



MEETING OF THE BOARD OF DIRECTORS
Knowledge Park; 5240 Knowledge Parkway; Erie, PA 16510
December 14, 2017

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES – November 2017
5. COMMENTS BY CHAIRMAN
6. PUBLIC COMMENT
7. PRESENTATION
8. COMMITTEE REPORTS
 - a. Treasurer's Report
 - b. Regional Assets Committee
 - c. Strategic Planning Committee
 - d. Update from County Council
 - e. Update from County Executive's Office
9. REPORT OF THE EXECUTIVE DIRECTOR
10. SOLICITOR'S REPORT
11. OLD BUSINESS
 - a. Restructuring of EDF loan agreements
 - b. Discussion of meeting dates for 2018
12. NEW BUSINESS
 - a. Review of New Pilot Project Guidelines
 - b. Review of Draft Grant-Making Budget for 2018
 - c. Approval of 2018 Board and Finance Meeting Dates
 - d. Resolution Number 14, 2017 – Resolution to restructure the Erie County Lead Asset Endowment and direct the Erie Community Foundation to release \$454,000

13. ADJOURNMENT

Next Regularly Scheduled Finance & Board Meeting of ECGRA

Date: Thursday, January 11, 2018
Time: 8:00 a.m. (Finance); 8:30 a.m. (Board)
Location: Knowledge Park; 5240 Knowledge Parkway; Erie, PA 16510

Merry Christmas
and
Happy New Year



Erie County Gaming Revenue Authority
Minutes of the Board of Directors' Meeting
November 9, 2017

CALL TO ORDER

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on November 9, 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, Mr. Barney, Mr. Paris, Mr. Peters (via phone), Mr. Sample, and Mr. Yaple. Mr. Breneman, Mr. Lee, Mr. Wachter, and Mr. Wood are also present.

APPROVAL OF THE AGENDA

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

APPROVAL OF MINUTES – October 2017

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

COMMENTS BY THE CHAIR

Mr. Sample: The Gaming Law has finally been resolved after 14 months. The good news is that Erie County was once again made whole. It's good that we have a solid direction and we can all go on with our business.

I would also like to thank James Domino for his service to the ECGRA Board; he decided to resign. Jim was an active member of the Regional Asset Committee and had a stellar attendance record. We appreciated his insights and participation in reviewing grants and Board discussions and he will be missed.

I would also like to welcome Councilman Leone today.

PUBLIC COMMENT

Mr. Leone: I just have a few questions and you could probably send this to me in writing if you would like. I had some difficulty trying to understand a few of the issues that I found as I went over some of the credit cards statements that I received. Since September of 2016 until June of 2017, you spent almost \$12,000 in legal fees on a credit card. I'd like to find out what that's all about. You have your solicitor here, these credit cards all list the Knox Law Firm.

Mr. Wachter: It's the manner of paying the invoice. Mr. Wood and the Board just merely pay our invoice with a credit card, rather than a check.

Mr. Leone: Your costs and your fees with a credit card?

Mr. Wachter: Any of our clients have the option of paying fees with a credit card versus a check.

Mr. Leone: I didn't realize that. You don't get a check, in other words? You don't get a stipend? You just get so much a month?

Mr. Wachter: It's whatever we bill; whatever the specific invoice is. We're not a flat fee per month or salary position or anything like that.

Mr. Leone: So, it's all paid by credit card?

Mr. Wachter: Some clients do that.

Mr. Sample: If you're worried about the viability of that, about 30% of my customers pay with a credit card.

Mr. Yapple: About 50% of my customers use a credit card – to buy an ice cream cone!

Mr. Leone: I didn't realize that. I thought you were getting a stipend of some kind or another from the Board, but you're paid strictly by credit card.

Mr. Wachter: No. I am paid by hour; we bill on an hourly basis based on the specific work that has been asked to be done, we submit the invoice and whether a client wants to pay by cash, credit card, or by check is up to the client.

Mr. Leone: Ok. That's what my question was about. I didn't realize that you were paying by credit card to your solicitor. I'm kind of surprised to find that out. I did want to find out what was going on there. That was one of the points.

The other one I have is that on one of the credit cards, it lists \$5,073 for the Sheraton for Special Projects. That was on the 31st of March. I would like to find out what that was about.

Mr. Wood: That was the reception that we held for the Pennsylvania House Gaming Oversight Committee.

Mr. Leone: We paid for their reception?

Mr. Yapple: Yes. We did.

Mr. Leone: That's all I wanted to know. Thank you.

Mr. Sample: Thank you, Councilman Leone. Is there any other public comment?

PRESENTATIONS

a. Jeremy Bloeser from BEST (Bayfront Eastside Taskforce)

Mr. Bloeser: Good morning. I'm Jeremy Bloeser, the Executive Director of the Bayfront Eastside Taskforce. I came today to talk about a particular subject but I want to just remind those that might not be as aware of BEST's history and my personal history of working with BEST and working with ECGRA.

I have been at BEST for a little over six years now and we are a very small operation. We operate on the lower east side of Erie. In 25 city blocks, we try to make it the best neighborhood to live, work, and play. We do that by the removal of blight, by working with the neighborhood both in improving security, improving amenities in the neighborhood, bringing in nice things like community gardens and artwork and things of that nature.

Things that we have received from funding from ECGRA before in the past have been very helpful to our work – a tool bank. A few years back we applied for some funding from the Erie Community Foundation for a number of equipment items – things like lawnmowers, weed whackers and other tools that we can both use to clean up our neighborhood but also make available to the residents that live in our neighborhood to borrow from time to time when they might not have that. That was a grant through Erie Community Foundation that ECGRA actually chose and funded and we're very appreciative of that. We're still using most of that equipment today.

I also worked with CNI, Corry Neighborhood Initiative, and ECGRA helped fund some consulting work where myself and a staff member went down and helped work with CNI to see how we did things in Erie and to see what kind of processes we use to remediate blight might be replicated down in Corry.

The Hagen Transformational Fund, of which ECGRA was certainly a part of, we received through Gannon (who was the lead applicant and received \$500,000), of which that was equally split between BEST and Our West Bayfront. We are actively using those dollars today to do a number of things; to purchase blighted properties, remove those blighted properties, renovate those properties that can be saved and then create green space improvements.

We are very appreciative of all the funding we have received from ECGRA over our history and I look forward to new opportunities.

I helped work with Perry and staff on the development of the Mission Main Street Grant. I helped work with coming up with the guidelines and looking at how that might improve areas that directly surround neighborhoods.

But the real reason I came today is to talk about Councilman Foust's proposal of the Neighborhood and Infrastructure Revitalization Fund. I don't understand completely what it might entail and how it might be rolled out, I am interested in any role that ECGRA might play in that type of fund. ECGRA has funded other neighborhood organizations. All of the neighborhood organizations working in Erie meet monthly to talk about different things that we're facing and how we might look at other funding sources, how we've applied for joint funding sources. Numerous times BEST and Our West Bayfront have partnered together, for example. I'm interested if that fund was developed, what role ECGRA would play and how those funds could potentially make their way back to an organization such as BEST.

As I looked at the land bank legislature and the land banks across Pennsylvania, I was reminded of a sad point actually. October 24, 2017 was recognized as the five-year anniversary of

the land bank legislation, so five years ago legislation was passed so that land banks could become a tool, an asset, in addressing the issues of blight. Seventeen land banks now exist across Pennsylvania, and while the City of Erie land bank does count as one of those seventeen that is in existence, there is no land bank that is any benefit to me and my organization today. That's really frustrating.

We've had numerous consultants come in to town, we've had a lot of public dialogue on what a land bank might be and what it might look like. There are sixteen other communities throughout Pennsylvania that are benefiting from the actual functioning existence of a land bank. I'm frustrated that we don't have that tool yet.

As an example, the Erie City land bank, which as I understand has formulated, has a Board, has some of the legislation put through to exist on the books but they haven't gotten agreements with the other municipalities and with the Erie School District that they need to have in place so that they can perform their one main function. And that one main function of a land bank, such as the Erie City land bank, would be to participate in the upcoming judicial sale, remove properties so those don't go to auction, and then repurpose those; whether they sell them to individuals that might be developers, whether they turn them over to organizations like BEST, like Our West Bayfront, like HANDS. Those are organizations who might do something to remediate blighted property and bring them back into existence.

Directly across the street from my office, for example, is one of these properties. The grass is like hay, the building is atrocious, it has two big stickers on it, and I had hope that if the Erie City land bank was going to be in existence they would remove that from the upcoming sale, I would purchase that (I just ballparked a figure at \$1,000). We will demolish that building. I've been inside that building, I've been through that building, it is really just too far gone to renovate at this point. BEST owns the building right next to it, it's a rental property, that we have renovated. But this building detracts. I recently had a turnover of tenants and it's hard to find people who want to live next to something that is obviously a harbor of all kinds of bad things.

I'd really like something to be done so that a land bank exists in Erie County that is participating. I don't want to wait another year. What's going to happen on November 16 is that I am going to the sale, I'm going to bid on that property, and I guarantee you others will be there bidding against me. I see people crawling through the grass, looking around that building at how they might renovate or how they might purchase that property. It's located on Parade Street, very close to Erie Insurance, about half a block from the Armory and all the millions of dollars that were sunk into that. So, it's something that we will protect our neighborhood by taking care of but it's going to be a lot more costly.

I'm going to use some of your funding for that; some of the Hagen Transformational Funds surely will go toward our purchase of that. I want to understand how the Neighborhood & Infrastructure Revitalization Plan would better work and how it might work if you do play a role in that. But how BEST and the land bank could best address the issues of blight, whether it's with removal of or prevention of blight. What we're seeing in our neighborhood and in the Our West Bayfront neighborhood is an increase in code enforcement; obviously you've seen that in the media. Almost every single property in our neighborhood has been evaluated for exterior conditions and we are getting flooded with residents looking for assistance. I have a number of individuals that call me two or three times a day hoping that we can help them. In all those cases, what we're currently doing is looking at multiple bids to alleviate their blighted problems, their deteriorated code issues.

We have a number of funding sources currently. We have a façade grant that we received from the State, we have funds built into our main budget, and we recently applied for a grant, the Keystone Communities Grant, that specifically addresses code violations. But we need more resources there so that we can help people. I had an individual yesterday who was really desperate, because winter is coming down and he knows that even if I get a good bid and we have some

funding, we're probably not going to get the work done before the snow flies. So, I told him that we were probably looking at a spring project just to be as realistic as possible and not set them up to be expecting something that just can't happen. The bid I got was \$6,000. That's a big amount of money to some people, but it's not much money to others. I asked him how much money he thought he could contribute toward a \$6,000 improvement to his own property that he lives in. He lives on Social Security Disability; he said the government says that he's not allowed to have more than \$2,000 in resources at any point in time otherwise he'll reduce and even lose some of his benefits, so even saving isn't really an option for him. He asked if \$300 would be enough and I told him that I didn't know if it would be enough; it's not up to me to decide at this point in time, but I needed to know what type of resources he had available at the time. These are decisions that people who have lived in these homes for years and years are being forced to make. And frankly, they're getting scared because they're getting letters from the City that list all the problems with the property and are being told they have 30 days to correct them.

We would love to work with all these individuals, we would love to improve the look of our neighborhood which again, I think you can see through the Buki Report is obviously highlighted as beneficial to the entire community. If ECGRA can play a role in that and ECGRA ends up becoming the land bank or however that might get sorted out through legislation and local politics over the next few weeks, BEST is very interested in a role that we might play and we would love to continue working with you and would love to play a part in that revitalization of the Bayfront. Thank you very much.

Mr. Wood: Mr. Chairman, if I might make a comment. Just to clarify with the speaker as well as anyone else from the public to understand that it is members of County Council that are proposing that ECGRA get involved in the land bank. It would be their proposal to decide what the land bank would do because it is the County's \$1M. Secondly, whenever ECGRA does create new guidelines for grants or loans, we normally hold stakeholder meetings with folks who are going to benefit from those funds, so you would be included on that list. It would either be in a focus group format or a one-on-one meeting.

Finally, I think your comments here today will be very helpful for us because one of the things we look for is where the gaps are in the system. That is clearly what you're identifying here. When there are gaps in the financing system, community development process, how can ECGRA step up and play a role through economic development in order to fill in those gaps with gaming dollars.

Thank you for your time.

Mr. Sample: Jeremy, I would like to say that working with BEST in the City of Corry was very beneficial. You brought a lot of knowledge and resources to the table and that was appreciated.

b) Kate Philips and Gary Lee – Up for the Job

Mr. Lee: Thank you, Mr. Chairman. I'm just going to take a few minutes to give a brief overview then I will turn it over to Kate Philips. Most of you have heard me talk about Up for the Jobs over the last couple of months; this is an initiative that was born out of UE506. They came down to meet with the County Executive and myself about a year ago and shared with us the importance of attempting to market the highly skilled workforce that we currently have. We thought it was really good; the County Executive reached out and brought in other groups. We brought in the Erie Chamber, we brought in the Governor's Office Action Team, we brought in the Department of Labor, we brought in the United Way, and we brought in the Workforce Investment Board to sit down and brain storm what this might look like.

Out of that, we came up with a RFP and one of the key points in that Request for Proposal was how do we tell Erie's story a little better and how do we share with the world what Erie has to offer. In particular, from the highly skilled workforce that we currently have here. Now, this is not only for GE workers but it's really open for all skilled workers in the County.

We did the RFP, we had three consulting firms come in, we evaluated, and the Ten 53 Newton, LLC which Kate represents was the corporation who won. There was some process and some back-and-forth as far as to how the RFP was executed, you may recall, but we got that straightened out. County Council approved the \$36,000 for six months and those six months would set up the basic infrastructure of setting up the campaign and launching the campaign.

From meeting with the consultant, it was decided that there was another phase, another part, that needed to be considered and that this phase should be carried out at the same time. Well, we don't have the money to carry it out at the same time. We're going to carry the first phase out, the \$36,000 phase, but we asked Kate to come in and share with ECGRA to have ECGRA consider perhaps investing in this project for the next phase, which can really kind of work concurrently with the first phase. I will let Kate tell a little more about that.

This is an initiative that we're extremely excited about, an initiative that the timing is perfect that we go out and that we have a strategy to market Erie more effectively and to share why companies should consider coming to Erie County and investing in Erie County and utilizing our highly skilled workforce. I'm going to turn it over to Kate at this point.

Ms. Philips: Good morning everyone. Thank you and I'm happy to be here. Ten 53 Newton is my firm that I've had for the past eight and a half years as a private consultant. I mainly do branding, marketing, and public affairs on that side and then about a year and a half ago I created Parker Philips as a partnership. That partnership includes my business partner, Nicole, whom you have had exposure to, because Nicole and I, in partnership with Perry and his team, wrote the Economic Impact Study that we were extremely proud of. We thought that study really helped to propel the conversation, not only in Erie but as we heard from our colleagues around the state, the conversation around the state of how gaming money really does impact local communities. The one thing that I would say, and congratulations to Perry and your work, the one thing that I learned after doing that study and having contacts across the state is that Erie really is an example and Erie has really figured out a way to invest the gaming money in a way that's creating outcomes. I was really proud to be a part of that project and I think that it really made a big difference.

I'm really glad to meet a lot of you in person; I met a lot of you on the phone when we were doing that study.

I'm here to talk to you a little bit about the research phase of Up for the Job. Once the RFP was awarded, we had met several times with this coalition that's been built by the County Executive by bringing the Chamber, United Way, the Foundation, ECGRA, and these other folks to the table to talk about what we need. We're learning that one of the things that we need to do and one of the ways we learn is through mentorship. That has been started for myself between former Governor Mark Schweiker who was the head of the Chamber in Philadelphia that started Select Greater Philadelphia.

As a note, I have been friends with Gov. Schweiker for years and one day he called me and I told him about his initiative, and that it really how it expanded. He said that Erie is absolutely in the best position to do this now, that the time is right, and that we cannot compete or be considered for anything without this type of a front door. When you Google Erie, PA there's no front door, you don't know where you're heading, you don't know how to get there.

The Select Greater Philadelphia process has been enlightening to us and we've been able to discuss what our needs are here to make sure this effort is effective. First of all, this the Greater Philadelphia Region; they're marketing their region. We're more isolated through our geographical

location in Pennsylvania and so Erie County would probably be the heart of this; we probably would not expand in other states but perhaps into the southern counties. I think that is part of the coalition's work to figure out, does it make sense for us to market as a region? Does it make sense for us to market alone as Erie County. This work will help to expose those answers.

What we have to look at though is what we're good at. We know that advanced manufacturing is one of them. Does the Innovation District play into this? Do we decide to market ourselves as a cyber technology hub? Do we decide to work with Dell to move that forward? What are our key industries? What are we really good at? You can't be everything to everyone. One of things that Gov. Schweiker said was that was the most difficult part for Philadelphia. Think about the Philadelphia region; they have eighteen separate counties in their regional marketing and they had to decide on what their key industries were. They settled on seven. Think about that – that entire region, that enormous region, has a depth of wealth and expertise in banking, in pharmaceuticals, in bio-technology – they had to narrow that down and decide on seven areas.

So, one of the things that we're doing in this proposal and what we've looked at as this initiative has grown is, what is our competitive advantage? What appeals to people about Erie County? We have to assess that. Currently, there is no one-stop shop for that in Erie. You can't go on and say, "What's great about Erie?" In fact, Jake at the Chamber says the Realtors are always asking him for that. They really want an assessment on what is great about Erie because that would help them to sell homes in Erie. We need to assess that. We need to define what our key industries are; what are we good at?

It's like anything else; I could tell you that I'm really great at water skiing but just because I live near the lake doesn't make that so. It would only take us one trip out to see that assertion is not true. We are good at things in Erie County. We do have a generational workforce, and remember that this was born out of that idea from those workers who are being recruited out of Erie. They are getting calls from other companies asking, "We want a list of your members because we want them to move to North Carolina." Rather than say, "Here's a list of our members" they went to County Executive Dahlkemper and said, "We've got something that people want. How do we market it?"

So, we have to define what those key industries are, figure out how to establish the best of our best, and then move forward with what I think is a promise that's being made across Erie County over the last several years. It was highlighted in this most recent campaign. Every single candidate for office, without fail, Republican or Democrat, was enthusiastic about, confident about their ability to bring jobs to Erie County. We have to fulfill on that promise and I think that we are sort of on this precipice. We're on an upward swing here in Erie County. Defining who we are and then going out into the site selection process and trying to attract jobs back to Erie is really what this is all about.

The purpose of this research is clear. There are three pieces of this research that we have been moving forward with. One is the goal do identify what is our competitive advantage; what are our strengths as we compare ourselves to other markets? We would identify those peer markets, we would talk to companies who left Erie, we would talk to companies who chose to stay in Erie, and then we would try to define the locating decisions. Why do people come here? Why do people leave? Those competitive advantages would be defined in an affirmative way then.

One of the things I have learned in my short period of being contracted with the County and bringing Gov. Schweiker in for, what I thought was, a very stimulating talk; Perry and Jay were there. The coalition building around this is important but I have to say that I really believe that all the economic development professionals in Erie County right now seem like they are all on the same song sheet. It's time for us to establish what our key industries are and target those three or four sectors that we can identify as our growth sectors. These projects would be working simultaneously. We are defining our brand, we're going to be creating a uniform look across all our economic development agencies; that's the most important part of this initiative actually. Creating that front door on the website. That work is being done through the County. This part needs to happen

simultaneously. As we populate that website, as we populate whatever Choose Erie County is, obviously we wouldn't be doing Select Greater Erie County, but whatever that is. In Lehigh Valley, they had the Lehigh Economic Development Corps, the Allegheny Conference in Pittsburgh, they're all under one umbrella; the County Redevelopment Authority, all the funding agencies, all the economic development agencies, the Chamber, etc. When someone wants to come to Erie County, you come to Erie County and it's very clearly defined. Here's what we're good at, here's what we can offer you, here's who you need to talk to, and here's why we're the best place to call home.

We don't have that space in the intra-webs today and we all know, that in a Google society, really no decisions get made before you fire up that Google search and try to figure out which direction you want to go in to. People Google everything. We need to be at the forefront of that search and identify clearly and define ourselves to people looking into Erie.

Right now, Erie is being defined by the national media to some extent, and ourselves to some extent, through passive lack of information. So, when people come to look at Erie County, in some ways it's a very difficult place to see. I moved to Erie County four years ago in December in three and a half feet of snow and when I did, after being gone eighteen years, that I would go and get a real estate book and become like a new citizen; figure out how had Erie changed despite growing up here. It was a difficult thing to do and Erie had changed dramatically but it wasn't truly defined. So, through this research and through these key industries we want to be able to define Erie County and what we're good at.

The last piece of this is something that every place that succeeds in economic development has this piece; we don't have it yet in Erie County. We would be doing an inventory – a one-stop shop of all of our assets. This is what I'm talking about – workforce data, affordability, why are we great, colleges and universities, transportation; this is the thing that Jake was talking about when he said realtors come to him and want to get that piece. We would not only create that piece, which would be a stand-alone piece, but we would create it in a database that would updated regularly. That might be owned by the Chamber, the County, or whomever, but that database would continue to be updated.

What happens is a lot of times when you do research like this is it gets stale; it kind of goes away when people stop caring about it. This database is something that would be refreshed and it would be refreshed onto that website and we would be able to access that information. The coalition that is being built, this Up for the Job group that the County Executive has pulled together, would have influence over what those assets are and what that inventory is.

Those are the three pieces we're looking at. I think the most important thing in learning more about this is that it needs to be done simultaneously to this effort. We don't want to create this website, we don't want to create this entire branding experience and begin to market Erie County when we don't truly define what we're marketing. I think it's important and I hope you will consider it. Again, I think that ECGRA is doing great things so I'm really excited to see you at the table for this because it really is about economic development and I know that you all understand that.

Are there any questions?

Mr. Yaple: I'll bring this up because this is definitely needed. What could you do with what happened this morning, the knee-jerk reaction that we're the worst, THE WORST, in the nation for African-American citizens? How could we fight this?

Mr. Barney: How could we encourage another company to come here?

Mr. Yaple: Already, Dale is hearing from relatives who have left ...

Mr. Barney: And they're saying things like, "Now you see why I left."

Mr. Yaple: Obviously, we see it one way in this town but we are viewed as something else. Maybe not just you, but we have to be able to be reactionary and right now we have one great big black eye and this is very much needed six years ago, or longer. We have to do something now, but how do we change what we've been painted? That's the tough part.

Ms. Phillips: I saw that article this morning. I think there are two pieces to that challenge. One is the perception, which is as we all know perception is reality, but also what is the reality? Those statistics were damning and I think that that's real. So, what are the opportunities for African-Americans in Erie County? How is Erie County building up citizens across the board? I see a very cohesive and progressive approach to new Americans, which Erie is embracing. Perhaps we take a look at how we embrace new Americans and find a way to bring our African-American friends and citizens to the table in the same way.

Mr. Yaple: We were painted with a very broad brush.

Ms. Phillips: It was a broad brush, but those statistics were very damning. I would say this, having lived out of Erie for eighteen years and almost six of those years in Philadelphia which is a very diverse city, but it's not purposely diverse. It's a diverse city and there's not as much recognition of that diversity. It's very much part of every-day life. The District Attorney is black, the Mayor is black so there is a different approach to it. In Erie County, I do think in parts of Erie there are levels of racism that are uncomfortable but I don't see the City in particular as completely segmented, but it is. The new Americans are saying that it is as well, but we are embracing.

Mr. Yaple: There are segments. You've got the German section, the Italian section, the Polish section which is good and maybe we're not as mixed but it's kind of damning when we get painted with that broad brush.

Ms. Phillips: Historically, Erie is a high percentage white, Christian, Roman-Catholic, etc. So traditionally, there is a higher percentage. But those numbers that were in that story were relative to capita. The fact is that those numbers are what they are. Should we be looking at that as a community? I believe so. I think that there needs to be a recognition. The one thing in Erie that, in general, Erie is a pretty isolated place. It is actually very easy to do research in Erie; we found this when we did the research for the Community College. People want to talk. People in Erie are used to it because Erie is a huge test market. You might recall, we got new Burger King fries and then the rest of the world got it two years later after Erie said, "we're in it." Cinemark, that was tested in Erie. It's because we're isolated. That can be a good thing or it can also be a bad thing and I think in terms of recognizing and not saying, "Hey, that's not our problem. We're not like that. We don't want people to think we're like that", maybe we should read that article and take a good look at it to see if we actually are like that.

Mr. Yaple: It's time for us to question ourselves. This points out a major need; we need to do this.

Ms. Phillips: I think by extension that this article should be discussed at every dinner table in Erie County. It shouldn't be filed away. I think that the most important thing in how it relates to this effort now is that this is about defining Erie. The USA Today article this morning is defining Erie as a bad place for African-Americans to call home. Right now, the national media is defining Erie as a place that is not progressive, as a place that is on the downward slope, the "rust belt" sort of dying town. Anyone who lives in Erie will tell you that the energy that is happening in Erie County, the things that are coming together, the Innovation District, the kind of collaboration that, I have to tell you I haven't

seen in a long time and it's pretty encouraging, anyone will tell you that that's not reality. So, we have to define our own reality. We have to define who we are.

Mr. Yapple: This was a reporter that probably didn't even drive through; he or she just Googled us from their computer. And yeah, we look bad. To your point, there is more going on now than there has been in 100 years. We know that but nobody else does because we don't have anything to promote ourselves. That's our fault and shame on us.

Ms. Philips: I think that this will go a long way. When Gov. Schweiker was here, he basically said that you're defined by the front door of your home, and when you go through that front door whether or not you choose to do that, you don't know what's on the other side. I think what's happening in Erie County is that we don't have that front door and so people are never really getting through it.

The saddest thing in economic development is to think of how many companies Googled Erie and then just walked away. They maybe thought, "This might be a good location. There's a water source, a great affordable place to live" but then they got on Google and thought, "Maybe not" and walked away. Our wonderful economic development professionals in Erie County never even got a chance to talk to them.

There is a larger piece to this too and that's the funneling question. When an inquiry comes in like, "I want to relocate to Erie County", who is talking to that person? Not only who is talking to that person but who is following up? How do you define a win or a loss? Right now, we don't know what we're losing so we don't know if we're winning.

Mr. Wood: I think the metaphor is the front door, which Gov. Schweiker introduced in his speech. I went to the Governor Schweiker event down at the Blasco that the County Executive held to talk about this concept. His metaphor for the front door, I think, is very applicable to what we're talking about doing here.

If I can put it in context for the Board, there are three basic strategies in economic development for small business development; one is entrepreneurship. We have clearly been at the forefront of that with what we're doing with Ignite Erie, with the Beehives, with the seed investments with Ben Franklin and the Progress Fund. The second is expansion of existing businesses that currently have a footprint. We have clearly funded a significant amount of that as well; Bridgeway Capital being the best example with their Erie Growth Fund, as well as the Enterprise Development Fund. A lot of those funds are expansion funds for businesses that are already here.

The third category though is business recruiting. Business recruitment is not actively done right now in Erie County. The infrastructure for it just doesn't exist. That goes along with what Kate is talking about building a foundation for that infrastructure. When this initiative first came up, it sounded like it was simply a marketing concept for the 4,700 laid-off GE workers and the other 150 that were laid off this morning. That's a very narrow interpretation of what this would do. After the Mark Schweiker presentation to see what Philadelphia was doing, it is obviously a much broader vision that has taken place here; one that I thought we needed to understand as a Board.

There are significant differences though. Philadelphia spends big bucks on these efforts; a lot of research, a lot of improvement, a lot of the receptions like at the Sheraton with leaders in order to make sure that they know what the community has to offer with public officials, with tax entities, with corporate leaders – and a lot of it is led by corporate leaders. They are a contender for the Amazon headquarters; that's the extent that their infrastructure is built out. We need to crawl before we sprint.

I think this is a very interesting way to test drive it. If my notes are correct, Erie County spent \$36,000 toward the program so far. I'm assuming, Gary, that the next step would be for the mission to quantify Phase 2 and then to ask ECGRA for funding whenever the pilot project concept is back up.

Mr. Lee: In meeting with the group once we got the consultants on board it was decided that, if possible, to do the research at the same time as we were doing Phase 1 which is the branding, the video, setting up the infrastructure to launch this particular initiative. The County at this point is just committed to Phase 1 and the RFP and that's what we're going to be doing. We wanted ECGRA to consider the research part which would work hand-in-hand with Phase 1, which again is the infrastructure of getting this initiative launched.

Mr. Wachter: When this was first brought up two or three months ago, it was shortly after that period of time that the Gaming Authority came under direct scrutiny by various parties who never actually talked with the Gaming Authority directly and criticized the manner in which the money for Pilot Projects was being provided. As a result of that, the Gaming Authority eliminated the Pilot Project funding concept out of the operating budget. It was said at that point if any of this funding was to occur that because of the requirements of the Settlement Agreement and quite frankly, good governance, this body needs to have structure and guidelines in which money is handed out to avoid the discretionary funding of projects that got the Gaming Authority sued all those years ago. That hasn't happened yet. I just want to remind the Board that if this is going to be a concept that is worthy of funding in your determination, you need to work toward trying to resolve the fact that you don't have a funding mechanism available.

Mr. Paris: Can we have the option of putting it back in the budget?

Mr. Wachter: It is the Board's discretion as to whether you pulled it out of the budget, it's the Board's discretion as to whether you put it back into the budget. That's a policy decision on your part.

Mr. Paris: I've had a lot of discussion on this topic with individuals who are not opposed to us putting this back in the budget as long as we specify in a more detailed way what that line item is for.

Mr. Sample: We can't specify if we don't know what project is coming up.

Mr. Paris: I'm not saying specify what the projects are but specify. . .

Mr. Sample: They would have been better served asking the question before criticizing us.

Mr. Paris: Exactly, but they didn't do that and we knee-jerk reacted to it and . . .

Mr. Sample: No, we didn't. We were specifically told to clean that up.

Mr. Paris: Well, I never wanted to remove that from the budget. I thought it was a mistake. I think it should be put back in.

Mr. Sample: Not to use the word malleability but not having that kind of project makes being able to react to very needed things in Erie County very difficult. But we were scrutinized that it was a discretionary thing that we would just go out and not do the due diligence and quantify the project.

Mr. Paris: Any way we could put it back in? In the meantime, we can look at some point later on down the road taking it back out and having that bucket with the new pilot project.

Mr. Sample: Short of waiting until the budget of next year, that's what we have to do but we have to figure out a way to work with the powers that be; to be able to have that and be able to have a funding source. That's what was part of the uniqueness.

Mr. Peters: I remember at the last meeting that I attended in person we talked about how we would have the Strategic Planning Committee to hold a meeting to get started on making some of these changes. My recollection is that no one was opposed (on the Board) to the concept of a Pilot Program but instead of it coming out of our operating budget, creating - in essence - a bucket in our funding framework. To do that we would have to amend our Strategic Plan and figure out the best way to. I know at the initial meeting we heard from some guests like Mark Tanenbaum and we talked about a way that in next year's budget we could build into the Strategic Plan a new bucket or really a new pilot plan so that people . . .

The people who criticized us over that Pilot Program simply did not see what we had done so far and probably why they didn't understand it was because they didn't look at the framework. My recollection was we were going to move to have this money in a bucket for this funding into our grant budget, rather than something that was coming from our operating budget. We've already amended our operating budget once this year under pressure; I would not recommend that again but that we should stick to our guns and move on the Strategic Plan. We need to get this reinstated the proper way.

It kind of stinks for these current projects but at the same time, how do we every time someone doesn't like what we do, change our budget or policy? I just don't think that's good from a policy position.

Mr. Paris: But we're six months away from that.

Mr. Wood: Let's hold a Strategic Planning Meeting where we can talk about it and try to come to some kind of consensus about it.

Mr. Peters: We need to get together and make sure that everybody gets their say and figure out how it's going to work. We need to make sure that Tim is satisfied with it from a legal perspective.

Mr. Wood: Let's get back to asking Kate any questions about this project and we can get back to dealing with this later.

Mr. Wachter: One of the things I have realized is that Pennsylvania is at a detriment in the economic development corridor as compared to other states, given our extremely limited ability as a Commonwealth to generate cash as an incentive for companies to move to Pennsylvania. We have lost many deals, including Interstate Chemical. We are very limited in our tools so I appreciate the marketing of Erie County in the manner in which we do that.

The one thing, relating to the City although I think we have options in the County that are similar, we should include education not just at the university level but at the high school and the Vo-tech level as part of the economic development packages that we can offer. In the City of Erie School District, they are developing magnet programs; if there was a company that wanted to come into Erie and they needed people who had specialized training in running flux-capacitors or whatever, I bet the school district would develop a magnet program or a certificate program or something for students where they would get their education in the first two years and then co-ops the last two years so they could be trained on those machines and they could come out and work at those jobs.

If you align that with the funding from the Workforce Investment Board, you'll find that the Workforce Investment Board will fund those co-ops and fund those employment opportunities so that

there is zero risk on the company's standpoint from an economic perspective, but we have a direct pipeline for qualified workforce. Similar programs can be developed at the Vo-tech level for the County, they could be developed at the Corry Higher Ed, they could be developed at the Vo-tech in Corry. That's a piece that needs to be integrated directly into the economic development picture and as you're recreating this, I think that's a phenomenal aspect that should be included.

Also, with respect to the websites, I don't know when it was pulled down but thank goodness it was, but the DevelopErie website that we had as recently as two weeks ago the last time I saw it said, "Come to Erie. We're great. Here's a link to the State programs. Here's a link to the Federal programs. Have a nice day." It's nice that that's just off the web.

Ms. Philips: Those are excellent points. That type of economic development has been happening around the country; training people, bringing that education system into the partnership. I would be remiss if I don't plug the need for a community college at this point. Moving ahead of that concept, I would say that the end of DevelopErie actually created a vortex that we have never really recovered from. Part of what's happening now in the economic development system in Erie County structurally is, to Tim's point, the funding is – we are in deficit. We don't have the type of funding that other states are putting on the table. If you look at Boeing in Washington state and how literally from top to bottom, from the local township supervisor up to the US Senator and the Governor, they were all at the table with Boeing. They offered them a package that if Boeing would have left Washington state, it would have literally buckled their economy.

In some ways, that's what's happening in Erie County with our largest employer General Electric leaving but as Tim points out, and rightfully so, we really don't have a lot of tools in place to incentivize them to stay; in this case I don't think that would have made a difference in the outcome. What we're trying to do is have that one-stop-shop; just hearing that the DevelopErie site was still up makes my stomach sick because it should be gone.

We have never recovered from that. This is an opportunity to not only recover from that loss in our economic development system but to do it right. This initiative was born out of crisis and need and many, many great initiatives are as we are well aware in the American political system, but if we do this in a deliberate and thoughtful way, if we create this infrastructure really well . . . (I would love for you to join this coalition. Janet Anderson is in the group but you would be a great addition as well, Tim.) I think that if we do this in a thoughtful way, if everyone coalesces around what are our key industries and created an asset inventory that really does sell Erie County, are we going to have multi-billion-dollar incentive packages to offer? No, we are not. But I can tell you right now that we are not going to attract one company or retain one company with the system we have in place right now, whether we have a dollar or a dime or more.

We can't change that. I would really like for Tim Wachter to run for office to help change that and become our next Governor but honestly, we need that money in our state system. Tim gets it because he was in an administration that had access to that money. We understand what it is. Tim and I are in a fraternity of people who have worked in Harrisburg in that kind of office and we understand how that money moves. The fact is, we are in a major deficit in Pennsylvania; it's a real shame. The economic development system in the United States is basically cannibalism. Especially when I was in Philadelphia; you would see New Jersey, who did a public affairs campaign for Penn Medicine because Horizon was basically just pulling people across the river. They are divided by a river but they would incentivize people to go across. We don't have that challenge. We are isolated enough that we are a place people want to come to and people want to stay in. We also have some assets here that I think are attractive. Now, we have to create this inventory, we have to create this infrastructure, and open the front door; we're open for business.

Up for the Job is a tagline; it's not going to be what this entity is called. In some ways, it really does describe Erie. What I find about people in Erie is that they are up for the job; they are up for

anything. "We'll try that. We'll do that." People are risk-takers and the entrepreneurial spirit is alive and well here in Erie. As Perry said, we are funding that, we are fueling that. We need to try to attract people and we need to attract growth.

I hope I can encourage you guys to consider it. I understand that you have to put a mechanism in place. The one thing that I would say in terms of process is that this project will be very well served if we do this research simultaneous to the marketing and branding initiative. There are many elements to that marketing piece. For example, we're doing the county planning office right now is creating a GIS system that shows all available land that could be developed in Erie County. Does it have water? Sewer? What types of amenities are on that land? We don't have that. If you go to Lehigh Economic Development Corp, you can literally walk yourself around see that there are 30 acres of land with water and sewer that may meet your needs. This is a complex marketing challenge; this piece of it is a necessary element and it's up to us to make sure we are all on the same page, we fill the vortex that the demise of DevelopErie created, and we let people know we're up for the job.

Mr. Wachter: When I went to Mississippi two weeks ago for the purpose of looking at some economic development models, I left shocked and dismayed. Mississippi is a state with three million people and they put together \$100M economic development packages, not of tax credits or incentives, but of cash for one project. We don't even have a mechanism in Pennsylvania in which to do that.

We can't rely on the State to solve all of our problems because the State physically, legally, and structurally can't do it with the economy that we have. We need to solve it by ourselves, relying on the services that we offer and the fact that we are willing to go out and look at this and market for the future and market for our jobs is absolutely spectacular.

Ms. Philips: The Mississippi example, the Golden Triangle example, is something that I've been looking at for a year now and the Joe Max Higgins experience is an experience in itself. I would say that one of the things that I think is important is – and this doesn't have anything to do with your funding decision today or the research – but what Tim just described is one of the things that we in Erie County need to think about. In terms of leadership, once this infrastructure is built, there needs to be strong leadership and somebody needs to own economic development in Erie County. We have a vacancy at the Chamber of Commerce right now and it might be a huge opportunity for us to bring in someone who can go out and sell Erie County into that space. Whomever that is, let's hand them the tools that they need to get that job done.

Mr. Wood: Thank you, Kate.

COMMITTEE REPORTS

- a. Treasurer's Report – Mr. Peters: I apologize that I can't be there but I am traveling today. Kate, I did appreciate your presentation. It was very thorough and filled with good stuff.

I did have a chance to review the documents but unfortunately, I am in my car so I can't go over them individually with you, but I didn't see anything out of order. We are generally in line with our revised budget. Like usual, if after you read them you have any questions, myself or Perry would be happy to discuss them with you. Mr. Leone did bring up some questions about the credit card statements. I don't believe we include those documents

in our financials but they are available to anyone that requests them. As a matter of compliance, Mr. Sample or myself do review that prior to payment.

With that, I can try to answer any questions about the documents while driving.

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

Mr. Barney makes a motion to approve the financials. Mr. Yaple seconds the motion. Motion carries 6 – 0.

- b. Regional Assets Committee: Mr. Wood: I can give a quick update on that. Tom and I have been working to communicate with potential Mission Main Street applicants, which those applications are due December 1st. We made a lot of progress; we met with members of Corry City Council, Impact Corry, as well as Union City Pride. I met with the new manager of the Borough of Edinboro who is interested in submitting something along these lines for Edinboro. We've done a lot to improve outreach with Mission Main Street. Moving into January, we'll be looking at Special Events funding.
- c. Strategic Planning Committee: Mr. Paris: Perry and I trying to pick out a time when we can get together to talk about the land bank Pilot Project and a few other things, so we will be in touch.
- d. Update from County Council: Mr. Breneman: It is great to be here and it is wonderful that we finally got a conclusion to the nearly two-year saga of the gaming law. I want to commend ECGRA for taking the lead and doing the heavy lifting on ensuring that Erie County remains whole with that funding. I know that any time the County can do something – we invite legislators to come in and we generally play host to them, including a ride on the Victorian Princess, or a tent at Eight Great Tuesdays. We understand that not only do you have to bring people around to have discussion, but sometimes you have to facilitate those kinds of discussions that can only take place in types of informal environments.

I also want to say that I appreciate my time here in the last four years. I have seen Board Members come and go. Every single Board Member that has been appointed by Council and the County Executive has come through and have been very engaged in every bit of the process and I have seen the eyes and views of those Board Members come to recognize the value that ECGRA has in the community, the value that their voice has in the organization and that the organization is adaptive to its appointed members.

I also want to commend ECGRA, and I know you just had a brief discussion of sorts, about your responsiveness to community concerns; I do think that has shown your transparency and your ability to grow and adapt to meeting those needs not only when you're presented with a problem or a question, but whenever you're presented with an idea on how to address those problems and questions. I've seen you be very adaptive and responsive to that. I think you should continue to do that and also make sure that it is measured and not done in a way that has detriment to your organization's ability to move with steady progress.

Community investments – I've seen you work with the County Executive's office, members of County Council, municipal leaders, etc. and I would encourage you to keep doing that.

Now that we have this gaming law behind us, I appreciate the Board's interest in looking at ways to continue to have a major impact on our community. It's going to be a very active next two months, but I think next year can also be very active with the retention of the Dahlkemper administration, with some members of Council, and even with some new

members of Council. I would encourage you to continue your engagement with our elected officials as you move forward. That concludes my report.

Mr. Sample: Jay, I would like to thank you. It has been extremely beneficial in having you as our liaison and working with us. I cannot express how much appreciation there is because you have been very easy to work with and very forthcoming, as with Mr. Lee. You have never been an obstacle; you've always been a help to the Board in keeping us on the straight and narrow.

- e. Update from County Executive's Office: Mr. Lee: Thank you Mr. Chairman. There are just two things I want to address. First of all, the Dahlkemper administration is excited to be back for another four years. Whether you win by one vote or 1,000 votes, a win is a win. We're excited to move forward with the great things that we have to do within the County.

Secondly, thank you for hearing the presentation here today for the Up for the Job initiative. This is an extremely important initiative by our administration and it's going to be our number one movement, at least in the next six months. Again, we appreciate the willingness and openness to consider working on this initiative from a funding standpoint. Thank you, Mr. Chairman.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Wood: Gaming Legislation passed the PA Senate and House on Thursday, October 26, 2017. The new bill was subsequently signed into law by the Governor. The legislation expands gaming to internet gaming, mini-casinos, and VGTs. It maintains the concepts of restricted and unrestricted local share gaming. However, some changes were made that effect ECGRA. They are as follows:

- \$1mm will come out of ECGRA funding and go to the County of Erie for the purposes of a Land Bank.
- Each expenditure of local share assessment shall be disclosed on the ECGRA website.
- Local share funds shall not be used for tuition or educational expenses
- Disclosure language that funds originated from gaming is now required
- And, finally, ECGRA is subject to audit by the Auditor General

Lead Assets

The Lead Assets have sent a letter requesting a presentation from the Erie Community Foundation on the Endowment. This is in line with the MOU we have with the Lead Assets. You may recall that last November was the first time we held such a meeting. Out of the meeting came the recommended amount for disbursement from the Endowment. Later, the Lead Assets followed up with us on their recommendation for distribution. I look forward to the process going that smooth again this year.

Erie City Schools Projects Update

In your Executive Director's Report Packets, there is a summary from the Erie Public Schools. I met with them recently to discuss three grants we've made to EPS.

The first is Tech After Hours. If you recall, the inaugural class was a success. It was sustainable, people got jobs, and everyone completed the program. It's clear that after Mat Pundt left the School District, the program floundered for a year. However, they now have a new manager, a new approach to marketing the program, and they are tying a hybrid cyber school concept with TAHs to increase enrollment. I'll continue to communicate with them on their progress.

Second, the Community Schools concept launched last year and the 3 targeted schools have action plans - McKinley, Edison, and Pfeiffer-Burleigh. Those are the district's 3 elementary schools. East and Strong Vincent, the middle schools, are up next. A strong relationship has developed between the Community Schools concepts and the community centers. This was the focus of the ECGRA funding. EPS is looking at tying their credit recovery program to the community centers in order to increase participation. The next step is to hire evening managers to the schools are available for additional after school activities.

Third, is the School District Foundation Challenge. Those funds provided ServErie with 30k in materials to refurbish Erie High School, STEM carts, Makerspace equipment, and other mini-grants for teacher led projects.

Erie Insurance Civics Day

I gave a presentation at the Erie Insurance Civics Day on the Erie economy from a civic perspective. Several ECGRA projects were highlighted along with the collaboration necessary to market them happen. About 50 people attended the half day event. The audience was mainly Erie Insurance executives. The agenda is in the packet.

Beehives

The Ignite Erie Beehive concept received a lot of attention from media sources in recent weeks. The four universities unveiled their efforts to have prototype labs at each university and described how they would complement and collaborate with each other. Congressman Glen Thompson made a visit to the first beehive and participated in a panel discussion on universities in economic development. He was impressed with the project and vowed to promote it in DC. Also, the Behrend Council of Fellows heard about the Beehives involvement with the Invent Penn State Initiative launched by main campus two years ago.

Auditors

There is a 4 Year Agreement with MaherDuessel to conduct our annual audit on your agenda today. We've discussed making a multi-year decision on auditors at the last several board meetings. Their proposal is available for your perusal.

Jim Domino has resigned from the ECGRA board. In a letter, he stated: "I have enjoyed my time with the board and wish you, the board and staff members ongoing success."

Neighborhood & Infrastructure Revitalization Fund

Some members of Erie County Council led by Councilperson Foust have proposed creating the Neighborhood & Infrastructure Revitalization Fund or NIRF as a landing zone for the Erie County Land Bank Funds. The County Council proposal designates the ECGRA board and staff as the oversight and administration of the gaming funds. Our solicitor has issued a memo with more details on the proposed governance and administration of the NIRF.

ECGRA Compliance

I want to finish my report by giving the board an update on compliance. Recently, some people have been confused as to the extent of the ECGRA compliance process, so we've needed to educate them on the process. I want to enter that into the record today.

When ECGRA publishes a set of grant guidelines, we host a workshop open to the public. On average 20-30 people attend.

Then we allow a minimum of 30 days to accept grant applications.

Those applications go into an electronic grant binder that is made available to the grant review committee. A printed copy is available upon request.

The committee meets, discusses the grants, & scores them.

The highest scoring grants are recommended for funding at the next board meeting. Those that are granted funding sign an agreement with ECGRA for a 12-month period. Within 30 days of the 12-month expiration, the grantee must do two things:

- First, fill out a close out report stating what they accomplished.
- Second, turn in financial documentation stating how ECGRA funds were spent.

If a grantee does not fill out this paperwork, they become ineligible for future funding.

If there are extenuating circumstances, which sometimes happens with volunteer groups, we work out leniency.

In summary, ECGRA's process is fair, stern, and in line with other grant makers.

I'll take any questions you may have.

SOLICITOR'S REPORT

Mr. Wachter: I just wanted to comment on one thing with respect to the Neighborhood Investment & Revitalization Fund from the Gaming Authority's perspective. As Mr. Wood indicated, this is just a proposal that is being made by County Council. I don't want people to think that the Erie County Gaming Revenue Authority Board would be the Board that would be creating all this. The proposal is that these members would serve on the land bank Board. It's not the Erie County Gaming Revenue Authority that would be creating the land bank, that would be putting the processes in place, that would be facilitating that. The proposal is that the members of this Board would serve on the land bank Board and that the staff, offices, and facilities of the Erie County Gaming Revenue Authority would be used to administer the programs that would be implemented by that Board. As I understand how the proposal is now, the extent of the Erie County Gaming Revenue Authority's administrative or legal involvement with that would be considering some level of a management agreement with that land bank group to lease out space that we've rented that we're in and to allow for the sharing of the staff.

So, it is not the Erie County Gaming Revenue Authority that would be facilitating that, there would just be a commonality of Board under that proposal and a commonality of staff and the way that you achieve that commonality of staff is through some level of management agreement between the two entities. As we're moving down this, this legal entity really doesn't have much to do directly with that particular Board.

OLD BUSINESS

No old business.

NEW BUSINESS

- a) Resolution No.13: Resolution to enter into a four-year contract for annual auditing services with MaherDuessel, CPA.

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

- b) Are there any questions of the Neighborhood & Infrastructure Revitalization Fund?

ADJOURNMENT

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

Erie County Gaming Revenue Authority
Profit & Loss
November 2017

	<u>November</u>	<u>YTD</u>	<u>Budget YTD</u>	<u>2017-18 Budget</u>
Ordinary Income/Expense				
Income				
44800 · Gaming Revenue		426,612.64		
46400 · Other Types of Income				
46410 · Interest Income - Savings	6,895.07	52,501.80		
46420 · Interest Income - EDF #1		11,250.00		
46421 · Interest Income - EDF #2		18,000.00		
46422 · Interest Income - BWC		15,250.00		
46424 · Interest Income - Progress Fund		9,890.55		
Total Income	<u>6,895.07</u>	<u>533,504.99</u>		
Expense				
62100 · Contracted Services	11,180.45	70,765.12	85,066.64	127,600.00
62800 · Facilities & Equipment	1,386.89	12,361.99	15,726.64	23,590.00
65000 · Office Administration	1,056.30	19,405.65	18,833.28	28,250.00
65100 · Other Types of Expenses	2,165.44	65,237.45	39,666.64	59,500.00
66000 · Payroll Expenses	24,602.88	143,716.08	144,133.28	216,200.00
Total Expense	<u>40,391.96</u>	<u>311,486.29</u>	<u>303,426.48</u>	<u>455,140.00</u>
Net Ordinary Income	(33,496.89)	222,018.70		
Other Income/Expense				
70000 · Grants / Settlements				
70030 · Community Assets		150,518.00		
70050 · Municipal Settlements		106,653.16		
70060 · Human Services		19,500.00		
70070 · Special Events		171,014.05		
70090 · Multi-Municipal Collaboration		238,350.00		
70120 · Summer Jobs Program	4,621.33	140,799.75		
70130 · Small Business Financing				
70136 · Ignite Erie Industry + University		250,000.00		
70150 · Shaping Tomorrow				
70153 · Community College		15,000.00		
70157 · Innovation District		25,000.00		
Total 70000 · Grants / Settlements	<u>4,621.33</u>	<u>1,116,834.96</u>		
Net Other Income	<u>(4,621.33)</u>	<u>(1,116,834.96)</u>		
Net Income	<u>(38,118.22)</u>	<u>(894,816.26)</u>		



Erie County Gaming Revenue Authority
Balance Sheet
As of November 30, 2017

	November
ASSETS	
Current Assets	
Checking/Savings	
10000 · ErieBank - Checking	105,385.07
10100 · ErieBank - Savings	
10100 · ErieBank - Savings - Other	7,767,952.54
10101 · Committed Funds	3,333,083.25
10102 · Restricted Funds	426,612.64
Total 10100 · ErieBank - Savings	11,527,648.43
Total Checking/Savings	11,633,033.50
Other Current Assets	
12000 · Notes Receivable	
12001 · Note Receivable - EDF #1	500,000.00
12002 · Note Receivable - EDF #2	800,000.00
12003 · Note Receivable - CIBA	18,846.25
12004 · Note Receivable - BWC	1,000,000.00
12005 · Note Receivable - Progress	1,000,000.00
Total 12000 · Notes Receivable	3,318,846.25
14500 · Prepaid Insurance	1,625.31
Total Other Current Assets	3,320,471.56
Total Current Assets	14,953,505.06
 TOTAL ASSETS	 14,953,505.06
 LIABILITIES & EQUITY	
Equity	
30000 · Opening Balance Equity	2,927,064.18
32000 · Unrestricted Net Assets	12,921,257.14
Net Income	(894,816.26)
Total Equity	14,953,505.06
 TOTAL LIABILITIES & EQUITY	 14,953,505.06



Erie County Gaming Revenue Authority
Statement of Cash Flows
November 2017

	<u>November</u>
OPERATING ACTIVITIES	
Net Income	(38,118.22)
Adjustments to reconcile Net Income to net cash provided by operations:	
14500 · Prepaid Insurance	<u>812.66</u>
 Net cash provided by Operating Activities	 <u>(37,305.56)</u>
 Net cash increase for period	 (37,305.56)
Cash at beginning of period	<u>11,670,339.06</u>
 Cash at end of period	 <u><u>11,633,033.50</u></u>



Erie County Gaming Revenue Authority
Budget vs. Actual
November 2017

Expense	November	YTD	Budget	Over/(Under) Budget	% of Budget
62100 · Contracted Services					
62110 · Accounting Fees	0.00	6,534.00	6,500.00	34.00	100.52%
62120 · Government Relations Services	4,000.00	22,004.27	50,000.00	(27,995.73)	44.01%
62130 · Professional Services	2,608.20	23,008.40	36,000.00	(12,991.60)	63.91%
62140 · Legal Services	4,335.00	16,589.30	30,000.00	(13,410.70)	55.30%
62145 · Website Design	0.00	1,753.50	4,000.00	(2,246.50)	43.84%
62150 · Payroll Services	237.25	875.65	1,100.00	(224.35)	79.60%
Total 62100 · Contracted Services	11,180.45	70,765.12	127,600.00	(56,834.88)	55.46%
62800 · Facilities & Equipment					
62840 · Office Equipment	0.00	1,564.16	5,000.00	(3,435.84)	31.28%
62850 · Janitorial Services	0.00	1,089.60	590.00	499.60	184.68%
62890 · Rent	1,386.89	9,708.23	18,000.00	(8,291.77)	53.93%
Total 62800 · Facilities & Equipment	1,386.89	12,361.99	23,590.00	(11,228.01)	52.40%
65000 · Office Administration					
65010 · Books, Subscriptions, Dues	-4.43	2,897.18	5,000.00	(2,102.82)	57.94%
65020 · Postage	15.99	570.85	600.00	(29.15)	95.14%
65030 · Printing	0.00	695.00	1,250.00	(555.00)	55.60%
65040 · Office Supplies	248.51	1,500.89	2,800.00	(1,299.11)	53.60%
65050 · Cell Phone	0.00	910.60	2,200.00	(1,289.40)	41.39%
65060 · Copier Lease	182.00	1,306.00	2,100.00	(794.00)	62.19%
65070 · Copier Printing Costs	237.92	1,889.95	3,500.00	(1,610.05)	54.00%
65080 · Bank Fees	0.00	56.98	50.00	6.98	113.96%
65085 · Professional Development	0.00	6,322.00	5,000.00	1,322.00	126.44%
65090 · Meeting Expenses	376.31	3,089.72	5,500.00	(2,410.28)	56.18%
65095 · Miscellaneous Expense	0.00	166.48	250.00	(83.52)	66.59%
Total 65000 · Office Administration	1,056.30	19,405.65	28,250.00	(8,844.35)	68.69%
65100 · Other Types of Expenses					
65105 · Outreach	141.26	8,435.95	12,000.00	(3,564.05)	70.30%
65110 · Advertising	42.00	7,463.12	12,000.00	(4,536.88)	62.19%
65115 · Phone/IT/Fax	1,166.52	10,227.04	18,000.00	(7,772.96)	56.82%
65120 · Insurance	812.66	6,501.28	9,500.00	(2,998.72)	68.43%
65130 · Grant Management Software	0.00	9,200.00	0.00	9,200.00	0.00%
65150 · Travel	3.00	3,565.72	8,000.00	(4,434.28)	44.57%
65160 · Special Projects	0.00	19,844.34	19,844.34	0.00	100.00%
Total 65100 · Other Types of Expenses	2,165.44	65,237.45	79,344.34	(14,106.89)	82.22%
66000 · Payroll Expenses					
66005 · Salaries & Wages	21,408.50	128,563.85	194,000.00	(65,436.15)	66.27%
66010 · FITW Tax	2,437.63	10,318.93	14,400.00	(4,081.07)	71.66%
66015 · FUTA Tax	0.00	41.99	150.00	(108.01)	27.99%
66020 · PASUI Tax	0.00	578.01	2,000.00	(1,421.99)	28.90%
66500 · Retirement	756.75	4,213.30	5,650.00	(1,436.70)	74.57%
Total 66000 · Payroll Expenses	24,602.88	143,716.08	216,200.00	(72,483.92)	66.47%
Total Expense	40,391.96	311,486.29	474,984.34	(163,498.05)	65.58%

Erie County Gaming Revenue Authority
Schedule of Grant Reserve
As of November 30, 2017

	<u>November</u>	<u>YTD</u>	<u>Totals/Subtotals</u>
Uncommitted Funds	7,767,952.54		
Committed Funds	3,333,083.25		
2017 Restricted Funds:			
First Quarter Gaming Revenue		254,570.93	
Second Quarter Gaming Revenue		172,041.71	
Third Quarter Gaming Revenue		0.00	
Fourth Quarter Gaming Revenue		0.00	<u>426,612.64</u>
Disbursements:			
First Quarter Disbursements		742,533.78	
Second Quarter Disbursements		341,044.86	
Third Quarter Disbursements	4,621.33	8,283.32	
Fourth Quarter Disbursements		0.00	<u>1,091,861.96</u>

Disbursements Detail

Grants/Settlements

Community Assets

Albion Area Fair, Inc.	6,096.00	
AmeriMarsala	9,180.00	
Community Access Television	9,039.00	
Corry Area Historical Society	9,530.00	
Edinboro Arts & Music Fest	8,199.00	
Erie Contemporary Ballet Theatre	5,886.00	
Erie PAL	10,791.00	
Erie Yesterday	8,064.00	
Fort LeBoeuf Historical Society	8,797.00	
Gannon University	8,829.00	
Greater Erie Alliance for Equality	3,474.00	
Humane Society of NWP	5,326.00	
Lake Erie Fanfare, Inc.	7,988.00	
Martin Luther King Center	9,320.00	
North East Little League	6,105.00	
PACA	10,161.00	
Union City Area School Dist. Foundation	10,091.00	
Waterford Community Fair Association	5,466.00	
Wesleyville Area Museum	1,654.00	
Woman's Club of Erie	6,522.00	<u>150,518.00</u>

Human Services

All God's Children Ministries	2,500.00	
Community Resources for Independence	7,500.00	
Mission Empower	3,500.00	
Sisters of Mercy	6,000.00	<u>19,500.00</u>

Lead Assets

0.00	<u>0.00</u>
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Erie County Gaming Revenue Authority
Schedule of Grant Reserve
As of November 30, 2017

Special Events	<u>November</u>	<u>YTD</u>	<u>Totals/Subtotals</u>
Albion Area Fair, Inc.		1,397.40	
Asbury Woods Partnership, Inc.		923.10	
Bayfront NATO, Inc.		3,697.50	
Borough of Union City		1,804.55	
Borough of Wesleyville		4,307.80	
CAFÉ		487.90	
Crime Victim Center of Erie County, Inc.		5,959.35	
Downtown North East		2,696.20	
Dr. Gertrude A. Barber Foundations		11,290.55	
Downtown Edinboro Art & Music Festival		536.35	
Edinboro Highland Games		14,875.00	
Erie Art & Music Festival		13,110.40	
Erie Asian Pacific American Association		2,489.65	
Erie Contemporary Ballet Theatre		563.55	
Erie Downtown Partnership		765.00	
Erie Drum Corps Association		871.25	
Erie Homes for Children & Adults		2,346.00	
Erie Lions Club Save an Eye Game		992.80	
Erie Regional Chamber & Growth Partnership		4,165.00	
Film Society of NW PA		908.65	
Goodell Gardens & Homestead		5,363.50	
Harborcreek Township		1,909.10	
Holy Trinity Roman Catholic Church		18,494.30	
Jefferson Educational Society		1,916.75	
Lake Erie Arboretum At Frontier		5,057.50	
Lake Erie Ballet		566.10	
Lake Erie Fanfare, Inc.		7,092.40	
Mercy Center for Women		20,839.45	
The Nonprofit Partnership		1,375.30	
North East Community Fair Association		3,202.80	
Presque Isle Partnership		3,791.00	
Roar on the Shore		4,817.80	
SafeNet		2,550.00	
Saint Patrick's Church		2,135.20	
Sister's of St. Joseph Neighborhood Network		4,037.50	
Union City Pride		1,065.05	
WQLN Public Media		2,454.80	
Waterford Community Fair Association		4,247.45	
Wattsburg Agricultural Society		2,310.30	
YMCA of Greater Erie		2,125.00	
Young Artists Debut Orchestra		854.25	
Youth Leadership Institute of Erie		620.50	
		<u>620.50</u>	<u>171,014.05</u>

Erie County Gaming Revenue Authority
Schedule of Grant Reserve
As of November 30, 2017

	<u>November</u>	<u>YTD</u>	<u>Totals/Subtotals</u>
Municipalities			
Multi-Municipal Collaboration			
Erie Area Council of Governments		100,000.00	
Jefferson Educational Society		97,000.00	
Girard Township		16,350.00	
Redevelopment Authority - City of Corry		25,000.00	238,350.00
Municipal Settlements			
Erie County		11,731.85	
Greene Township		11,731.85	
McKean Township		11,731.85	
Millcreek Township		11,731.85	
Summit Township		47,993.91	
Waterford Township		11,731.85	106,653.16
Neighborhoods & Communities		0.00	0.00
Small Business Financing			
Ignite Erie Industry + University; Penn State Erie - The Behrend College		250,000.00	250,000.00
Youth & Education			
Mercyhurst University - Innovation District		25,000.00	
Summer Jobs Program	4,621.33	140,799.75	165,799.75
Total Funds Disbursements	4,621.33	1,101,834.96	1,101,834.96

	<u>November</u>	<u>Amount Remaining</u>	<u>Original Commitment</u>
Committed Funds:			
1855 Capital Partners		500,000.00	500,000.00
Enterprise Development Fund		500,000.00	500,000.00
GECAC - Summer Jobs Program	4,621.33	9,200.25	150,000.00
Penn State, The Behrend College - Ignite Erie		250,000.00	750,000.00
PennVenture Partners		1,000,000.00	1,000,000.00
Shaping Tomorrow			
Empower Erie - Community College		370,000.00	400,000.00
Erie's Public Schools - Tech After Hours		133,333.00	200,000.00
Erie's Public Schools - Community Schools		75,000.00	150,000.00
Gannon University - Go College		31,250.00	125,000.00
Gannon University - East-West Bayfront Plan		14,300.00	50,000.00
Mercyhurst University - Innovation District		350,000.00	400,000.00
Primary Health Network - School Based Health Center		100,000.00	100,000.00
Total Committed Funds	4,621.33	3,333,083.25	4,325,000.00



Erie County Gaming Revenue Authority
Check Detail
November 2017

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
11/02/2017	EFT	ECCA, Inc.	10/14/17 to 10/27/17 Payroll	-16,650.56
11/02/2017	EFT	Fidelity Investments	10/14/17 to 10/27/17 Retirement	-436.41
11/02/2017	2265	Amanda Burlingham	Sept/Oct 2017 Outreach	-2,608.20
11/02/2017	2266	Velocity Network, Inc.	Phone/IT/Fax	-897.68
11/06/2017	2267	Great America Financial Services	November 2017 Copier Lease	-332.00
11/06/2017	2268	Penn State University	November 2017 Rent	-1,386.89
11/06/2017	EFT	ECCA, Inc.	10/28/2017 to 11/10/2017 Payroll expense	-37.65
11/06/2017	EFT	ECCA, Inc.	10/28/2017 to 11/10/2017 Payroll expense	-38.80
11/14/2017	2269	Ridge Policy Group	November 2017 Government Relations	-4,000.00
11/16/2017	2270	Emerald Printing & Imaging	Business Cards	-71.26
11/16/2017	2271	K&A Engraving / K&A Tool Co. Inc.	Lacquer Plaques	-70.00
11/16/2017	EFT	ECCA, Inc.	10/28/2017 to 11/10/2017 Payroll	-7,326.59
11/17/2017	EFT	ECCA, Inc.	10/28/2017 to 11/10/2017 Payroll expense	-38.65
11/17/2017	EFT	Fidelity Investments	10/2/2017 to 11/10/2017 Retirement - Tom & Tamm	-207.82
11/17/2017	EFT	Fidelity Investments	10/28/2017 to 11/10/2017 Retirement - Perry	-230.61
11/20/2017	20014	Perry Wood	10/28/2017 to 11/10/2017 Payroll - Perry	-2,490.43
11/27/2017	2272	Greater Erie Community Action Committee	2017 Summer Jobs	-4,621.33
11/28/2017	EFT	VISA	October 2017 Visa - Tammi	-250.92
11/28/2017	EFT	VISA	October 2017 Visa - Perry	-5,122.22
11/30/2017	EFT	ECCA, Inc.	11/11/2017 to 11/24/2017 Payroll	-6,397.37
11/30/2017	EFT	Fidelity Investments	11/11/2017 to 11/24/2017 Retirement	-436.45
11/30/2017	EFT	ECCA, Inc.	10/28/2017 to 11/10/2017 Payroll Adjustment	-3,292.89





E·C·G·R·A
ERIE COUNTY GAMING REVENUE AUTHORITY

**EXECUTIVE
DIRECTOR'S
REPORT**

FOR

DECEMBER 2017



Memo 1, 2017

Source: Strategic Planning Committee

September 2017







To: Erie County Gaming Revenue Authority Board Members

Re: Pilot Projects/Special Projects for 2017

Draft Language for addition to the ECGRA Strategic Plan:

Recommendation: The Board shall have the ability to implement a learning phase that allows for purposeful testing of an idea and/or county-wide impact.

Checklist:

-  The project shall relate to the Board passed Strategic Plan
-  The project shall be studied for the purpose of replication, or
-  The project shall have a county-wide impact
-  The project shall bridge a gap in the current system
-  The project shall act as a catalyst for economic, community, and educational development
-  The project shall relate to the purposes of the Economic Development Financing Law

A project driven by staff research may be implemented in any of the strategic planning buckets with the following caveats:

1. **Community Importance** – the project shall be identified as critically important or significant through a community involvement process.
2. **Duration** – the project shall be right sized in length accordingly in order to capture enough information to be relevant and replicated, if desired.
3. **Financial Sponsorship** – the appropriate level of financial match, minimum of 1-1, shall be established through project partners.
4. **Project Size** – select a project that is an appropriate size, large enough to yield statistically significant results, yet is not so large it outgrows the exemplar's capacity or the equivalent benchmarked organization(s).

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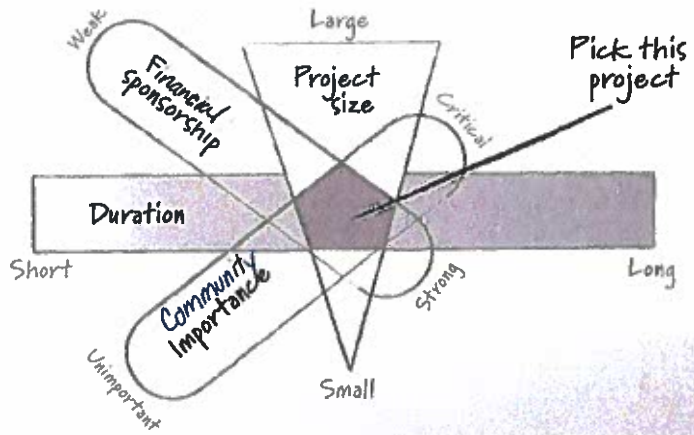
James T. Domino

Jay A. Breneman
Ex-officio

Gary N. Lee
Ex-officio

Perry N. Wood
Executive Director

The following graph was adapted from a technical publication to represent the criteria most important for selection:



As we move the pilot concept forward, I believe we can reflect on this solid foundation for guidance. Every program should be analyzed in a separate context, but with these general guideposts. To that end, I'm submitting additional concepts for your preview and some for immediate review. I look forward to beginning discussion of these projects at the committee level.

Regards,

Perry N. Wood
Executive Director

Adopted September 2017

Memo 2, 2017

Source: Strategic Planning Committee

September 2017

To: ECGRA Board of Directors

Re: Sustainability Funding

In recent discussions with the strategic planning committee, the notion of sustainability funding for large initiatives with a countywide impact was brought up in conjunction with revising the strategic plan.

Specifically, the Summer Jobs Program, which is an annual grant of \$150,000 from ECGRA was used as an example. ECGRA was pivotal in designing, implementing, and monitoring Summer Jobs. ECGRA worked with Erie County government and several community groups and school districts including VTDC to get the first summer up and running.

The program has continued with positive results and ECGRA's funding support has continued. However, the need to pursue a new grant application each year has diminished. Instead, ECGRA has awarded funds through an RFP process and has been updated with presentations, reports, and surveys culminating in an annual evaluation. For your consideration, ECGRA could make a 3-year commitment to a program like Summer Jobs through a sustainability endowment.

This endowment could fund programs and grow a new sustainability fund. For now, let's call it the Sustainability Endowment. We could set the endowment up using the ECGRA board as the initial trustees. It would be different from the Lead Assets endowment, which was created pursuant to litigation, but not without precedent. The creation of long term funding and long term thinking about sustainability is clearly a principle of the ECGRA strategic plan.

Regards,

A handwritten signature in black ink, appearing to read 'Perry'.

Perry N. Wood

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Vice-chair

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David M. Bagnoni

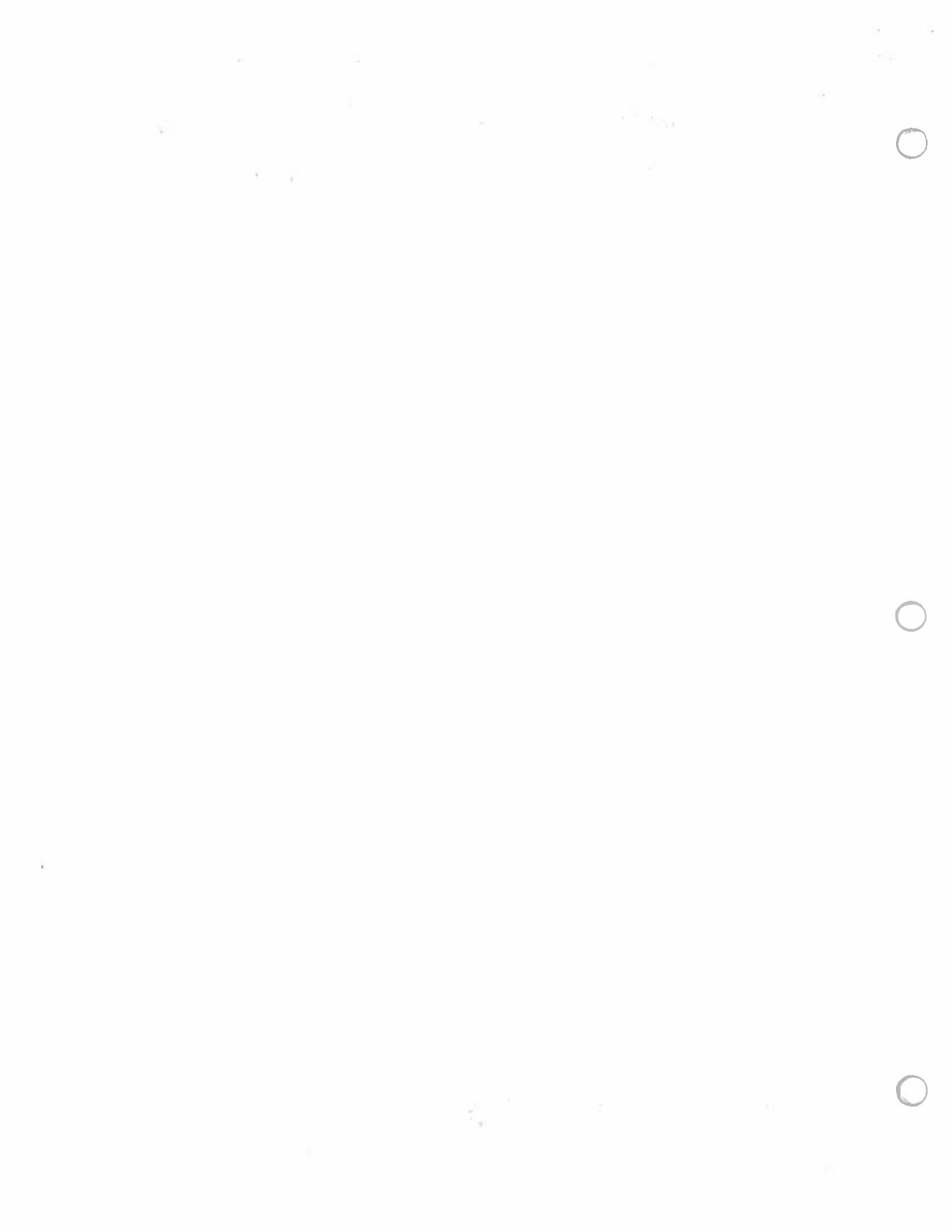
Dale E. Barney

James T. Domino

Jay A. Breneman
Ex-officio

Gary N. Lee
Ex-officio

Perry N. Wood
Executive Director



DRAFT

Memo 3, 2017

Source: Strategic Planning Committee Memo

December 2017

To: ECGRA Board of Directors

Re: Enterprise Development Fund (EDF) Request

Board of Directors

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Vice-chair

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James T. Domino

Jay A. Breneman
Ex-officio

Gary N. Lee
Ex-officio

Perry N. Wood
Executive Director

The EDF has requested that ECGRA restructure our loan agreements with them through the following:

- 1. forgive \$500,000 of the structured debt**
- 2. lower the interest rate on the remaining debt to 1%**
- 3. restructure the preferred equity covenant**

I'd like you to consider these questions:

- 1. How shall we protect ECGRA's investment?**
- 2. Is the community well served by restructuring with EDF?**
- 3. What are the boundaries to ECGRA's negotiation?**

Methodology

The following analysis was conducted using two methods: interviews & document analysis. Here are the sources of information:

Interviews	Documents
Jim Gehrlein x1 (10-13-2017)	✓ EDF Audited Financials 2015 & 2016
Harry Brown x1 (10-13-2017)	✓ EDF Balance Sheet August 2017
Karen Clark x1 (10-18-2017)	✓ ECGRA agreements with EDF from 2010, 2012, 2013
Gary Lee x1 (10-26-2017)	
Mary Schaff	

EDF Funding History

The ECGRA has made investments in the EDF in three tranches:

- a. **10/12/2011** – ECGRA jumpstarted the EDF with a **\$875,000** grant. Until this grant, the EDF had struggled since its inception, not able to grow, and not making enough loans to satisfy demand. ECGRA made this grant because the EDCEC made a persuasive case that they could find matching funds from the USDA, US Treasury, and local banks to match ECGRA's grant. Grant agreement entered October 18, 2010.
- b. **7/26/2012** – ECGRA makes a **\$500,000** loan to EDF because they have achieved match described in the 2011 grant, demonstrated the need to make more loans, and found new sources of match. This loan declared that the 2011 grant was closed out having met the performance requirements. Loan term is 3% interest only, executed September 13, 2012. The note reached its maturity on August 2017. Neither side have acted. In 2016, ECGRA began the process of extending the agreement through our solicitor, however, the bankruptcy proceedings of Develop Erie "derailed" that process. We took a wait and see approach.
- c. **7/25/2013** – ECGRA makes a **\$200,000** grant and **\$800,000** loan to EDF as they have been successful in achieving performance metrics and demonstrated the need for additional funds. Same terms as the 2012 loan, closed on August 22, 2013. The note will reach its maturity in September 2018.

Current ECGRA Loan Terms Summarized

The terms for ECGRA loans are as follows:

- 3% interest only, paid quarterly
- 5-year maturity date with option for 5-year renewal
- Early repayment with no penalty

ECGRA Loan Covenants

The following are covenants that EDF is not contesting:

- CDFIs must maintain their US Treasury designation
- Provide quarterly financial statements – balance sheet, income statement, cash flows
- Provide annual audit
- Maintain financial records and make them available to ECGRA when requested

Note: EDF claims the following covenant is not standard and would like it to be removed

- 5.11 – "Entity Equity. Maintain entity equity equal to or exceeding 20% of Borrower's total assets"

Comparative Analysis: terms with other Lenders

Source	Amount	Issuance Year	Terms
USDA	500,000	2014	A) 4-year interest only; 30-year principal & interest B) 1% interest paid annually C) In 2018, principal & interest payments will begin for 30 years D) Balloon payment at maturity date
PEDFA	350,000	2012	A) 10-year term with 10-year renewal built into agreement B) Interest deferred to 2025 C) Then it's at 1% interests paid annually D) Balloon payment at maturity date
US Treasury (CDFI Fund)	500,000	2014	A) 1.95% interest only for 10-years B) Semi-annual interest payments starting in 2015 C) In 2025, principal & interest payments will begin along with a 10-year automatic renewal D) Balloon payment at maturity date
ECGRA	1,300,000	2010, 2012, 2013	A) 5-year term with 5-year renewal option B) 3% interest only, paid quarterly C) Balloon payment at maturity date

*This is not a complete list of debt obligations.

**Source: Karen Clark, EDF consultant

Organizational & Financial Strategy

The EDF currently has 3 consultants in operation capacity:

- A) Karen Clark – working with board, managing the portfolio
- B) Robin King – reporting and regulations
- C) Schaffner, Knight, Minnaugh – accounting

Articles of Incorporation & Bylaws have been altered to sever all affiliation with Develop Erie.

EDF has engaged with two firms to plot out a strategic plan for their future:

- A) Opportunity Finance Network (OFN)
- B) Fund Consulting

These groups are preparing a capitalization plan for EDF. This report will help banks understand how to underwrite their investment in EDF.

Organizationally, EDF is:

- ✓ looking at investing in residential/housing as a new strategic direction.
- ✓ talking about a campaign to educate policymakers and bankers about CDFIs.
- ✓ talking about a social media campaign to promote itself.
- ✓ using some grant money to provide technical assistance by hiring consultants.
- ✓ not sure about Aeris rating status

Financially, EDF is/has:

- ✓ cash flow positive
- ✓ line of credit with NW Savings Bank was frozen, then reduced
- ✓ in "work out" by NW Savings Bank
- ✓ realized that it should not loan to deals over 500,000

Because of this information, EDF:

- ✓ can't present a strategic plan now
- ✓ can't go back to Northwest Savings Bank unless they work something out with ECGRA
- ✓ can't establish new banking relationships until the NWS Bank issues are resolved
- ✓ can't draw down on further USDA & US Treasury awards until they restructure

Bottom Line

EDF is on the verge of liquidation. They are asking for ECGRA assistance in avoiding that. NWS Bank is not going to call EDF on their line of credit unless ECGRA finds EDF in default. If EDF gets through work out, then EDF officers believe that Erie Bank & FNB will work with them in the future. NWS Bank wants no further involvement with EDF.

In summary

- the ECGRA has granted or loaned \$2,375,000 to EDF since 2011. This makes EDF the single largest receipt of gaming funds in Erie County outside of our structured settlement with Summit Township.
- EDF's is currently overdue in returning the principal on a \$500,000 loan we made to them in 2012. We have not offered to extend it to date.
- EDF is current on interest payments of both loans ECGRA made to them.
- EDF has complied with quarterly financial and performance reporting.
- EDF would like ECGRA to forgive 500k in debt, lower the interest rate on the remainder of debt, & restructure the preferred equity covenant.

DRAFT Recommendations

1. As EDF goes through a reinvention process, creating favorable terms and eliminating burdensome covenants is a reasonable first step.
2. Next, extend both EDF loans out 20 years from the date of closing.
3. There is no precedent to forgive debt. Should the board decide to do so, it would need to discuss the unintended consequences. If ECGRA did forgive debt, no further investments should be made in EDF.

Memo 4, 2017

Source: Strategic Planning Committee
December 2017

To: ECGRA Board of Directors
Re: Lead Asset Endowment Fund Request

Board of Directors

David S. Sample
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Perry N. Wood
Executive Director

On November 21, 2017, the ECGRA and the ECF met with the Lead Asset Endowment Committee in accordance with the May 2016 governance MOU. In the meeting, the Lead Assets raised questions about the Endowment. They are as follows:

1. The calculation for available funds appears to be based on a projection that looks forward to February of the successive year. Since the calculation is done in November, can the process utilize the projected figure?
2. The calculation is based on 20 quarters. Since there are two funds, the second fund has not been around for 20 quarters, so several months of zeros are calculated. Some feel this is unfair. Can the ECF change its finance committee policy?
3. Based on how the ECF calculates management fees, could the two endowments be combined into one?

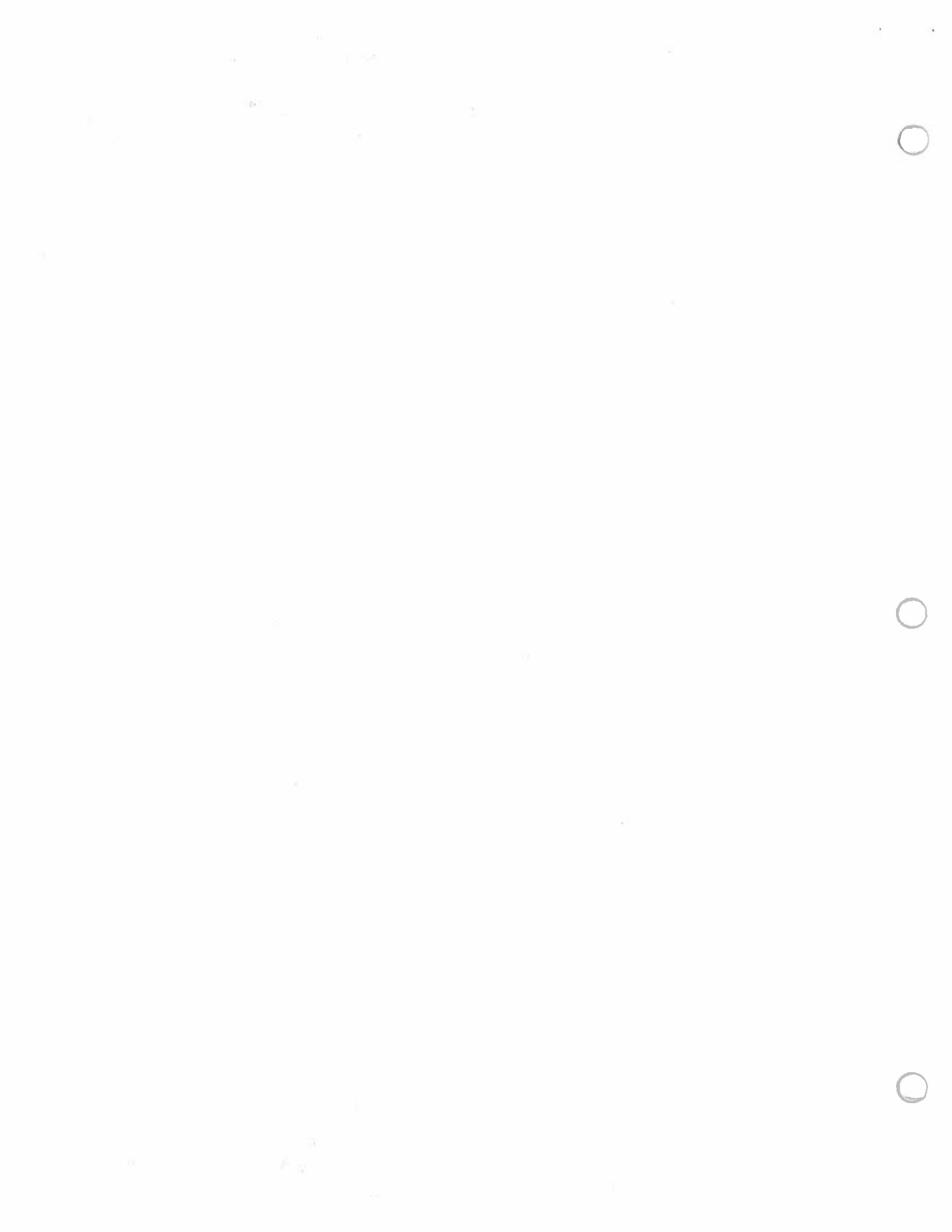
Based on these discussions, ECF has recommended the following:

- ECF believes it is acceptable to use a future calculation because it is a 4-month difference. ECF used a future calculation last year. If we accept the February 2018 calculation, it would increase put the amount at 450k.
- The ECF will reduce its management fee to 50 basis points from 75 if ECGRA combines the two accounts into a new "donor-designated" fund. This is the recommendation of the VP of investments and CFO.
- Although the ECF will not change their finance committee policy, the ECF will calculate the newly created fund based on historical numbers and not use multiple months of zeros. ECGRA would sign a new fund agreement with ECF because of the consolidation.
- For the new fund, ECGRA would provide ECF with a letter of those designated to receive funding each year. ECF would then cut checks based on that recommendation.

Regards,



Perry N. Wood



VIEWPOINT

OUR VIEW

Erie gaming revenues intact and improved

The issue: Gaming revenues preserved
Our view: Messy process yields apt result

A little more than a year ago the state Supreme Court handed down a ruling that put in jeopardy about \$11 million in host fees that Erie County and the Erie County Gaming Revenue Authority received annually from Presque Isle Downs & Casino.

The ruling, for good reason, stirred fears that the money might be reduced or diverted to other locations once the Legislature set about the work to fix the state's gaming law's flaws. The local share of gaming revenues was meant in part to compensate communities for hosting casinos and all that comes with them, including the extra burdens placed on infrastructure and public services. Locally, the money had been put to excellent use supporting everything from the Erie International Airport runway extension to services for neglected animals.

Reworking the law carried the risk that those promises to Erie and communities like it would not be honored as lawmakers elsewhere in the state eyed the revenues. Instead, Erie County's local gaming revenues have survived intact and will be distributed through an improved mechanism.

The legislative fix necessitated by the state Supreme Court ruling was built into a sweeping gaming bill designed to help end the state budget impasse and provide about \$200 million to help close a \$2.2 billion budget gap. The \$11 million in gaming revenues will continue to flow to the county and be split as before between Erie County and ECGRA. The only difference is that \$1 million of ECGRA's share must be set aside to fund an Erie County land bank. That carve-out, according to Sen. Dan Laughlin, of Millcreek Township, R-49th Dist., was part of a compromise that allowed ECGRA to remain intact.

As lawmakers worked to craft the new gaming law, ECGRA had come under fire from state Sen. Michele Brooks, of Mercer County, R-50th Dist., and others for some expenses, including the ECGRA board's decision to cover tuition costs for Executive Director Perry Wood as he pursued a doctorate.

Due to amendments sought by Brooks, the new law bars such expenditures. The authority also will be subjected to an audit by the state Auditor General's Office and must post its expenditures on its website. Those are worthy reforms.

As detailed by Erie Times-News reporter Kevin Flowers, ECGRA has not yet decided how to proceed with reduced funds.

Fortunately, there is time to sort that out. The authority won't see any reduction in funds until 2018. Many of the projects funded by ECGRA in the past focused on blight and neighborhood renewal. With \$1 million now going to support a land bank, ECGRA has the opportunity to, as Wood said, "rethink its grant-making priorities."

B2 Wednesday, November 15, 2017 | Erie Times-News | GoErie.com

County Council approves 2018 spending plan

By Matthew Rink
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Erie County Council on Tuesday unanimously approved a \$99.2 million general fund budget for 2018 that does not increase taxes and frees up about \$1.25 million in gaming revenue.

The overall budget, which is mostly comprised of mandated programs that are funded by the state and federal governments, is \$449 million.

Council held several hearings on the budget in recent weeks and made only minor changes to the million spending plan that County Executive Kathy Dahlkemper

proposed in late September. Unlike 2016 and 2017, the budget does not increase property taxes for Erie County residents.

What it will do, however, is place funding for Erie County's libraries back under the general fund, instead of gaming revenue. Council Vice Chairman Kyle Foust said the move will allow gaming revenue to be used for its intended purposes — for "transformational" projects that impact the community.

Erie County Council in 2007 voted to balance its general fund budget with a tax increase and with the million in gaming revenue, which was used

for libraries and the Erie Metropolitan Transit Authority. Foust said the county was in dire financial straits at the time.

The county has continued to operate this way despite improved financial conditions.

"We should have done this in the first place," Councilwoman Carol Loll said.

Erie County receives \$11 million annually in revenue from Presque Isle Downs & Casino. The money has been split equally between county government and the Erie County Gaming Revenue Authority. However, the state legislature recently earmarked \$1 million of those funds to create

a land bank to address blight. The \$1 million comes from the Gaming Revenue Authority's share.

As for county government, it will no longer transfer about \$1 million of gaming revenue to the general fund to cover expenses like the Erie County Public Library. It also pushed funding for independent libraries and

its share to fund the Erie Area Council of Government into the general fund.

Finance Director Jim Sparber said council's decision is "absolutely the right thing to do."

"It was supposed to be money that would go back into the community

in the form of a grant that would have some kind of impact, something that was transformational," Sparber said of gaming revenue. "By moving those expenses, which rightfully probably should have been in the general fund anyway, back to where they belong that gaming fund money will be spent in the fashion it was always meant to be."

Council members did not discuss how exactly they intend to use the additional gaming revenue.

As for the overall budget, Councilman Edward DiMattio Jr. said he is satisfied by the budget because it doesn't raise taxes and because it

freed up gaming revenue. "We did a pretty good job," he said.

Council Chairman Jay Breneman said council was able to "further strengthen" Dahlkemper's "lean" budget proposal.

"Erie County has a healthy reserve fund," he said. "We've got one of the strongest bond ratings in the state. I believe all of Erie County should be proud that county government has such a healthy financial standing."

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ECGRA

From Page A1

No ECGRA changes after loss of \$1M

By Kevin Flowers
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The Erie County Gaming Revenue Authority has a major fiscal issue to reconcile.

The authority, which distributes about half of the roughly \$11 million that Erie County receives annually from Presque Isle Downs & Casino in Summit Township, must determine how the loss of \$1 million in funds each year will affect its mission of making grants and loans to local nonprofits, agencies, organizations and municipalities.

That money was siphoned from the authority through the state budget process.

"To be honest, we still haven't figured out how we're going to deal with the loss of the \$1 million," said Perry Wood, the Gaming Revenue Authority's executive director.

Wood said that a subsection of the authority's board, its Strategic Planning Committee, could meet before the panel's next regular board meeting on Dec. 14 to discuss the issue in detail.

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chairman, Jay Breneman, said the panel is expected to approve county land bank legislation before the end of the year. County officials are also expected to meet with city of Erie officials, who have already created a land bank to combat blight.

"ECGRA regularly invests in blight prevention, neighborhood renewal, municipal parks and historic preservation through nonprofits and municipalities," Wood said. "If another entity is to be created to accomplish this same function with the \$1 million, then ECGRA will need to rethink its grantmaking priorities so as not to be duplicative."

Wood also pointed out that the Gaming Revenue Authority has worked with groups such as the Erie Community Foundation and the Susan Hirt Hagen Fund for Transformatioal Philanthropy to award larger, multi-year grants "that are impacting the community," and those grants will not be affected by the funding loss.

Those grants include \$4 million for an Erie County community college and \$500,000 to Gannon University to work with a neighborhood organization. Our West Bayfront, to revitalize sections of the city's east and west bayfront neighborhoods.

The Gaming Revenue Authority and the Erie Community Foundation also previously awarded a \$400,000 grant to the Tech After Hours program, which uses state-of-the-art equipment at Erie High School, 3325 Cherry St., to train high school students in the city of Erie and helps them explore careers, apply for college and find financial aid.

"That funding has already been set aside," Wood said.

The Gaming Revenue Authority also keeps a \$5.5 million reserve fund, equal to the gambling revenue it has traditionally received each year, Wood said.

Chuck Peters, the Gaming Revenue Authority board's treasurer, is also a member

of the board's Strategic Planning Committee. Peters said he wants the board to start conversations soon about how it will handle the \$1 million revenue loss.

"Theoretically it wouldn't be shocking if we had to reconsider some of our programs," Peters said. "But because of the one year lag and the way the money flows, we won't see an effect immediately."

The gaming bill also places several restrictions on ECGRA because of amendments from state Sen. Michele Brooks, of Mercer County, R-50th Dist., whose district includes Edinboro.

Brooks voted against the gaming bill. The bill requires ECGRA to be subject to an audit by the state Auditor General's Office and to disclose with the release of funds that the money "originated from licensed gaming activities."

Further, the gaming legislation requires that ECGRA disclose its expenditures on its website, and it prohibits any of ECGRA's gaming revenue funds from paying for "tuition or other educational expenses of

an officer or employee of the authority."

Wood had come under criticism because the Gaming Revenue Authority had been covering tuition costs for a doctoral degree he was pursuing. The ECGRA board in July cut a total of \$179,160 from its budgeted expenses of \$634,300 for 2017-18.

Wood's tuition was among those items eliminated. Wood has said he is OK with the restrictions placed on the authority.

State Rep. Pat Harkins, of Erie, D-1st Dist., was one of the state legislators who publicly

questioned the Gaming Revenue Authority's spending and operations. Harkins supported a failed legislative proposal that would have eliminated the Gaming Revenue Authority and allocated its money differently in terms of economic development and public safety.

"I intend to make sure the protections that were put in place, regarding ECGRA, are adhered to," Harkins said.

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CITY & REGION



Markell McCullum is grateful that the Our West Bayfront neighborhood group received a grant for an improvement project that included cutting down three trees and replacing about 200 feet of sidewalk adjacent to his home at 462 W. Second St. in Erie. McCullum, 42, lives there with his grandmother Frances McCullum, 90 (not pictured). (PHOTOS BY CHRISTOPHER MILLETTE/ERIE TIMES-NEWS)

West bayfront sees new sidewalks, other upgrades

By Kevin Flower

Kevin.Flower@erietimes.com

Markell McCullum thinks urban renewal looks pretty good outside of his westside home.

The 41-year-old lives with his 90-year-old grandmother, Frances McCullum, in the 400 block of West Second Street. The Our West Bayfront neighborhood organization recently replaced about 200 feet of crumbling sidewalk outside the McCullum's home, along Walnut Street, adjacent to Bayview Park, as part of a plan to make strategic streetscape and home facade improvements throughout the area.

"It was needed," Markell McCullum said of the sidewalk improvements. "They've been doing stuff all around this neighborhood, which is good. The sidewalk was terrible before this."

The sidewalk repair was part of roughly \$15,000 of work completed recently in

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Anna Frantz, executive director of the Our West Bayfront neighborhood group, hopes the grant money to fix more sidewalks in the neighborhood, including this one in the 200 block of West Fourth Street.



Three trees (at left) were cut down and about 200 feet of sidewalk was replaced on the east side of W West Second Street in Erie. (CHRISTOPHER MILLETTE/ERIE TIMES-NEWS)

SIDEWALKS

From Page B1

in west bayfront neighborhoods. The work included the demolition of 663 W. Fourth St., a dilapidated former apartment building that was the site of a February 2016 fire that injured a 3-year-old boy.

Investigators later determined that methamphetamine was being manufactured in the apartment when the explosion and fire occurred.

The building was later condemned for property maintenance code violations, and Republican mayoral candidate John

Persinger — who lost to Democrat and Mayor-elect Joe Schember in the Nov. 7 municipal election — campaigned outside the West Fourth Street property in September while announcing his plans to address blight if elected.

Funding for the neighborhood improvements comes from \$500,000 that the Erie Community Foundation, the Erie County Gaming Revenue Authority and the Susan Hirt Hagen Fund for Transformational Philanthropy awarded to Gannon University in 2016 to revitalize sections of the city's east and west bayfronts.

That money is being used for projects driven by both Our West

Bayfront, which focuses on improving neighborhoods from Presque Isle Bay south to West 12th Street and from Sassafras Street west to the Bayfront Parkway, and the Bayfront Eastside Task Force, another nonprofit that fights blight within a 25-block area from East Sixth Street to Presque Isle Bay, between Holland and Wayne streets.

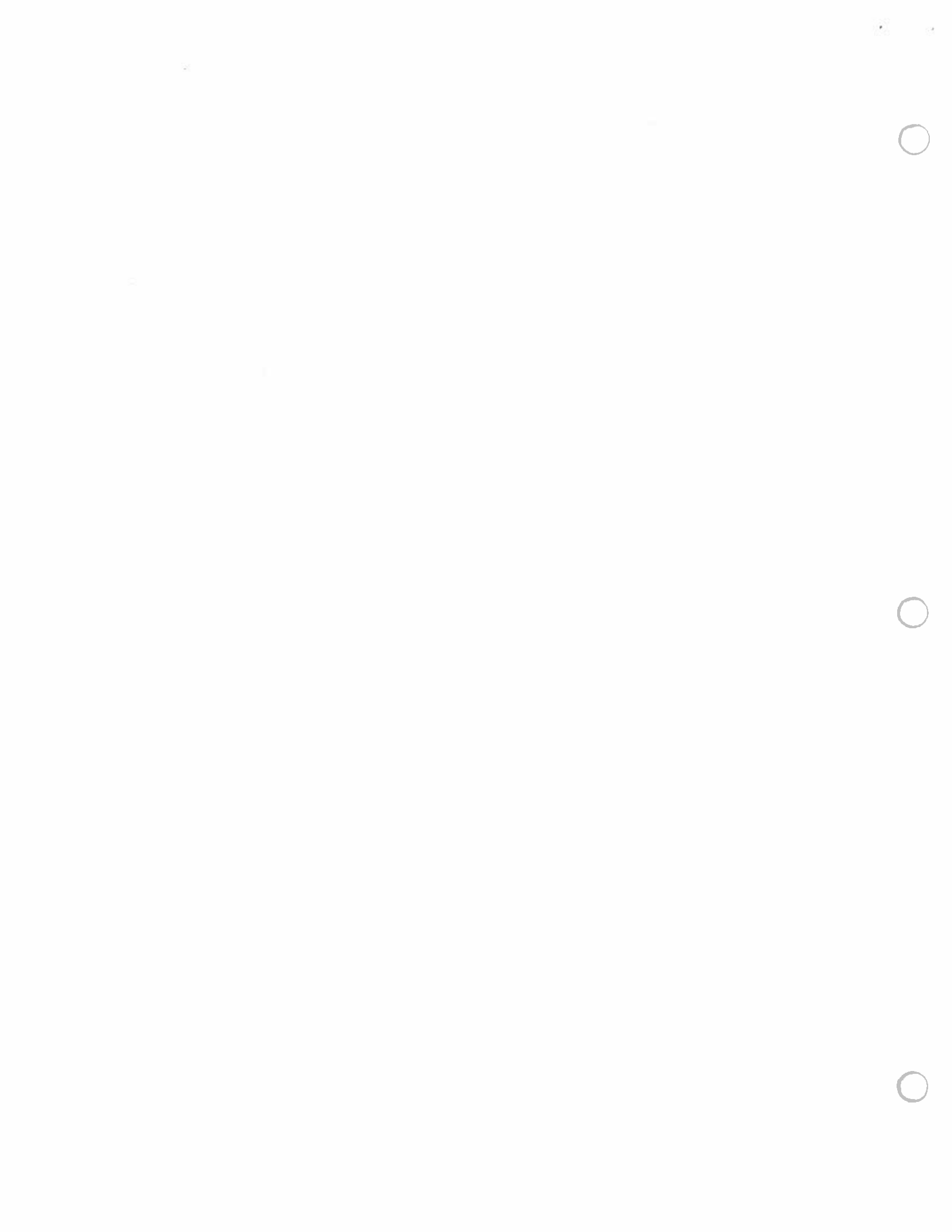
The neighborhood groups' work is aimed at complementing Erie Refocused, the city's long-range comprehensive development plan. The city provided technical assistance through its Engineering Department, said Anna Frantz, Our West Bayfront's executive director.

"This is of our community approach to the west bayfront block," Frantz said.

Frantz said she has funded other projects in that area, including a housing relief fund. Additional sidewalk replacement is planned along Fourth Street from the spring, Frantz said.

Frantz said she has visited the neighborhood for certain applications for new sidewalks. "Looks good," she said.

Kevin Flower reached at 87 or by email. Follow on Twitter at @ETN/for



VIEWPOINT

THUMBS UP/THUMBS DOWN

West bayfront upgrades are taking shape



Taking shape: Stakeholders in Erie's future have been planning on a variety of fronts and scales to change the trajectory of the region's urban core. It's welcome to see some of those plans take tangible form.

That includes, as reporter Kevin Flowers detailed this week, 200 feet of smooth new sidewalk along Walnut Street, adjacent to Bayview Park on the lower west side. The project and others are being driven by the Our West Bayfront neighborhood group.

Our West Bayfront also spearheaded the razing of 663 W. Fourth St., a dilapidated former apartment building that had been the site of a fire related to methamphetamine production.

Those projects and others, including housing rehabilitation work, are meant to complement the larger Erie Refocused comprehensive plan. The funding comes from grant money from the Erie Community Foundation, the Erie County Gaming Revenue Authority and the Susan Hirt Hagen Fund for Transformational Philanthropy.

"They've been doing stuff all around this neighborhood, which is good," said Markell McCullum, who lives near the new sidewalk. Yes, it is.



Repairs on ice: Erie's JMC Ice Arena had been scheduled to reopen to the public Sept. 18. That didn't happen, and as of earlier this week workers there still hadn't pinpointed the problem with the rink's ice equipment.

Scott Mitchell, executive director of the Erie Zoo, which operates JMC, said crews hope to have answers in the coming days. But the future of the West 38th Street facility remains uncertain.

That has left the Erie Youth Hockey Association and other users of JMC scrambling, and traveling, to secure ice time in Meadville, Jamestown, New York, and Mentor, Ohio. EYHA canceled its fall tournament and might have to relocate two more planned for February and March.

The situation adds impetus to plans by the nonprofit Greater Regional Erie Athletic Team Training to acquire and renovate the Family First Sports Complex in Summit Township. Those plans include installing two NHL-sized ice rinks.

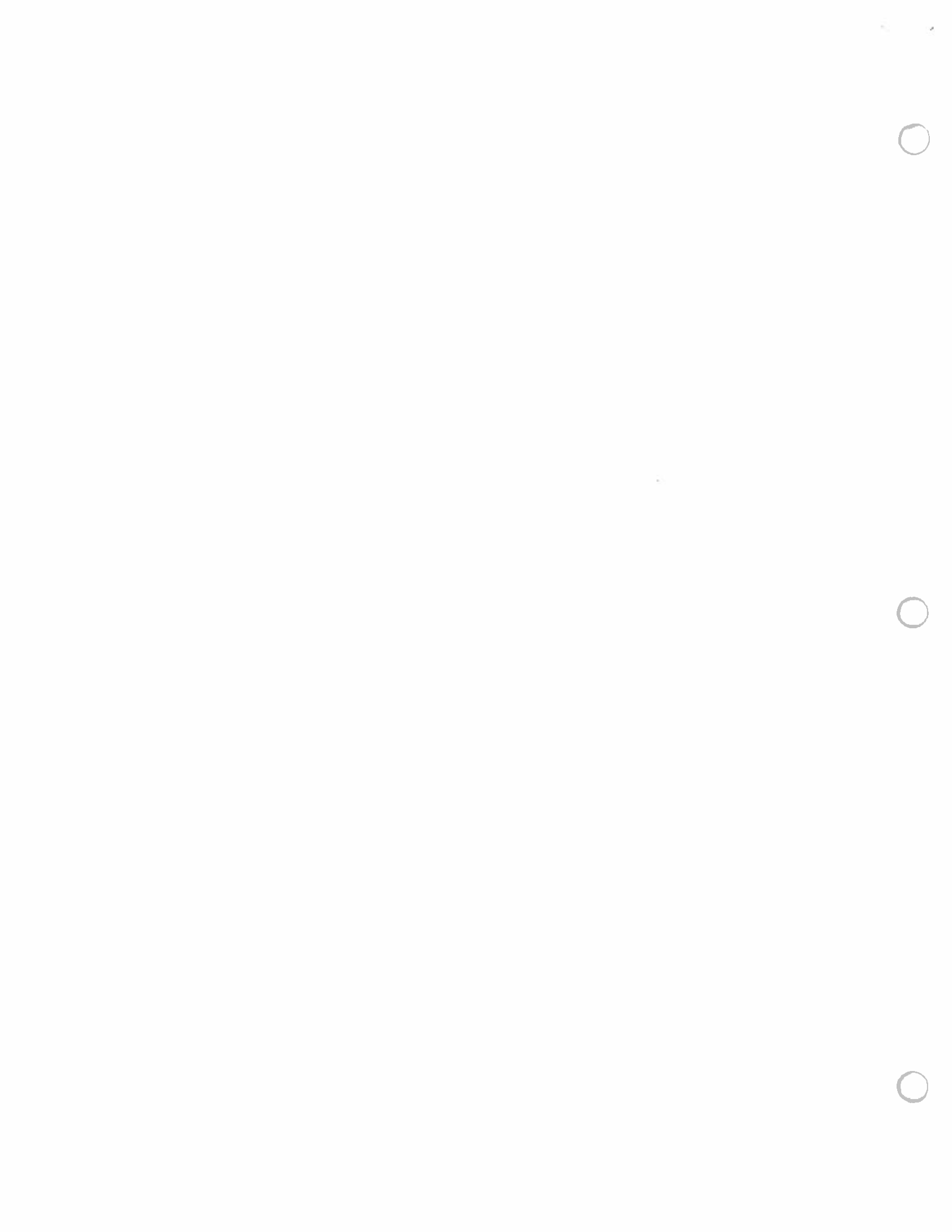


Building equity: Plans by the Erie Downtown Development Corp. to invest heavily in downtown Erie moved forward this week to the tune of \$2.5 million.

ErieBank announced it would invest that sum in the Erie Downtown Equity Fund, which the EDDC is building up to buy and renovate real estate downtown. It will focus on an area from Perry Square north to Third Street and from Sassafraz Street east to Holland Street.

ErieBank's investment follows commitments of \$5 million from Erie Insurance and \$2.5 million each from Gannon University and UPMC Hamot. Business reporter Jim Martin wrote that multiple sources said the EDDC has already received further pledges that will push the fund past \$20 million.

Those investments are one more sign that Erie's on the move. Full speed ahead.



Council considers funding proposals

By Kevin Flowers
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There are two proposals circulating within Erie County government related to the state Legislature's decision to allocate \$1 million annually to the county to address the region's dilapidated properties.

Both of them are on Erie

County Council's Tuesday meeting agenda.

One ordinance, sponsored by County Executive Kathy Dahlkemper, seeks to create a land bank the county would oversee and outline its powers, structure and how the land bank would be funded.

The other proposal, from County Councilman Kyle

Foust, suggests an alternative — using the \$1 million to create a county Neighborhood and Infrastructure Revitalization Fund that would fight blight and fund various community improvement programs.

Foust suggested that the city and other municipalities countywide could apply for funding for blight removal

and other projects via the fund.

Both proposals come in the wake of the state Legislature's October decision to earmark \$1 million in gambling revenues to create a county-run land bank to address blight.

The \$1 million comes from funds that were once controlled by the Erie County

Gaming Revenue Authority.

County Council meets Tuesday at 7 p.m. at the Erie County Courthouse, 140 W. Sixth St.

"I like (Foust's) proposal, and I'm not opposed to the county executive's proposal either," County Council Chairman Jay Breneman

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COUNCIL

From Page B1

said. "We're probably going to have a special meeting on Dec. 19 to vote and make a decision on these."

County Council does not vote on first-reading ordinances, and ordinances require two readings, and a final vote, for approval.

The land bank funding was awarded to the county as part of a sweeping gaming bill that helped end the state budget impasse. The county receives about \$11 million in gambling revenues each year from Presque Isle Downs & Casino in Summit Township.

Erie County government and the Erie County Gaming Revenue Authority have split that revenue since 2008, and the \$1 million for a land bank comes from the Gaming Revenue Authority's share.

Through a land bank, communities obtain unencumbered title to and manage properties, many of them vacant or dilapidated, that might have municipal liens or unpaid property taxes.

Such properties are typically acquired at judicial tax sales or through a county's repository of unsold properties. Supporters of land banking say the process accelerates and streamlines property acquisition and reuse so that properties generating no tax revenue can get back onto the tax rolls.

Breneman said local officials still must sort out how the proposals would affect the city of Erie, which launched its own land bank in April.

Chris Mong, the city's director of economic and community development, has told the Erie Times-News he is confident the city and county would work together on blight and that the city would be able to access some of that \$1 million in funding via a cooperation agreement.

Erie Refocused, the city's comprehensive development plan, suggested creating a land bank to deal with blight. The city's land bank has a five-member board of directors, which includes Mong, and has already established bylaws and has received its certificate of incorporation from the Pennsylvania Department of State.

Until the county land bank or a similar mechanism is established, the \$1 million in former Gaming Revenue Authority funds will go to the Erie County Redevelopment Authority.

Dahlkemper's land bank ordinance suggests a nine-member board of directors whose members serve staggered five-year terms.

County Council on Tuesday will also consider signing off on an additional \$15 fee on every recorded deed and mortgage — about 13,000 annually — under the state's Act 152, signed into law by Gov. Tom Wolf in November 2016. That would create a countywide fund to address blight that the city could tap into. County officials estimate the fee could provide as much as \$200,000 each year to revitalize neighborhoods.

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RESOLUTION NUMBER 14, 2017

Resolution to restructure the Erie County Lead Asset Endowment and direct the Erie Community Foundation to release \$454,000

Whereas, the Lead Assets having formed an Advisory Committee in accordance with an MOU signed between the ECGRA and the Lead Assets and informed the ECGRA of this via writing on October 31, 2017,

Whereas, that committee met with representatives from the ECGRA and Erie Community Foundation (ECF) to review the health of the Erie County Lead Asset Endowment,

Whereas, because of this meeting, all parties came to agreement that the following actions should occur:

A) The consolidation of the two endowment funds into a single fund. the "endowment" is currently composed of two separate accounts at the ECF. Those accounts were established as a "donor advised" fund and as an "agency fund". The consolidation of those two accounts into a single, donor designated fund will reduce management fees from 75 basis points to 50. The ECGRA board directs the executive director to enter into a new agreement with the ECF, and

B) the ECGRA accepts the Lead Asset Committee's recommendation received via letter dated November 29, 2017 for the distribution of 2018 endowment funds to extent outlined in the attached Exhibit "A",

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Erie County Gaming Revenue Authority, pursuant to the Economic Development Financing Law and the Erie County Gaming Revenue Authority Bylaws agree to the following: (1) That the executive director is directed to enter into a new fund agreement with the ECF to consolidate the existing endowment funds into a single, donor advised fund; and (2) that the ECF is to be directed to release funds from the Erie County Lead Asset Endowment in the amount of \$454,000 to the extent outline in Exhibit "A", in order to grow and sustain nonprofits that

contribute significantly to Erie County's economy, quality of place, and sense of civic pride.

On the motion of _____, seconded by _____.

This resolution was passed on 14th day of December, 2017 by a vote of ___ - ____.

ERIE COUNTY GAMING REVENUE AUTHORITY

Chairman, Erie County Gaming Revenue Authority

December 14, 2017

ATTEST:

Secretary, ECGRA

Form 990 AVG Total Expenses (3 Years)

2017 Lead Asset Endowment Distributions				
Lead Asset	Average Expenses	% represented	Recommended Distribution	% of Expenses
Erle Art Museum	1,296,996	11.13%	50,530	3.9%
Erle Arts & Culture	1,037,217	8.90%	40,406	3.9%
Erle County Historical Society	673,777	5.78%	26,241	3.9%
Erle Philharmonic	1,307,782	11.23%	50,984	3.9%
Erle Playhouse	1,263,301	10.84%	49,214	3.9%
Erle Zoological Society	3,562,950	30.59%	138,879	3.9%
exPERIENCE Children's Museum	393,503	3.39%	15,391	3.9%
Flagship Niagara League, The	1,382,841	11.87%	53,890	3.9%
Mercyhurst Institute for Arts & Culture	730,615	6.27%	28,466	3.9%
	11,648,981	100.00%	454,000	

Justification -
 Expenses = Economic Impact
 All Expenses Count
 Determined from 990s (Line 18)
 Uses Total Available Distribution as Priority
 Averaged Over the Last Available 3 Years (2013, 2014, 2015)
 Meet & Update Annually When Transfer Occurs
 Correction of .02% offered to smallest average budget
 Total available is based on projection from
 ECF of 4% of all available quarters through
 December 2017

11

