



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

**EXECUTIVE  
DIRECTOR'S  
REPORT  
FOR  
OCTOBER  
2018**



**JOIN US AS WE CELEBRATE THE “RE-IGNITED” ERIE INNOVATION FUND!**

The Erie County Gaming Revenue Authority (ECGRA) has committed \$1.3 million to Ben Franklin’s Erie Innovation Fund to help more local tech-startups and small manufacturers develop new, innovative products, software, and services while growing their companies in Erie County.

To date, ECGRA has made three other investments in Ben Franklin’s Erie Innovation Fund. With Ben Franklin’s match, \$3.4 million has been deployed in to more than two dozen local tech-company projects that created 70 jobs and generated \$28 million in revenue. Please join us in applauding ECGRA and its Board for their support and vision.

**AGENDA**

Tuesday, September 25, 2018  
5240 Knowledge Parkway  
Jordan Room at Knowledge Center  
4:00 PM – 7:00 PM

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Steve Brawley, President/CEO Ben Franklin Technology Partners/CNP.....	5:00 PM
Welcome and Introduction	
Perry Wood, Executive Director, ECGRA.....	5:15 PM
ECGRA’s Support of the Ben Franklin Program in Erie County	
BF Funded Company Remarks.....	5:30 PM
Networking.....	5:45 PM

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## Perry Wood

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**From:** Ben Franklin Technology Partners CNP <lizwilson@psu.edu>  
**Sent:** Wednesday, October 03, 2018 10:37 AM  
**To:** Perry Wood  
**Subject:** ECGRA commits \$1.3 million to Ben Franklin's Erie Innovation Fund + More

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**Ben Franklin**  
Technology Partners  
Central & Northern PA  
cnp benfranklin.org



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## Latest News from Ben Franklin ...

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### **ECGRA commits \$1.3 million to Ben Franklin's Erie Innovation Fund**

Millions of dollars are being injected into Erie's tech-startup industries. The Erie County Gaming Revenue Authority or ECGRA has committed \$1.3 million to the Ben Franklin's Erie Innovation Fund. ECGRA and the Ben Franklin Technology Partners have help more than two dozen local tech company projects. ---  
[->Read More](#)

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### **Developing a quick-acting foam for treating wounds on the battlefield**

Every second counts for those with life-threatening injuries, especially when help is far away. A new grant will help Penn State researchers develop an innovative foam that helps seal wounds quickly — whether on the battlefield, in rural areas or in other isolated locations far from hospitals.. ---->  
[Read More](#)

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**RENAISSANCE BLOCK ROUNDTABLE**  
Knowledge Park; 5240 Knowledge Parkway; Erie, PA 16510  
October 9, 2018  
12:00 – 1:30 pm

**AGENDA**

1. Dr. Perry Wood, Executive Director, Erie County Gaming Revenue Authority – ECGRA’s investment in Neighborhoods & Communities
2. Kim Thomas, Northwest Pennsylvania Regional Director of DCED – Introduction of Deputy Secretary Rick Vilello
3. Rick Vilello, Pennsylvania Deputy Secretary Community Affairs and Development
4. Renaissance Block Program
  - a. Anna Frantz, Our West Bayfront
  - b. Patrick Gehrlein, Manager, Borough of North East
5. Roundtable Discussion

## Perry Wood

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**From:** Thomas, Kim <kimbethoma@pa.gov>  
**Sent:** Thursday, October 11, 2018 11:22 AM  
**To:** Perry Wood  
**Subject:** Thank you

Good morning Perry,

I just wanted to thank you for the invitation to the ECGRA roundtable. I found the conversation to be very beneficial, and I know the Deputy Secretary did as well.

I look forward to staying in touch in regards to funding resource availability and Erie County projects. Don't ever hesitate to reach out if you have any questions or concerns.

Talk soon,

Kim

**Kim Thomas, MPA, EDFP** | Director, Northwest Regional Office  
PA Department of Community & Economic Development  
Northwest Regional Office  
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Phone: 814-871-4245 | Cell: 717-903-0931 | [kimbethoma@pa.gov](mailto:kimbethoma@pa.gov)  
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## ECGRA: August 15 – September 15, 2018 Activity Report

### Meetings, Phone Calls, Emails, and Other Work

9/21/2018	Phone call with Melissa regarding Healthy Partnerships for Children Program
9/26/2018	Mark Holman attended Erie Innovation District accelerator launch
9/26/2018	Mark Holman met with Perry to discuss projects and programs related to ECGRA in Erie
10/2/2018	Sent over information on Big Data Regional Hubs NSF Opportunity
10/9/18	PA DCED Deputy Secretary Rick Vilello met with Renaissance Block recipients due to our work
Throughout September	Assisted with GECAC's application to provide YouthBuild Services, including securing a letter of support from Senator Casey and Rep. Kelly (We believe they ultimately decided not to submit)
Throughout September	Prepared materials for Erie Board meeting, including compiling all RPG activity and grants suggested (all mentioned in a separate document)
Throughout September/October	Working with Innovation District on EDA Assistance for Coal Communities Grant, including reaching out to relevant State leaders and stakeholders

### Potential Grant Opportunities Discussed and Provided

Below is information on all of the grant opportunities we provided this month.

#### **HEALTHY PARTNERSHIPS FOR CHILDREN PROGRAM**

**Grant Description:** To support community-based services to improve the health of children, adolescents, and families in rural and other underserved communities by increasing access to health services.

**Eligibility:** Public and private nonprofits, including faith- and community-based organizations; and Native American tribes and tribal organizations

**Funding:** \$400,000

**Deadline:** 10/1/2018

**More Information:** Madhavi Reddy, Tel. (301) 443-0754, E-mail: [mreddy@hrsa.gov](mailto:mreddy@hrsa.gov)

#### **Big Data Regional Innovation Hubs Program**

**Background:** In 2015, NSF launched the Big Data Regional Innovation Hubs program (BD Hubs) as one component of a national big data innovation ecosystem, to help nucleate regional collaborations and multi-sector projects, and foster innovation in data science. The BD Hubs serve as a venue for building and fostering local and regional data-related activity in city, county, and state governments, in local industry and non-profits, and in regional academic institutions. This opportunity would fund the creation of Big Data Hubs, which would connect within and across regions to foster activity around big data and data science. Their specific activity in accelerating engagement falls into three general categories: programmatic activities, socio-technical services, and education and workforce training.



**Eligible Applicants:** Eligible applicants include independent museums, observatories, research labs, professional societies, and similar organizations in the U.S. associated with educational or research activities.

**Deadline:** Dec. 18, 2018

**More Info:**

[https://www.nsf.gov/pubs/2018/nsf18598/nsf18598.htm?WT.mc\\_id=USNSF\\_25&WT.mc\\_ev=click](https://www.nsf.gov/pubs/2018/nsf18598/nsf18598.htm?WT.mc_id=USNSF_25&WT.mc_ev=click)



September 18, 2018

Dear Perry & Tom,

Another summer has ended, and we've been reflecting on all of the wonderful opportunities ServErie had over the past few months to impact the community around us. As you know, one highlight of the summer was the School Initiative at Pfeiffer-Burleigh Elementary and the Booker T. Washington Center. 1,189 volunteers descended on these locations serving a total of 6,272 hours over 3 days. Your generous sponsorship and support made this high-impact project possible. Thank you for joining us in this transformational work this summer!

At a time when Erie's Public Schools has struggled to provide quality learning spaces for our children, this project improved environments throughout Pfeiffer-Burleigh Elementary: second floor murals were created, bathrooms were upgraded, rooms were cleaned and painted, landscaping was upgraded, and the entire outdoor fence was repainted. The highlight of the project was the transformation of two important educational spaces: the STEAM room and the Library. Because of you, these children will be inspired and better equipped to take full advantage of technology and the educational opportunities in front of them.

Booker T. Washington Center has a 95-year commitment to serving youth and family in the Erie area. The deteriorating infrastructure of the building has been a detriment to their work for many years. Instead of government, it was the community that brought the necessary funding and changes to the BTWC. As a result of your investment in this renovation, there's a renewed sense of hope for the children and families BTWC serves each day. In addition, volunteers had an opportunity to learn about the great work of BTWC and many have committed their time and resources to support them on an on-going basis.

The ripple effect of this project will go deep and wide to provide hope to this struggling neighborhood conveying much needed love and support to the people who call it home. Your generous donation helped to make all this possible. Thank you for being a part of positive change in this inner-city community that desperately needs it. Your involvement is making a tangible difference. Watch for our announcement of the 2019 School Initiative in the coming weeks. We would love to continue our partnership into the future.

With gratitude,

A handwritten signature in black ink, appearing to read "Marcus S. Atkinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Marcus S. Atkinson  
Executive Director

Thank you for your gift of \$3,764 (a portion of the special events grant) to support the 2018 School Initiative. ServErie is a 501c3 non-profit organization. Contributions are tax deductible to the fullest extent of the law. No tangible goods or services were provided in exchange for your gift. Please keep this letter for your tax records.



## ECGRA unveils new Mission Main Street grant

BY ALEX TOPOR

alex@thecorryjournal.com

The Erie County Gaming Revenue Authority is accepting applications for a new grant until next year.

The Mission Main Street Grant Program is designed to improve main streets in communities in Erie County. Grants will be accepted on a rolling basis with applications being due on Nov. 16, Feb. 15, 2019, and July 19, 2019.

"The purpose of the MMSGP is designed to create a targeted impact on Erie County's municipalities through commercial

corridors known as main streets," the grant guidelines say. "Revitalizing Erie County main streets is an economic and community development strategy that creates jobs, promotes tourism and impacts the region's economy."

The goals of the grant are to:

- Redevelop streetscapes and buildings.
- Remove blight and reverse deterioration.
- Promote a positive small business environment.

◀ See ECGRA, P.2

## ECGRA

(Continued from front page)

- Incentivize and spur private investment.
- Make communities more walkable, safe and attractive.
- Experiment with creative programming and civic engagement.
- Improve the municipal tax base.

ECGRA is making \$2,500,000 available to be granted in the 2018-2021 funding cycle. Up to \$10,000 can be awarded per planning grant and up to \$250,000 per implementation grant.

The guidelines have changed from the previous grant cycle. Now, there are two funding paths available for grant money, a planning grant and an implementation grant.

The planning grant requires a one to one cash match and can be up to \$10,000. The money can be used for relevant studies, planning, design and/or engineering services.

The implementation grant is for the project itself. Previous projects have included special events, streetscapes, facades, ad campaigns, tree planting and a myriad of different improvements.

ECGRA Executive Director Perry Wood said the grant program was upgraded to help organizations accomplish even more work.

"The new Mission Main Street guidelines kick the program in to overdrive. Recently we analyzed the progress of grants, did some

research and held a small focus group of main street applicants," Wood said. "The results were the new and improved MMS guidelines."

The new guidelines increase the funding pool and allow organizations to accomplish more in their community.

"We continue to believe that main streets are an important asset in economic and community development," Wood said. "Main streets that distinguish themselves through a niche are the ones that thrive."

Eligible applicants for Mission Main Street include nonprofit organizations, local governments and municipal authorities that are headquartered in Erie County.

Corry-area organizations have taken advantage of Mission Main Street grants in the past. Impact Corry received \$15,000 to plant trees in downtown Corry in 2017.

"The guidelines for the Mission Main Street Grant have changed significantly. We will need to review the new guidelines and reassess how they affect the projects that we have in mind," said Impact Corry President Debbie Dearborn. "Impact Corry is planning to take advantage of the Mission Main Street Grant and hope other local organizations are doing the same. "ECGRA has been very good to Corry in the past and we hope that the relationship continues."

## ECGRA to restrict gaming grant use

By Matthew Rink  
matthew.rink@timesnews.com

Future recipients of grants from the Erie County Gaming Revenue Authority would be prohibited from using funds on expenses such as food, drink, gifts, photos, awards and cell phones under a proposal made Thursday by Executive Director Perry Wood to the authority's seven-member board.

The list of ineligible expenses mirrors those in Erie County's new grant application policy. Wood's proposal comes as members of Erie County Council have proposed that ECGRA adhere to the new guidelines, which both the solicitors for ECGRA and Erie County Executive Kathy Dahlkemper say would be unenforceable because of state law and a 2010 court settlement on gaming revenue.

Wood said he made the proposal "in the spirit of cooperation" during ECGRA's monthly board meeting Thursday. His recommendations followed a meeting he had Wednesday with members of County Council.

ECGRA already restricts grant recipients from using funds for travel, debt service, memberships, subscriptions and real-estate acquisitions. Wood said the county's new guidelines mirror the guidelines ECGRA established for outside agencies a decade ago, with the exception of the ineligible-use list. Revising ECGRA's policy would put it in line with the county's.

"After reviewing the ordinance details, we found out that the county's (new) grant-making process is based on ECGRA's grant-making process," he said. "I guess imitation is the best form of flattery. The biggest difference was that the county added additional ineligible expenses to their (policy). In the spirit of cooperation, I think it makes sense for ECGRA to expand its scope of ineligible expenses to include those on the county's list."

However, ECGRA is likely to leave out one restricted expense from the county's list: capital expenditures of more than \$1,000. Wood noted that capital expenses are at the heart of six ECGRA programs, including its Mission Main Street and Renaissance Block programs. Those programs encourage nonprofits, such as neighborhood associations, and municipalities to make facade and other exterior improvements to distressed neighborhoods,

business districts and historic structures.

County Council proposed that ECGRA abide by the new guidelines because of continued concerns over the authority's overhead, which has been a sticking point for some local lawmakers in recent years.

When asked if ECGRA itself would have to abide by the guidelines Wood proposed for grant recipients, Wood said: "I don't know the answer to that at this time. That is also open for further dialogue."

Erie County Councilwoman Carol Loll, who proposed that ECGRA come under the new county guidelines, said she is encouraged by Wood's proposal, but wants ECGRA itself to follow it, not just the agencies to which it issues funds.

Loll, Wood, Councilman Carl Anderson and ECGRA board member David Bagnoni met Wednesday for what Loll described as an "enlightening and informative" discussion. She said the meeting helped open lines of communication between County Council and ECGRA.

"I've never had an agenda," she said. "I'm just trying to guard and protect what belongs to the taxpayers."

ECGRA is also considering a proposal from board member Dominick DiPaolo to restrict future funding to any organization that is delinquent on property taxes. DiPaolo raised the concern in light of the Jefferson Educational Society, which has a delinquent property tax bill of \$92,000. The think tank is in talks with taxing authorities on a program that could forgive a portion or all of that amount.

DiPaolo initially moved to ban any future ECGRA funds to the Jefferson Educational Society, which he said has received in excess of \$530,000 in gaming funds in the past. However, he withdrew his recommendation when other members expressed concerns about singling out one agency and questioned how to treat a nonprofit that is in a tax-repayment plan or in the process of appealing a tax bill. Otherwise, board members were receptive to the idea.

Solicitor Tim Wachter is expected to return to the board in October with proposed ordinance language that would apply to all agencies seeking ECGRA dollars.

Matthew Rink can be reached at 870-1884 or by email. Follow him on Twitter at [www.Twitter.com/ETNRink](http://www.Twitter.com/ETNRink).

## Erie, Millcreek officials part of economic development training

By Kevin Flowers  
kevin.flowers@timesnews.com

Officials from the city of Erie and Millcreek Township are among those receiving economic development training this week from a New York-based consultant.

Representatives of the National Development Council are conducting the training at City Hall, 626 State St. The firm specializes in municipal training and economic development certification, and local officials' training focuses on tax incentives and financing used to encourage development.

Renee Lamis, Mayor Joe Schember's chief of staff,

said among those receiving the training are city officials including Planning Director Kathy Wyrosdick, Economic Development Director Chris Groner and Business Development Officer Brett Wiler, along with Millcreek Township Supervisor John Morgan.

In addition, local organizations such as the Erie Downtown Development Corp., the Erie Downtown Partnership and the Erie Redevelopment Authority were invited to participate, Lamis said.

The course, Lamis said, is part of an effort to build an inter-municipal partnership between Erie and Millcreek to identify possible joint economic development policies,

programs and opportunities.

Erie City Council and Millcreek supervisors signed off in May on a memorandum of understanding regarding that partnership. The two municipalities have also received a \$28,000 grant from the Erie County Gaming Revenue Authority that will be used to build capacity for joint economic development projects.

A portion of that money is paying for the NDC training, which is expected to cost about \$20,000.

Kevin Flowers can be reached at 870-1693 or by email. Follow him on Twitter at [www.Twitter.com/ETNflowers](http://www.Twitter.com/ETNflowers).

# 'It would give people jobs'



On Monday, Cindy Wells, 55, secretary/treasurer for the borough of Union City, shows part of the site of the former Ethan Allen cherry (furniture) factory along South Main Street in Union City. Ernest Sell (not pictured), owner of Raccoon Refuse in neighboring Mill Village, plans to open a solid waste transfer station on the property. (CHRISTOPHER MILLETTE/ENE TIMES-NEWS)

## Residents support plan for Union City furniture property

By Valerie Myers  
valerie.myers@timesnews.com

**UNION CITY** — A local businessman is moving ahead with plans to put a former industrial property in Union City Borough to use again.

And the community is cheering him on.

Ernest Sell, owner of Raccoon Refuse in neighboring Mill Village, plans to open

a solid waste transfer station on the property that once was home to a prosperous furniture factory, the Cherry Hill division of Ethan Allen.

Garbage trucks would unload at the site at 77 S. Main St. Garbage then would be reloaded onto trucks that would take it to the landfill in Summit Township.

See **JOBS, A4**



A Raccoon Refuse garbage truck drives south on South Main Street in Union City. (CHRISTOPHER MILLETTE/ENE TIMES-NEWS)



Ernest Sell (left) and Ahmed Syed (right) stand in their store, Syed's Indoor Flea Market in Union City on Monday. Ahmed Syed is supportive of a plan by Ernest Sell (not pictured), owner of Raccoon Refuse in neighboring Mill Village, to open a solid waste transfer station on the site of the former Ethan Allen cherry (furniture) factory along South Main Street in Union City. "I'm sure it would lower (Sell's) travel costs," Syed said. "And that would help the business grow." (CHRISTOPHER MILLETTE/ENE TIMES-NEWS)

## JOBS

From Page A1

Operations would take place during normal business hours, from 8 a.m. to 5 p.m., Sell told Union City Borough Council this past spring.

"We're getting closer. It's just a long, slow process, but we're still moving ahead slowly but surely," Sell said Tuesday.

Sell plans to buy the property and has applied to the Pennsylvania Department of Environmental Protection for a permit to operate the waste transfer station.

"That's not a quick process. It takes about nine months or so," Sell said of the permit application.

The transfer station would reduce costs for the business and keep costs low for customers, Sell said this past summer.

Ahmed Syed is among local business owners who approve of Sell's plans. Syed and his wife own Syed's Indoor Yard Sale at 20 S. Main St., just down the hill from the former Ethan Allen property.

"I hope this does work out for him," Syed said. "It's a big piece of land that is doing nothing. It's an eyesore now."

Sell's plans include providing green space on part of the property.

The facility also would be good for Sell's business, Syed said.

"I'm sure it would lower his travel costs, and that would help the business grow," he said.

The transfer station additionally would provide jobs, Sell has said.

And that's the best part of the plan, said Robert Hill, who lives near the property, on Miles Street.

"It would give people jobs around here," Hill said.

The Ethan Allen plant at one time was Union City's largest employer. The company employed about 250 workers before it closed in 2003.

The 210,000-square-foot building later was used as a kind of small business incubator. Its owner additionally planned to add a skate park and pizzeria. But fire destroyed the three-story building in 2010.

Judy Hart, who works at the French Creek Mercantile at 10 N. Main St. in Union City, said her mother worked at the furniture plant.

"It would be good if the property is used again," Hart said. "There are so many empty buildings in town."

The waste transfer station could spark a kind of regeneration, she said.

Union City Mayor Natalie Wilmoth agrees.

"For the community overall it's going to be a huge morale booster," she said this summer.

After the town's major manufacturing shops closed one by one, the empty furniture factory

property added "insult to injury," Wilmoth said.

"It served as a constant reminder every time you drove by," she said.

Other Union City Borough officials also are behind Sell's plans for the former furniture factory property.

The borough in recent years has dealt with complaints about graffiti, illegal dumping and weeds on the property, officials said.

The waste transfer station would not add noise, odor or pollution, according to Sell's plans. And Raccoon Refuse would improve and maintain the property.

"Any development up there would be a good thing. Someone using the property again would be a plus for the community," Borough Council President Dan Brumagin said Friday.

"I think this is a great prospect for the property," Wilmoth said Friday. "It's been such a shame to see it vacant all these years."

Sell additionally is considering providing some kind of recreation area at the site.

If that happens, so much the better, Syed said.

"If there's something for kids, some kind of games thing, that would be good, too," he said.

Valerie Myers can be reached at 878-1913 or by email. Follow her on Twitter at [www.twitter.com/ETNmyers](http://www.twitter.com/ETNmyers).

## FUND

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Stahlsmith was among several successful entrepreneurs on hand Tuesday when the Erie County Gaming Revenue Authority announced that it will commit \$1 million to the Erie Innovation Fund and another \$300,000 to the Ben Franklin TechCelerator business startup "boot camp," which will be brought to Erie for the first time. The Ben Franklin Technology Partnership will match ECGRA's contribution dollar for dollar.

"Erie needs funding," Stahlsmith, 37, said. "Right now the biggest problem is that there is no capital. There are so many great ideas. I hear them all day."

Perry Wood, executive director of ECGRA, said the Erie Innovation Fund is a critical funding source because there is a shortage of risk capital for technology-based startups. Those startups are high risk, but high reward, he said.

"Those are specifically investments in companies," he said. "These go into mission-related equity investments. That's important because you can't take out a loan from a bank for an intellectual property-based company. If our region doesn't have venture capital groups, Ben Franklin steps into the fold."

"This is a problem globally," Stephen Brawley, president and CEO of Ben Franklin Technology Partners, said. "There's not enough money at the high-risk stage for entrepreneurs."

Tuesday's event highlighted other local success stories that got their start with the assistance of the Erie Innovation Fund, like Sphere Brakes, whose founder Aaron Lewis patented a new technology that he believes improves the stopping performance in cars, trucks and other vehicles.

"Let me be clear, the Erie Innovation Fund literally helped launch a new industry and that new industry

is taking a foothold here in Erie," Lewis told a room full of business owners, economic development officials and government leaders at Knowledge Park on the campus of Penn State Behrend. "The new industry precipitates new market segments, new market segments precipitate hundreds of thousands of new product lines. To support those product lines requires a robust network of investors and qualified and talented employees and mentors and also multi-billion-dollar global customers."

That's the new "reality" of Sphere Brakes, Lewis said, and it wouldn't have been possible without ECGRA and Ben Franklin Technology Partners, which have already raised \$3.4 million for more than two dozen local tech-company projects. Those projects have led to \$28 million of total revenue and 70 new jobs.

Elizabeth Wilson, a spokeswoman for Ben Franklin Technology Partners, said ECGRA is the only gaming authority in Pennsylvania with which it has partnered.

As for the TechCelerator program, it's been held in different locations across the state, including State College, where it has a permanent presence. The 10-week program helps aspiring entrepreneurs refine their ideas, identify potential customers and design a business plan.

"At the end of it, they make a more educated go or no-go decision," Brawley said. "It's OK if they say, 'you know what, this isn't the idea I thought it was, it doesn't have the market I thought it would.' We want you to learn that before you max out the credit cards, mortgage the house and borrow from grandma. We've found it really does make a difference when folks have an easy way to explore their idea, explore their discovery and have a nurturing environment."

Matthew Rink can be reached at 870-1884 or by email. Follow him on Twitter at [www.Twitter.com/ETNrink](http://www.Twitter.com/ETNrink).

## Innovation Fund gets \$2 million increase

ECGRA, Ben Franklin Technology Partners announce investment

By Matthew Rink  
matthew.rink@timesnews.com

Four years ago, Zakary Stahlsmith wanted to create a marketing company that focused on the social media platform

Instagram and what he calls "micro-influencers."

He pitched the concept to Ben Franklin Technology Partners, a 31-year-old firm that provides tech and manufacturing startups with business and technical expertise, networking assistance and seed money. They believed Stahlsmith was onto something and urged him to take a First Step seminar at Gannon University's Small Business Development Center.

Officials with Ben Franklin Technology Partners later told Stahlsmith about grant funding opportunities.

"That inspired me to take my idea to the next level, so I started pitching to investors," he said. "I was fighting for like \$5,000 here and there."

After nine months of refining his message and perfecting his pitch, Stahlsmith would win \$50,000 in seed funding and a second round of \$100,000 of funding from Ben Franklin. Today, Erie-based Apex-Drop Influence Marketing is a multimillion-dollar company with 23 employees.

See FUND, A4



# Company to invest millions in innovation district

By Jim Martin  
jim.martin@timesnews.com

Quantela, a global data analytics company that is helping to implement the smart city project in Erie, is ready to make a bigger investment in Erie.

The company, which helped coordinate the installation of free Wi-Fi in downtown Erie, has made what the Erie Innovation District is viewing as a vote of confidence in the organization and its Secure Smart City pilot project.

Karl Sanchack, CEO of the Erie Innovation District, announced Wednesday during a public presentation at Blasco Library that Quantela is prepared to lead a consortium that would invest \$5 million to \$7 million in private funds to expand Erie's Smart City pilot program.

Sanchack, whose Erie Innovation District is led by Mercyhurst University, made that announcement Wednesday night during a graduation or so-called demo-day event for representatives of nine companies that have completed the first-ever Secure Erie Accelerator.

With a nod to the late Steve Jobs, co-founder of Apple, who often ended meetings with "one more thing," Sanchack announced the investment.

"We are not asking the city to help us move forward," he said. "We are bringing the solution to the city."

Quantela, whose company Paradigm Infotech was located at one time at Penn State Behrend's Knowledge Park, has been a focal point

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erie.com

## INVEST

From Page A1

of the Secure Smart City pilot program in Erie. As a result of that project, the city is equipped with new LED lighting on State Street from Sixth to 12th Street and with Wi-Fi and video surveillance capabilities in Perry Square.

Krishna Prasad, sales director for Quantela, said his company was impressed with the accelerator and sees an opportunity to partner with the city by replacing thousands more street lights with money-saving LEDs that will pay for themselves over time. As part of that initiative, he said he hopes to work with the city on other smart city initiatives.

Aside from the Quantela investment, Sanchack views the accelerator program — which offered specialized training and business connections to nine early-stage technology companies — as a clear success.

He said five of the nine companies have decided to put down roots in Erie and have grown their collective revenues by \$2.4 million in just 10 weeks.

"They didn't waste a day," he said. "They didn't waste a single day."

In what he views as another promising development, Sanchack said Erie Insurance has expressed interest in exploring

opportunities with accelerator graduates.

The event at Blasco Library was highlighted by presentations from all nine accelerator companies, including companies with solutions to cybersecurity problems and personal security issues. One offered technology to help firefighters find people in burning buildings. Another, which has signed deals with major insurance companies, provides temporary insurance for temporary workers. Another company offered an app to help prevent distracted driving. Still, another helps local government eliminate paperwork as it works more efficiently with residents.

The accelerator companies, which have worked over the past 10 weeks in the Erie Insurance Innovation Center at 717 State St., have enjoyed an unusual level of support in Erie, said Nick Davis, vice president of enterprise solutions for Singularity University, which partnered with the Erie Innovation District to provide the program.

"No longer are these accelerators (where) everyone has to be in Silicon Valley or everyone has to be in Boston," he said. "All the resources you pulled together — it's rare."

Jim Martin can be reached at 870-1668 or by email. Follow him on Twitter at [www.twitter.com/ETNMartin](http://www.twitter.com/ETNMartin).

## OUR VIEW

## Erie region needs venture capital

**The issue:** Capital needed to fuel innovation  
**Our view:** Make this a local priority

**Z**achary Stahlsmith had an idea for a marketing business, but it was not the sort of venture a bank could back. He, like others seeking to create an intellectual property-based business, needed investors willing to take a high risk.

And that, in Erie, as in other places around the world, is in short supply.

Critical funding is flowing from the private and public sectors to power Erie's resurgence. Community groups, in partnership with the city of Erie and the state, are strengthening neighborhoods and property values through blight removal. The Erie Downtown Development Corp., led by Erie Insurance, has attracted private investments totaling about \$27 million to makeover a 12-block area of the downtown. More than \$30 million in state transportation funding has been set aside to better connect the downtown with new amenities on the scenic bayfront.

The Erie Innovation District, seeded in 2016 with a \$4 million grant and led by Mercyhurst University, aims to create a new economy focused on cybersecurity.

But as Stahlsmith related, and others have reported to us, Erie faces a dearth of investors willing to take risks on new ventures that might fail, but might also generate exciting new economic opportunities, like Stahlsmith's company, ApexDrop Influence Marketing.

That is why we are so encouraged by news of the Erie County Gaming Revenue Authority's efforts to help fill that void. As reporter Matthew Rink detailed, ECGRA on Tuesday announced its fourth investment in Ben Franklin Technology Partners' Erie Innovation Fund — \$1 million — and another \$300,000 in the Ben Franklin TechCelerator "boot camp" — a 10-week event that will be held in Erie in the future. Ben Franklin provides startups like Stahlsmith's with the tools to launch a business, including technical expertise, networking opportunities and seed money. It said it will also match ECGRA's grant.

Stahlsmith persisted. Working with Ben Franklin, he sought out grant funding, "fighting," he said, "for \$5,000 here and there." The soundness of his idea in time won him a total of \$150,000 from Ben Franklin.

The payoff can't be minimized. Stahlsmith's idea became a multimillion-dollar Erie business employing 23 people. In all, ECGRA's contributions to Ben Franklin, together with matching funds from Ben Franklin, have generated investments of \$3.4 million in more than two dozen local tech company projects, creating 70 jobs and revenues of \$28 million.

Erie has shown its capacity to generate smart, savvy and bold local solutions to local problems. We hope that ECGRA's leadership on this key issue of venture capital prompts others in the region with the means to step forward and invest. Stahlsmith said great ideas abound here. "The biggest problem is that there is no capital," he said.

## OUR VIEW

## Innovation District takes root

**The issue:** Erie Innovation District advances  
**Our view:** Hopes for new economy grow

**E**rie's fortunes have been measured for decades largely by the loss, gain or retention of manufacturing jobs.

A new path forward opened in 2016 with the announcement of a \$4 million grant awarded by the Erie Community Foundation in partnership with the Susan Hirt Hagen Fund for Transformational Philanthropy and the Erie County Gaming Revenue Authority. It would be used to create the Erie Innovation District, led by Mercyhurst University and modeled on successful initiatives launched in other former manufacturing hubs. Innovation districts partner local academic expertise with entrepreneurs to create new economic engines.

Declaring the existence of an Erie Innovation District did not make it so. Erie needed a leader, a location and a viable niche to foster new industry. Just one year after the hiring of CEO Karl Sanchack, outlines of a potential new Erie identity — as a center of innovation for technology-driven companies focused on data and cybersecurity — are starting to emerge.

The Erie Innovation District opened a sleek headquarters at 717 State St. in March. It partnered with Quantela, a global data analytics company, to remake a section of downtown Erie as a "secure smart city" — equipped with free Wi-Fi, cost-efficient LED lighting, and security surveillance. For 10 weeks this summer, it hosted with Singularity University the first Secure Erie Accelerator, a business boot camp that brought nine tech-focused startups to Erie. Each received a \$50,000 investment from the Innovation District, in addition to intensive training and mentoring.

Most recently, we learned that five of the 9 have chosen to root in Erie, as detailed by reporter Jim Martin. In just two months since the start of their accelerator work in Erie, Sanchack said, those companies grew their collective revenues by \$2.4 million. One of them, CityGrows, is working with the city of Erie to improve customer service.

What's more, Quantela has agreed to oversee a consortium that plans to invest \$5 million to \$7 million in private funds to expand Erie's Secure Smart City program.

These early wins appear to be a credit to Sanchack's drive and also to the creative, forward-looking tone set by both Erie's private and public sectors.

Leaders of two companies who took part in the accelerator program said Erie stands out.

This is news to celebrate because of the potential for new growth and because it is so liberating. Ben King, a senior director at Singularity, in March stressed the importance of "setting the right tone and getting some quick wins for a city that is really looking at changing itself."

These advances further bolster Erie's ability to credibly view and present itself as a center of something vibrant, relevant and new, not a tired Rust Belt trope.