

Erie County Gaming Revenue Authority Meeting

Board Meeting Minutes: May 30, 2008
12.00 p.m. at Erie County Council Caucus Room

Board Members (hereinafter referred to as “the Authority”):

Present: Other board members present were Joe Giles, Jim Mikovch, Kathy DeSante, Stephanie Freeman, Dave Sample and Pat Bruno.

Absent: County Executive Mark A. DiVecchio, Jennifer Dobbs Woods, and Joseph Kujawa

Quorum present? Yes

Others Present:

Also present were Douglas R. Smith, County Clerk, Robert Spaulding, Director of Economic Development, Rena Moakeh, Administrative Officer of Gaming Revenue, Roger Taft of MacDonald Illig, Jones & Britton representing the County in the gaming lawsuit, Sue Ellen Pasquale, the Manager of General Accounting and Jim Sparber, Director of Finance.

Proceedings:

The meeting was called to order by Chairman Giles at 12:13 p.m.

Previous minutes: A motion was made by Mr. Mikovch to approve the minutes of May 1, 2008; Mr. Bruno seconded, and the minutes were approved in a unanimous roll call vote.

Introduction of Mrs. Moakeh: Mr. Spaulding introduced the Authority to Mrs. Moakeh. The Authority in turn kindly introduced themselves to Mrs. Moakeh giving a brief mention of their background.

The first order of new business, Election of Officers: Mr. Bruno elected himself to serve on the nominating committee. It was agreed that Mr. Bruno, Chairman Giles, Mr. Smith and Mrs. Moakeh would meet on June 6, 2008 at 12.00 p.m. at the same location and nominate a vice-chairman and a treasurer.

The second order of new business, Bylaws: Chairman Giles suggested that the Authority approve the bylaws at the next meeting simply because there were a couple of points that needed to be attended to and Mr. Taft needed more time to peruse through and comment on them. Mr. Taft expressed a concern about the bylaws. He stated that they must be wholly consistent with the Articles of Incorporation and the Statute under which the Authority was created. Mr. Taft agreed that before formalization took place further review would need to be made. Mrs. Freeman later added that there have been a couple of points that the Finance Department recently brought to her attention which would cause the bylaws to be altered and this would be done for the next meeting. It was later

added by Ms. DeSante that the bylaws should enable members to listen to meetings via telephone. No decision was made with regard to the latter. Mrs. Freeman handed out a copy of Mrs. Pasquale's email detailing out four points which need to be revisited.

Although the option was present, it was agreed that the Authority members would not be reimbursed for mileage.

The third order of new business, Finance Presentation by Mrs. Pasquale, the County's Manager of General Accounting: Mrs. Pasquale introduced herself to the Authority and explained her role in the whole process. She kindly gave the Authority a short finance presentation. Her role includes, but is not limited, to dealing with pay roll, preparation of financial statements, audit work papers and other financial reporting. Mr. Sparber introduced himself as Mrs. Freeman's successor as a Finance Director.

Ms. DeSante posed Mrs. Pasquale a question about whether the Authority was to be issued with checks. Mrs. Pasquale responded by saying that the handout she provided (attached herewith) covered this point and other broad frequently asked questions. The handout includes the County's financial interaction with the Authority and how finance currently deals with cash receipts, cash disbursements, financial statements, auditing of financial statements and the budget.

Chairman Giles gave comforting words when he said that he has never seen County Council go against the recommendations of the Authority, it is given a lot of weight, and it is more than likely that their recommendations will be implemented.

Mr. Spaulding asked a question regarding distribution of funds: Once Council approves a recommendation will that be done by resolution of Council or by Ordinance? Mrs. Pasquale explained that creating a different budget or a line item would have to be done by ordinance. Chairman Giles said it takes an ordinance to amend something already approved but otherwise it could be done by resolution.

Mr. Bruno asked what if Council does not act upon a recommendation, how can the Authority still take action if it does not have a bank account? Chairman Giles answered and said that if Council failed to commit the money in any fiscal year, all uncommitted monies would go to the sole control of the Authority. Mrs. Pasquale added a suggestion that an Authority member could be added to the authorization to be used if monies are uncommitted.

Bob Spaulding also reassured the Authority that there is another mechanism in the report that states that any grant under \$25,000 would not need the approval of Council and could be done outright by the Authority. Therefore, Finance could issue a check without an ordinance. Chairman Giles added that the planning department said that this figure should be increased and his expectation is that this figure would be revisited at a later date after some experience is gained.

Mr. Mikovch asked whether anyone acknowledged receipt of the grant applications applicants already submitted. Ms. DeSante seconded that question and specified that the our response should inform the applicant that the restricted funds are currently the subject

of a litigation dispute and that they could reapply when the application form is complete and send it to the Administrative Officer. Mr. Smith responded that no one has submitted any acknowledgment. Ms. DeSante asked whether Mrs. Moakeh could deal with this in future. Mrs. Moakeh accepted and asked Mr. Smith to provide her with the applications and she would draft a letter which would be approved, at Mrs. Freeman's suggestion, by Mr. Taft and Mr. Knox before being sent out. It was agreed that Mrs. Moakeh would action this, provide a copy of the letters to the Authority members and details of whether they are litigants.

Mr. Taft explained that he would like to see clear administrative procedures in place. This would not only assist with the litigation but would naturally assist applicants who need clear instructions. Chairman Giles agreed that it is essential to start this process but first it would be best to have the bylaws in place.

Mr. Taft asked whether the monies granted would ever be sent directly to the applicant, say a partnership? Therefore bypassing the municipalities that the Statute says the grants are to be made to. Chairman Giles said that this is for future consideration.

The fourth order of new business, Airport Runway Project: Chairman Giles confirmed that there is a rough draft of the resolution for Airport Runway Project, not to take action today, but to email everyone a copy of the draft in advance so that they have an idea of what is to take place before the next meeting. Chairman Giles reiterated that this would shrink the Major Projects monies but that it is essential to the economic development of Erie.

Mr. Mikovch asked a question related to the monies in interest in both the restricted and unrestricted funds: What happens to the restricted funds as it continues to grow? Does the Authority have the right to spend the unrestricted and restricted fund? Does that have to happen in the fiscal year? Mrs. Pasquale explained that Mrs. Moakeh is seeking Mr. Knox's advice on these points to have a legal perspective on these things.

Ms. DeSante asked whether the Authority was appointed by the State? There were a number of responses which explained that the Authority is an independent authority appointed by the County. Mr. Taft agreed but added that the Authority functions under a County Ordinance, that sets forth certain rules all detailed out in the Articles of Incorporation. Chairman Giles added that in looking at about fourteen casinos, there are none identical to the same exact formula that we have created.

The fifth order of new business, Grant Application presented by Mrs. Moakeh: Mrs. Moakeh distributed a copy of the draft application to each member of the Authority and explained that she had two days to create and type the application form. She briefly explained the flow of the application and mentioned a list of things that were included specifically the page headed 'important information' and 'program information' which would inform applicants whether this grant would even apply to them.

Chairman Giles explained that the Third Tier under the Revitalization Fund would be made through a recommendation from the Authority working with the planning

department. Chairman Giles explained that the Third Tier would be used for communities that would not fit into the first two formulas.

Chairman Giles pointed out that any award funding source would need to be in place before we award any funds. *[Page 9 of the grant deals with this in relation to Major and Secondary projects and page 19 deals with County Revitalization Fund, Major and Secondary projects]*

Ms. DeSante asked if there was a **maximum number of pages for the narrative?** Mrs. Moakeh responded by stating that we could add that. Chairman Giles said that at the next meeting the Authority can state how many pages the narrative should be limited to. Mr. Mikovch asked whether there was a requirement that the **application be typed.** Mrs. Moakeh affirmed that the application did add that as a requirement.

Mrs. Freeman asked if there was a **time requirement** as to when the applicant must spend the grant and whether the applicant should accrue the interest or the County? Mrs. Pasquale responded by stating that the aim would be to keep as much money with the County until needed so that the interest earned would be used for other projects. Mr. Bruno added that maybe if the money is not used it should be reallocated and consider the applicant at the next round of applications instead. Chairman Giles said that all these issued need to be considered and also to consider a **multi-year grant application** (with a two year stretch in mind) because of the litigation therefore looking at 2008/2009. Mrs. Freeman added that we also need to look at the issue of cost over run. She asked whether one of the priorities would be whether the applicant had done **projects in the past, paid on time and within budget?** Chairman Giles suggested that there be an appendix page with all that information detailed. Mrs. Freeman added that the **due diligence should be completed by an outside firm** and a copy of the letter stating the same should be added included with the application. Mr. Mikovch made it clear that the County should not be liable to any applicant for any cost over. Chairman Giles suggested there be a **disclaimer** to reflect that any cost over be the responsibility of the applicant.

[Mrs. Moakeh has since emailed everyone an amended application with any changes made typed in red]

Chairman Giles explained that by the next meeting that everyone would have had an opportunity to see what other things need to be added to the application and ask that everyone have their suggestions so that we can move forward with the application. Chairman Giles also asked Mrs. Moakeh to have a suggested timeline at the next meeting. Chairman Giles also asked that Mrs. Moakeh and he get together and look at how they can market these applications on behalf of the Authority.

Members of the Authority thanked Mrs. Moakeh for preparing the draft application in such a short time frame.

Action for the next meeting:

1. Mrs. Pasquale to appear at the next meeting when the budget is ready for perusal.
2. Officers would be elected at the next meeting.
3. Application Form agreed/amended with any comments.
4. Bylaws approved.
5. Marketing Strategy discussed.

Meeting Adjourned: at 2:25 p.m.

Next meeting: June, 20 2008.

Minutes submitted by: Rena Moakeh