



## **Erie County Gaming Revenue Authority**

### **Minutes of the Board of Directors' Meeting**

**August 15, 2019**

#### **CALL TO ORDER**

The Board of Directors' Meeting of the Erie County Gaming Revenue Authority was held on August 15, 2019 in the Jordan Room; 5240 Knowledge Parkway; Erie, PA 16510. Legal Notice of the meeting was given through an advertisement appearing in the Erie Times-News. The meeting was called to order by the Chair.

#### **ROLL CALL**

Mr. Barney, Mr. Cleaver, Mr. DiPaolo, Ms. Hess, Mr. Paris, and Mr. Sample. Mr. Lee, Mr. Wachter and Dr. Wood are also present.

#### **APPROVAL OF THE AGENDA**

Mr. Barney makes a motion to approve the agenda as presented. Mr. Sample seconds the motion. There is no discussion of the agenda. Motion carries 6-0.

#### **APPROVAL OF MINUTES** – July 2019

Mr. Sample makes a motion to approve the minutes as presented. Mr. Cleaver seconds the motion.

Mr. Cleaver: I have a comment on this. I noticed in the minutes there was a lot of discussion on this company that we pay X number of dollars monthly. Do we get an annual, I'm speaking as an individual, do we get any kind of thing in writing on a monthly basis or quarterly or . . .

Dr. Wood: Who are we talking about?

Mr. Cleaver: Ridge Policy Group.

Dr. Wood: We get an activity report monthly –

Mr. Cleaver: That's what I mean; does it tell us what they're doing for us?

Dr. Wood: Yes.

Mr. Cleaver: There were a lot of comments in the minutes and I think they do more for the County than they do for ECGRA but again, I'd just like to sort of see what transpires with this company.

Dr. Wood: Absolutely.

Mr. Cleaver: Sometime down the road.

Dr. Wood: It is in your Executive Director's Report. Three or four pages in there is an activity report that looks like this; it's normally a couple of pages long. Then there is a second report, which is the cumulative amount of funds that have been brought into Erie County.

Mr. Cleaver: That's my concern.

Dr. Wood: You can see here that it's \$4.2 million to date brought in.

Mr. Cleaver: And they are responsible for that?

Dr. Wood: Yes.

Mr. Cleaver: Ok. I still second that. As long as I can look at a report.

There is no further discussion. Motion carries 6-0.

#### DIRECTOR'S COMMENTS

There are no comments at this time.

#### COMMENTS BY THE CHAIR

Mr. Paris has nothing to report on today.

#### PUBLIC COMMENT

There is no public comment.

#### PRESENTATIONS

There are no presentations.

## COMMITTEE REPORTS

- a. Treasurer's Report: Mr. Barney: Good morning everyone. The Treasurer's Report is going to be pretty short unless we have some substantial questions. Hopefully everyone has had the opportunity to review it and there should be a copy in front of you. You'll notice there is not a lot of activity as far as income; we did receive a couple of payments as far as interest from Progress Fund, the Savings account, Blue Highway, and the EDF Restructured. Moving down, you'll see the expenses are basic and there is nothing out of the ordinary there. It should be noted under Other Expenses that we did pay the final payment for the Summer Jobs Program of \$3,633.07. Net Income – we didn't have any substantial income so there is a deficit because of expenses.

The Balance Sheet is pretty basic. If anyone sees anything they would like to ask about, feel free to do so. Moving on to the Statement of Cash Flow, it's an indication of the payouts we had made. The Budget vs. Actual for the month of July, you'll see that everything is standard other than the Professional Services. That is a larger amount due to the fact that we had the Economic Impact Study Update done, which was an update from the original study done in 2015. The Professional Development charges is Tom getting recertified as a city planner.

The Schedule of Grant Reserve shows no activity in the month of July until you get to the third page where you see where we paid the Summer Jobs.

Dr. Wood: Just to clarify, that is the final payment of 2018. You'll see in the August report that we've made our first payment for 2019 on Summer Jobs. This is the period of time where the majority of the drawdown takes place because they're paying the young people's wages for the program.

Mr. Barney: Next is the Check Detail Report and everything is explained right there. Then we go to the VISA's and you'll notice that Perry's is not there. The only expense that is on Perry's is the Phone/IT and we paid it twice last month. In the future going forward, unless he has an expense out of the ordinary, we won't get a print out from his VISA because everything will be on Tammi's. The next VISA report is Tammi's and there's just the usual – office supplies, postage, subscriptions, and things of that nature.

That concludes the Financial Report for today. Are there any questions?

Mr. Lee: I have a question. For the Erie Area COG (Council of Governments), the first payment of \$28,500, how much do we commit to them each year?

Dr. Wood: That amount was for a grant for the Census project and I believe that was a \$50,000 grant and that was just the first payment of that.

Mr. Lee: Thank you.

There is no further discussion of the Treasurers Report. Mr. Cleaver makes a motion to accept the Treasurer's Report. Mr. Sample seconds the motion. Motion carries 6-0.

- b. Strategic Planning Committee: Mr. Paris: We did have a meeting last week and Perry is going to have some updates on what was discussed there.

Dr. Wood: I'll just give a brief summary of the meeting for the record and then I'll talk a little more about it during my Executive Director's Report. Three things we discussed at the Strategic Planning Committee meeting – 1) the North East Revitalization Fund which is only in concept format at this point; it's the first time I talked to the Board about the concept. North East had approached us about this kind of revitalization fund for their Main Street and the surrounding neighborhoods. We began discussions with them, Tom and I have meet with them three times now, so it would kind of be a new direction for mission-related investments. We will have them come present to you at the September Board meeting so you can get a more in-depth idea of what they're looking to do in their downtown. I'll talk about it more in my Director's Report.

2) Mission Main Street Round 3 – here is the grant book for this round which is 2019-2021 for the three-year cycle. We reviewed five applications and the recommendations from the committee you'll see in my report. 3) Multi-Municipal Collaboration Round 2 – you'll see the five applications that were reviewed. There were summaries handed out as well as emailed to you of all of the grants in this round, which was a total of ten grants to review, plus you should have access to the Foundant software online if you wanted to go more in-depth on any of these grants.

- c. Update from County Council: Mr. Leone is not present so there is nothing to report.
- d. Update from County Executive's Office: Mr. Lee: Thank you, Mr. Chairman. In reference to the Community College. As many of you know, August 1<sup>st</sup> County Council approved an updated version of the Memorandum of Agreement with the County and the Northern Pennsylvania Regional College. There were a lot of items included in there dealing with control of the curriculum, location of the college, the role that the advisory board would play. All the items that were put into the Memorandum of Agreement the administration had discussed with Northern Pennsylvania Regional College over the last seven months. There was a meeting on August 2<sup>nd</sup> with the task force and the task force consists of the County Executive, Councilman Anderson, Ron DiNicola, Joe Maloney, Jim Sparber, and myself. The County Executive and I could not attend due to prior commitments, but the other four members went to meet with the Northern Pennsylvania Regional College to discuss the Memorandum of Agreement. Northern Pennsylvania Regional College explained to the task force why the majority of the items put into the Memorandum of Agreement does not fit into their model. There was no meeting planned at the conclusion of last Friday's meeting. Since then, there has been talk about a meeting for the week of August 26<sup>th</sup> with the task force and the Northern Pennsylvania Regional College so we're going to see if that will transpire.

At the end of the day, it's really important to the administration that three things be accomplished: 1) that we meet the needs of the businesses in the region, 2) meet the needs of the students, and 3) that it's affordable and flexible. That's the goal of the administration. Stay tuned. In the opinion of the administration, there is way too much politics involved in this process; the application was stand alone that we submitted back on June 30, 2017 is still with the State Board of Education. It has been stalled and the reason it has been stalled is for political reasons. We're hoping that they will vote on that, either up or down. We were told initially that it was going to take 12 to 18 months; it's been over two years now. We're going to see what transpires there but at the end of the day, we hope we will have a model that will be able to adapt to those businesses. Are there any questions? Thank you, Mr. Chairman.

Mr. Paris: Thank you, Gary.

## REPORT OF THE EXECUTIVE DIRECTOR

Dr. Wood: Good morning, everyone. I want to give you a quick update on where we are at with three of the Impact areas - Neighborhoods & Communities, Municipalities, and Quality of Place. But first, just a quick recap of what we've done since the beginning of the fiscal year – some of the major milestones to remind you of. First, the audit was finalized and it's in front of you today in an institutionalized form; that is sent to County Council, the County Executive's office, and the County Controller all for the purposes of archiving for historical records.

The Annual Report was also finalized and that is also sent to those three entities. The Grant Management Software that we asked you to renew, was renewed. Tim took care of the issue we, as well as all other Authorities, had with the Social Security Administration; that was put to rest. The Blue Zones Pilot Project was approved and of course that program was launched and the 2018 Summer Jobs Program, the financing of it, was closed out. Of course, we will be getting a debriefing report from GECAC as well as Keystone Research that Gary and I always attend every year and we'll come back with a formal evaluation.

For today's report, I want to talk to you about our revenue because we got the second quarter revenue in August. You won't see it recorded in the July financials, but you'll see it next month in the August financials. The Strategic Planning Committee has its recommendations, the Ridge Policy Group has its update, and then we'll talk about what's next.

Here is our standard revenue dashboard; I always show this to illustrate two key points. The first is historically, in Series One through Eleven that everything looks like a hockey stick and that is because in the past the way the Commonwealth sent the revenue in was in drips and drabs until there was something that they called the "true up" at the end of the year which was consistent with Gaming legislation which ensured that a certain percentage of funds would come back to the local municipalities. After eleven years of data, Department of Revenue decided to change the distribution model. They basically saw that the gaming had stabilized, and a certain amount of revenue would be coming in. You can see the new series, Series 12, this is what we're operating in now and this is the new consistency – more of a plateau model. The reason it is so low in the first quarter is because a large amount of the revenue comes out and is sequestered for land bank activities. By the time the second quarter rolls around, which is what we have here for August, there's a small amount taken out for the land bank and it will increase slightly for the third and fourth quarters, bringing us up to our annual amount which is about \$4.5 million in revenue a year.

The second chart gives shows you that the revenues are stable, but they are slightly on the decline. You see in Series 12 that there is a major drop, but that is the minus \$1 million for the land bank. We are on a slight downward trend, but the good news is that it's slight and fairly stabilized.

The letter that always comes is from the Director of Finance at the County, Mr. Sparber, is included in your Executive Director's Report; I always put that in there so you can see the exact amount that we receive and how we receive communication from the County. They send the funds in the form of a wire transfer, so this letter is the confirmation that funds were deposited.

Mr. Cleaver: I've got a quick question here. The casino recently just converted over to the sports betting. It definitely has to have an impact on income. Does that affect us in any way as far as our monies that come to the County and get sent over to us? The impact is going to be great, and that's just my personal opinion, but I've seen what's happened in the past couple of weeks.

Dr. Wood: That's great to hear. Tim and I did have a discussion about the legal review of the legislation. We took a look at the clauses that affect sports betting and they fall into the same clauses as the slot machines. Technically, we should benefit from the revenue of sports betting, but it's still at the same percentage as slots. We don't really know what the size of that will be yet. The slots are the main source of income at the casino and the table games and these other things are much smaller. It's going to be a wait-and-see approach but in theory, we should benefit.

Mr. Cleaver: I was just curious. I'm involved there, you know I spend a little time there, but they have to remove some slot machines and that's a loss of revenue without a doubt, and every time they take 40 or 50 out, they have to run down to Harrisburg to kiss some politicians butt to the reason why they're taking them out and the State is worried about losing money. But, just from what I see because I know a lot of people, the bookies are probably going to take a beating but there's a lot of people betting at that casino on everything from soccer to professional football. Erie is a gambling town as far as football. I was just curious if that had any effect. I know it's down the road, but I was just curious about that.

Dr. Wood: Today is August and those basically just opened up, maybe we'll see some bump in the third quarter revenues and maybe that's how we can explain that bump. We'll come back to you when those numbers come in.

Mr. Sample: I would personally like to thank Mr. Cleaver for being the eyes and ears and monitoring the casino for the ECGRA Board.

Dr. Wood: Mission Main Street Round 3 was recently executed on. Just a quick recap: we created this program in 2013. It was steady and (inaudible) group around the Main Streets all over Erie County, nonprofits and boroughs alike, as well as the City of Erie have access to these funds to do various downtown activities. In 2018, the Board revised the guidelines, changing it from a one-year grant to a three-year grant, changing the maximum amount applicable from \$15,000 per applicant to \$250,000 per applicant. We did that based on feedback and research. We had focus groups and a couple of things were clear: they wanted multi-year funding so they had some reliability, and the second thing was they wanted larger amounts so they could have a bigger impact and they quantified that for us. The Board reacted in 2018 by changing those guidelines.

Round 1 was awarded January 2019, Round 2 got split into two different groups – 2A was awarded in March 2019 and 2B were the applications that we had further questions on and there wasn't enough information on so we punted and the Board came back and approved 2B in May 2019. We're asking you today to approve Round 3. The Strategic Planning Committee is recommending you award the three recipients listed, which are Borough of Girard, Impact Corry, and Waterford Borough. The recommendation is \$622,200 to those three applicants and it's on your agenda today as Resolution Number 12, 2019.

The next thing we discussed at the Strategic Planning meeting was Multi-Municipal Collaboration Round 2. We created Multi-Municipal Collaboration in 2012, we conducted a short-term progress report on how it was going in 2014 and decided to continue the program at that point in time. The grant review committee found that out of the \$275,655 in requests, they're recommending \$175,655 to four applicants and you will see them in Resolution Number 13, 2019 on your agenda. Those four are the Borough of North East, Girard Township, West County Paramedic Association, and West Erie County Emergency Management Agency.

Finally, we had a brief conversation about the North East Revitalization Fund and I just want to enter a little information into the record about what that is and the direction it's headed. First of all, it's a network of all the relevant organizations in North East coming together to plan leading up to 2025. Downtown North East is the local 501c3 that handles the main street, North East Chamber represents the business community, North East Community Foundation represents the funders and other foundations that are out there, and North East Borough are all at the table rowing in one direction, coming up with a strategic plan as we speak with this North East Revitalization Fund concept. They have a working title called Sustain North East; this is really the cornerstone that would provide matching funds from different sources and they want us to be just one of the funders who participates in it.

What I really like about it is it's a pro-active approach to the acquisition and redevelopment of main street historic structures; in other words, their ownership in many of their buildings along main street is getting older and there's not necessarily a succession plan. This fund would like to step in and be the group that gets them through the succession plan whether it be financing these

buildings as they get transferred to new owners, or in some cases for downtown North East, actually take ownership of some of these buildings creating a revenue stream for their organization. They have a record for doing this. They did it when they created the Grape Museum a few years ago; that museum eventually became what today is Skunk & Goat. (Inaudible) in the region. They were kind of the facilitator that made sure that building was repurposed.

ECGRA wrap around services – I just want to talk to you about this briefly and kind of plant the seed on this because I think this is a new direction that we could head. It's a smart way for us to use our resources. We would go into a community and we would have a conversation with a complex community network like the one that's here. North East is extremely organized, Corry is this organized, certainly downtown Erie is this organized, and many others are getting to this level of organization. The idea of wrap around services is that Tom and I would go in, we would do an analysis of what the needs are, we ask them what their top five priorities are as a community, we do matchmaking between ECGRA grant-making sources and their top five priorities. This is still a competitive grant process; it's not a forgone conclusion but at least it gets them on some type of timeline to implement these projects. Finally, we would use Ridge Policy Group grant services so if there are things we can't fund or are unable to fund, we can provide them with the information from Ridge Policy Group.

We did ask Ridge Policy Group to come to town and do a meeting with this network of folks; that's been conducted and their analysis is in the process right now. At the very least, they'll have access to these grant services. Best case scenario, we put money into this revitalization fund after we have them come and present, and if the Board likes it, we proceed from there.

Are there any questions about this? Like I said, it's just in concept phase and they will be here in September for the Board to (inaudible). If this works, we can do this with other communities.

Ridge Policy Group update – as I said earlier, you can see two reports in your Executive Director's Report. These reports are in the Executive Director's Report every month. First is an actual activity report, so this is everything that Ridge Policy Group has done for us in the last 30 days, second is called the deliverable summary which is a list of the grants that we have received, or rather that Erie County or some entity in Erie County has received as a result of Ridge Policy Group has been a part of, whether they've made an introduction, gave a presentation, or as we talked about last month, made a phone call, if they helped an entity write a grant and then market it to whatever bureaucratic institution (inaudible). That report is available to you monthly.

Just a refresher of the five focus areas that we agreed upon that Ridge Policy Group would pursue with the first one being health care from an economic development standpoint and we focused in on Blue Zones as our main focus there and Ridge Policy Group has been in D.C. helping Blue Zones. Entrepreneurship & Innovation – we see a lot of results with the Economic Development Administration as well as the Appalachian Regional Commission. Neighborhoods – of course we focus on neighborhoods through our Renaissance Block but we haven't had any hits there yet. Youth & Education Workforce – of course, we've been promoting the Summer Jobs Program to both State and Federal officials and I think next month we're going to have a really exciting announcement about that. We've been working with GECAC and Edinboro University on a partnership there to take Summer Jobs to the next level. And the final area we haven't had any hits on either and that's the Transportation & Site Selection, although we've done a lot of informational briefings on transportation funding especially to the City of Erie. We'll see what happens now with the Transportation Bill in Congress right now and Ridge Policy Group is going to help us dissect it and see what types of funding is available.

Mr. Wachter: PennDot has also applied for \$25 million in a BUILD Grant, formerly the TIGER Grant, in order to fund the Bayfront Parkway. That's something they looked at too.

Dr. Wood: That's the idea of connecting downtown Erie to the Bayfront. What's next? Right now, we have the Community Assets applications are open, so all three of the subcategories are open which are Arts, Culture, & Heritage which is due today, August 15<sup>th</sup>; Parks, Fields, & Trails; as well as Community Centers and those are both due on November 15<sup>th</sup>. We'll be coming back to you

with the Arts, Culture, & Heritage first and then the other two later on. Just a quick reminder of how those three categories function – Arts, Culture, & Heritage is a \$150,000 bucket with a maximum per applicant of \$15,000; Parks, Fields, & Trails is a \$150,000 bucket with a maximum per applicant of \$25,000; and Community enters is a \$100,000 bucket with a maximum per applicant of \$15,000. Those are currently open. As soon as they close, we will let you know.

What's Next? Anchor Building is currently open as well and is due September 30<sup>th</sup>. We keep this one open for six months because it's a little more complex when dealing with redevelopment and historic structures. This is in the assessment phase because the staff – mostly Tom with his redevelopment authority experience – is working with the applicants on their applications, the proformas of understanding what the construction costs are, the ability to see if a grant from us really makes sense.

We're entering review phases for two key funding sources: Renaissance Block is coming up on one year in October, and the Beehives that are coming up on one year in December. The first thing we do in the review phase is we contact the applicants to let them know that we will be entering a review phase, we ask them for interim reporting, some of the ones in Renaissance Block are (inaudible), Beehives are in their first year of a three-year grant so this is really interim stuff but we want to see what kind of progress they have made. We'll collect information from them and bring it back to you.

Finally, we'll be rolling out the economic impact study update. As you can see today, we paid for that already. It's basically complete but is a little rough around the edges so we're going to polish it and design some kind of rollout. That completes my report. Does anyone have any questions? Thank you for your time.

Mr. Paris: Thanks, Perry.

### SOLICITOR'S REPORT

Mr. Wachter has nothing to report.

### OLD BUSINESS

There is no old business to follow up on.

### NEW BUSINESS

- a. Resolution Number 12, 2019 – Resolution to enter into agreements with three (3) applicants to the Mission Main Street Program – Round 3.

Dr. Wood reads the resolution.

Mr. Barney makes a motion to accept the resolution into record. Ms. Hess seconds the motion.

Mr. Sample: I serve as a board member for Impact Corry. As such, I have abstained from any deliberation or involvement in the process to determine whether to recommend an award to Impact Corry, and I abstain from the deliberation, and vote, regarding the approval of the Resolution. Further, I announced my conflict during the meeting and request that this memo be made part of the minutes of the August 15, 2019 meeting of the ECGRA Board of Directors.



There is no further discussion. Motion carries 5-0-1, with Mr. Sample abstaining.

Dr. Wood: Tim, for the record, can you explain the potential conflict of interest memo to the Board and why Mr. Sample entered it?

Mr. Wachter: Under the Pennsylvania Ethics Act, you are not permitted to vote on items which would involve the conflict of interest. A conflict of interest is anything where your vote would impact a private, pecuniary, or financial interest for yourself, immediate member of your family, and/or a business with which you are associated. Service on a non-profit board would be determined to be a business with which you are associated, so if we are going to be taking a vote or an award relative to, in this case going to Impact Corry, you would be required to abstain not only in the deliberations on whether to make the award and in the building of the program, so to speak, but also from the vote. In order for that abstention to be fully, legally effective the Ethics Act requires that not only do you announce your abstention and the reason therefore verbally during the course of the meeting but also you are required to file an abstention memo, which dictates the reason for the abstention in writing and ask that it be included in the minutes for that month's meeting. That is the reason we do an abstention memo. Very transparent.

Dr. Wood: Thank you.

- b. Resolution Number 13, 2019 – Resolution to enter into agreement with four (4) entities that comprise the recipients of the 2019 Multi-Municipal Collaboration Grants – Round 2.

Dr. Wood reads the resolution.

Mr. Cleaver makes a motion to accept the resolution. Mr. Sample seconds the motion. There is no further discussion. Motion carries 6-0.

### ADJOURNMENT

Mr. Sample moves to adjourn.

The Board goes into Executive Session at 9:23 a.m. for purposes of personnel.