programming, which will initially include photography and digital arts classes for high school students, as well a certified Medical Assistant with Phlebotomy adult training program— all offered at no cost. Additional programs are being explored in Pharmacy Tech and Medical Billing/Coding/Claims and Advanced Manufacturing (through a partnership with *Tech After Hours*)
- 16,000 square feet available for commercial lease (tenant relationships to be informed by data collected through the 2019 Community Health Census project currently underway in this neighborhood with priority given to social service/nonprofit organizations in need of incubator space)

Project Status:

ECAT has closed on the purchase of Wayne School from the Erie School District for a price of \$250,000. In its agreement, ECAT has also committed that it will not apply for a property tax exemption for the building and will immediately begin paying property taxes at the close of the deal.

Primary Health Network will serve as the anchor tenant and has committed to a 10-year lease with ECAT for 17,800 square feet of space at a rate of \$23/sq. ft. ECAT is currently in discussion with another medical provider and a potential daycare provider to rent PHN's existing 5000 square feet on the ground floor. We have also been contacted by a number of other nonprofit organizations including Creative Community Connectors (the parent organization of the Blue Coats), Second Harvest Food Bank and the MLK Center to rent office space in the renovated building. Finally, we expect to use data from the recently-completed 2019 Community Health Census in order to identify additional tenants that best meet the needs of the neighborhood and its residents.

Importantly, ECAT's Wayne project has been designed to fully utilize the 2019 Community Health Census data as well as demonstrate investment in the Wayne School neighborhood that can be leveraged for additional community health projects, particularly those that are aligned with national funders like the Kresge and Robert Wood Johnson Foundations. To date, Erie has

largely struggled to access these national funding sources but, through strategic design of projects in and around Wayne, could position itself to make a successful case for large-scale community health investment in this neighborhood and beyond.

ECAT has engaged Spaulding Banks Project Management (PBPMI) to manage the construction and renovation project. ECAT has also engaged Avon Graff LLC as the architectural firm. Final construction drawings are currently underway with an intent to break ground this fall and for the building to be ready for full operation in Fall 2020.

Total Project Cost: \$9,000,000

Amount	Source	Status
\$3,000,000	New Market Tax Credit allocation	Confirmed
\$1,000,000	Leverage loan from CCG	Confirmed
\$1,000,000	Philanthropic gifts	Confirmed
\$500,000	Philanthropic gifts	Pending
\$500,000	Grants (DCED and ECGRA)	Pending
\$3,000,000	TBD	Pending

On August 16, 2019, the Wayne School project was approved for a New Market Tax Credit (NMTC) allocation of \$8 million by Commonwealth Cornerstone Group (CCG), a certified CDE for purposes of the federal NMTC opportunity. ECAT has also requested an additional \$1 million of NMTC allocation from PNC Bank and this request is currently under review. Together, these allocations will result in \$3 million of capital investment into our project, representing roughly 1/3 of the total capital stack. In order to qualify for the NMTC investment, ECAT must secure interest-only, unsecured loans or grants for the balance of the project cost, of which \$2 million has already been secured. ECAT estimates that it can raise an additional \$1 million through a combination of state grants (Keystone Communities and ECGRA Anchor Building) and donor commitments. **This leaves a funding gap of \$3 million.** Importantly, if ECAT is not able to build the entire capital stack within the next few months, we will lose the NMTC allocation and these federal tax credit dollars will be re-allocated to a community other than Erie. **As a result, ECAT is requesting that ECGRA participate directly in the debt financing of this \$3 million OR provide a guarantee to be used with local bank financing.**