

ERIE COUNTY CONVENTION CENTER AUTHORITY
MINUTES
Thursday, July 18, 2024

Board Members Present: Dahlkemper, Dietrick, Glass, Hilbert, Johnson, Nuber, Richards, Riley, and White

Board Members Excused: Sapienza

Others Present: Lisa DiLuzio, TJ Hesch, Charles Iverson, Ed Snyder (TEAMS) and Jim Walczak; Solicitor

Ms. White called the meeting to order at 3:00 PM.

INTRODUCTION OF GUESTS: No Introductions

PUBLIC COMMENT:

Mr. Kissell said I am just commenting, again, on the Sheraton parking lot. He said that on Saturday night they had a security person sitting there, telling people that they could not park in there unless they were a guest at the hotel. He said the 4th floor was closed off with the gates and the people could not park up in that area.

Mr. Pine said thank you. He said I have an update in my management report related to the Sheraton parking garage, although that is new news, but I'll provide some more information on that later.

Ms. White asked for approval of the June 27, 2024 minutes.

Mr. Riley motioned to approve the June 27, 2024 minutes. Mr. Glass seconded the motion. The motion was approved unanimously.

FINANCIAL REPORT

Mr. Iverson presented the June 30, 2024 Financial Statement to the Board. He said, overall, we had another favorable month in terms of performance for the operating venues. He said we ended the month about \$60,000 ahead of budget expectations.

Mr. Iverson said there was not a lot of activity at the arena. He said we only had one graduation event and that there is really not much to report on there. He said they ended up \$1200 ahead of budget.

Mr. Iverson said regarding the ballpark, expected games were played consistent with the budget and their performance was right on plan as well.

Mr. Iverson said, in the theater, we did outperform budget by about \$14,000. He said events were right on budget; however, we did see favorable activity in the dance recitals and in the one concert event. He said we had our actual paid attendance exceeded budget by about 1100 paid attendees. Mr. Iverson said that flowed through in terms of additional concession revenue as well as box office and facility fee revenues. Mr. Iverson said those were the real drivers of favorable financial performance for the Warner in the month of June.

Mr. Iverson said, lastly, in the convention center, despite the fact that we had a cancellation of a significant event in June, the Erie Philharmonic Summer Soire, and the fact that the Erie Insurance 4C Summit event was significantly lower than budget expectations in terms of their revenue performance. Mr. Iverson said the sales staff was able to backfill that and we only missed budget by about \$20,000, in terms of top line. He said the good news on the expense side was everybody did a great job of buttoning down on the expenses. Mr. Iverson said that we saved about \$20,000 in salaries and fringes. He said the mix of activity in the food and beverage area actually drove efficiency which allowed us to hold our food and beverage costs significantly under budget as well. Mr. Iverson said despite the fact that we missed budgeted revenue by \$20,000, we actually outperformed our bottom line by about \$48,000.

Mr. Iverson said, again, we had a really successful month, overall, for the venues. He said \$60,000 ahead of plan that takes us up in excess of \$280,000 favorable to budget on a year-to-date basis through the first six months.

Mr. Iverson said just a couple of comments relative to the forecast up through last month. He said, to date, we really had not quantified any significant impacts in terms of expected variance from the budget on upcoming events. Mr. Iverson said that was not the case this month. He said that we have included about a \$70,000 negative impact that we are expecting in the arena in the months of July and August for two significant events. He said that we have one concert and a large family event. Mr. Iverson said they are significantly under selling in terms of our original budget expectations. He said that we have quantified that impact and that we expect about a \$70,000 variance from budget associated with those two events in July and August. Mr. Iverson said looking out a little further, everything looks to be pretty much in line with budget expectations including the convention center, as well. He said that the Warner, the next three months, we are right on plan. Mr. Iverson said we are expecting a really strong October. He said that we have not quantified that yet because those additional events that we are seeing have not even gone on sale yet but that we expect a real strong October for the theater.

Mr. Pine said, I have just a couple of notes on performing under budget on the concert and the family show. He said that we budgeted 8000 attendees for the family show and of course we did that last year during the budget process, not knowing what the family show was going to be. He said we ended up getting Monster Truck Hot Wheels, which is the first time we have done this show. Mr. Pine said it is essentially a monster truck show without the dirt. He said that currently paid attendance is at about 4000. Mr. Pine said we are a little late in the summer, that's actually not a bad turnout, from my perspective. Mr. Pine said, then the concert that we have in the budget was a country show that we budgeted with about 4500 in attendance. He said that the one we actually secured is the concert that we are going to have this Friday. He said that it is a hip-hop show that we are doing Sexy Red and Jeezy. Mr. Pine said that it is at about 2000 attendance. Mr. Pine said, just remember when we set these budgets, we are often guessing at what it is that is going come through the pipeline. Mr. Pine said, so in my mind, I think it is an abundance of caution to drop the forecast but I think it makes sense at this point and then we will take a look at it again when we know more about October. He said there are a couple of concerts that I cannot talk about that I think are going to do really well, that we just have not announced yet, so I do not have overall concerns for the year.

Mr. Richards said, the only comment I was going to make was that we used to not have this forecast actual in budget. He said that I forget how many years ago we asked Mr. Iverson to do it and if you look at the bottom stats, it's pretty interesting, that in my opinion, that the forecast actual versus the annual budget actual only has a difference of \$210,000. He said so that tells me that our finance people are getting pretty good at updating the actual forecast as we go forward. Mr. Richards said before we never had that kind of visibility until maybe January or so. He said that things like Mr. Iverson mentioned that are happening are going to happen in August I presume they will be incorporated into the forecast actuals. Mr. Iverson said yes, they are in there right now. He said that is the year-end forecast.

Ms. Dahlkemper motioned to accept the June 30, 2024; Financial Statements as presented. Mr. Glass seconded the motion. The motion was approved unanimously.

Ms. White said before we go to the management reports, I do want to report that Mr. Peter Zaphiris has been approved by Erie County Council to be our representative from District 7 from Ellen Schauerman's district. She said there will be a Board orientation and tour that Gus will provide.

MANAGEMENT REPORT

Mr. Pine said in addressing Mr. Kissell's comments earlier, I had planned to give a parking ramp update. He said we spoke a little bit about this at our previous meeting. Mr. Pine said that the parking system at the Sheraton parking ramp is not functioning properly. He said that we have been operating with the gate up. Mr. Pine said we charge the customers on their stay folio for an overnight stay. He said so we are not losing revenue from that standpoint. Mr. Pine said that would likely work out well for us the problem is that there is a tremendous amount of demand at that area that is not related to hotel activity. Mr. Pine said first and foremost, we are losing daily revenue related to that in parking. He said that we also are having potential security issues specifically on the weekends which Mr. Kissell was alluding to. Mr. Pine said because of that, as I discussed at our last meeting, we have approved the purchase of a new parking system that is going to have a lot better functionality. He said that it is actually going to have video capability so staff at the front desk do not have to guess who is coming in. Mr. Pine said they can see them and they can determine if they are overnight guests or if they are coming for some other purposes. He said that it is a 10-week lead time on that system. Mr. Pine said it has been purchased, it is in process, but it is going to take 10 weeks which is going to take us out of the summer season. Mr. Pine said, so in the meantime, the solution is what Mr. Kissell was talking about before, we have got one of our security guards, that were charging back to the hotel, at that gate. Mr. Pine said now, it is a surprise that they are not supposed to be stopping anybody but the hotel guests. He said they are supposed to be monitoring who is coming in. He

said certainly unless there is a hotel occupancy issue where we do not have enough spots, we are allowing people to come there whether they are coming for dinner at the Cove Restaurant or they are coming for dinner at Two45. He said if you remember historically, we have had some challenges with perceived safety in that area. Mr. Pine said I sat outside and had dinner the other evening around 8:30 pm. He said I saw two Erie City police officers strolling that promenade. He said I think I saw them three times walking and patrolling the area. He said it was a nice feeling having a security presence there. Mr. Pine said the hotel had somebody at the front door as well, again not pestering people but just standing there from a safety standpoint. He said then as it got dark, we had somebody at the gate. Mr. Pine said so I think that the security community, including the Erie Police Department has done a nice job of addressing some of those concerns. Mr. Glass said so the public is allowed to park there. Mr. Pine said correct. He said it is paid public parking. Mr. Glass asked if that is just the gate that broke or is the machine that you put your card in does not function. Mr. Pine said it cannot take card payments. He said we can still collect from hotel guests because when they check in, we asked them to pay an overnight charge for parking. Mr. Pine said if you park in our other parking ramp for the day you are parking for free. He said we do not have the same process at the Sheraton parking garage because there is more demand for parking over here with the other activities that goes on in this area.

Mr. Pine said I have a quick update on 8 Great Tuesdays. He said we had our second one this week. Mr. Pine said the Clarks played and were the headliner band from Pittsburgh. He said we estimated 4000 to 5000 attendees which was a great turnout. He said if you recall that our role is booking the artists and selling the VIP tents. Mr. Pine said that our role is not the venue operation and it is not security. Mr. Pine said, unfortunately, each week there were some challenges. He said some of them you might have seen in the news. Mr. Pine said that cars were being towed which was legitimate. He said they were parked in illegal spots. Mr. Pine said we had some challenges last week as well. He said I am personally a little disappointed on coming off of a weekend where there is an assassination attempt where people are upset to stand in the line for 20 minutes from the standpoint of safety. He said I think that is a little excessive. Mr. Pine said that was the responsibility of the Port Authority. He said now what we are doing is to try to help because they were understaffed in our estimation. Mr. Pine said that Ed Snyder and I had a call with the Port Authority earlier this week and we are consulting with them from a security standpoint. Mr. Richards said, I was just in a meeting that Sharon Knoll attended and it was on a different matter. He said I asked her about this because you and I have talked about it and that and I am going to go to the concert on Tuesday. Mr. Richards said I have never been to it before but I had recommended the lead band which is called Lawyers Guns & Money. Mr. Richards said I got a tent and invited 50 people. He said I told her about the security thing so she had their spin on it, which I don't know if you knew, was that their insurance went up significantly because of security problem. He said I asked her are you having financial problems at the Port Authority. Mr. Richards said she said in some respects because our insurance went sky high. He said I said so that is why they are restricting open containers. Mr. Richards said they need to get metal detectors because they were just using the wands. He said she shared that they will have more manpower for the next concert. Mr. Richards said I did not realize how popular the concerts were. He said she said they are always well attended. Mr. Pine said if you are doing a mass gathering of a large group of people it is unwise to not have adequate security. He said in previous years there was no security now it is a free concert, but you are responsible for 3000 souls you should have some level of security. He said obviously it is an open area and you lack control over the Yacht Club but that does not mean you do nothing. Mr. Pine said they are making great steps. He said we have a former state police officer who runs our security for Erie Events and that the Port Authority is very impressed with him and they are conferring with him. A brief discussion followed.

Mr. Pine said I have an update related to the Fly Erie Fund. He said if you recall, back in November of last year, the Board passed a resolution to set aside \$75,000 over three years \$25,000 per year, to help participate in this specific fund through the Chamber of Commerce that would help to attract low-cost carriers or commercial carriers to Erie. He said that the Chamber of Commerce met yesterday and has initiated the Fly Erie Fund as an LLC. Mr. Pine said that there is an announcement coming, that I am told, by the end of the month with a specific low-cost carrier. Mr. Pine said that I cannot divulge the specifics of that now. He said there is a seven-member board of managers associated with project and I will be one of the board managers. Mr. Pine said, I think it is a good positive step. Mr. Pine said I think there may be an announcement in August that we have another carrier coming in through Erie. Mr. Glass asked if they are going to do daily flights. Mr. Pine said this airline will probably be twice a week. He said it is a start but the objective with this particular solution and I think this was the solution all along was that one of the major challenges in getting the large commercial carriers is that the per enplanement cost is too high. Mr. Pine said I am told that even now with American having three flights here and being full on every flight, they are still subsidized by the airport to be able to make that work. He said it is because you are not spreading the fixed costs, related to the airport, among enough carriers. He said so the more carriers you bring the better. He said if are able to spread that out, it will become more attractive to new carriers coming in which will allow more flights.

Mr. Pine said we hosted our Quarterly Hotel meetings. He said the Strategic Planning Committee, sat with White Lodging and HVS, our asset manager. He said just a couple of highlights from that, we spent a lot of time in meetings

yesterday. Mr. Pine said the 30,000-foot view, both hotels through six months are performing slightly better than budget which is a positive. He said most of that is driven by occupancy versus food and beverage. Mr. Pine said, from our standpoint, we had a lot of conversations related to food and beverage specifically food and beverage related to the Sheraton Two45 Bayfront Grille. He said they are still finding their footing. Mr. Pine said, obviously it is a new restaurant and there is a new concept. He said there is a heightened expectation from us and from the management company that we elevate what that restaurant was and they are not, quite frankly, there yet from a management standpoint. He said that I had an experience there Saturday that was less than ideal. Mr. Pine said that Mr. Richards iterated during our strategic planning meeting that he had one as well. He said that I obviously do not want to judge performance of a restaurant based on one personal experience but I am also hearing from the people in the community that come to me and they tell me some good and bad. He said that there are some inconsistencies and there are obviously some good. Mr. Pine said that we had some really good dialogue around that and we gave them our honest feedback. He said that we are obviously here a lot more than they are in terms of White Lodging. Mr. Pine said they have got their homework and they are committed to addressing some of the specific things that we talked about. He said I think at the end we felt good about where we left, they will be back in three months and so we will have a full summer of business under our belts, so hopefully we will see some improvement there. Mr. Pine said if you get the chance to go there, a lot of the staff does not know our Board members. He said that I think it is really good for us to continue to kick the tires on that because I do not want our investment to go to waste. Mr. Pine said they flew me to other restaurants that they operate. He said they have the ability to take us to a much higher level than we have experienced before and I believe that they can do that. He said I think we just need to continue to ensure that they keep the pedal to the metal. Mr. Glass asked is that a higher level of service or a higher level of food. Mr. Pine said it is service and leadership. He said in my mind the menu is a good menu. He said it is a high-priced menu, but that there needs to be a value associated with that. Mr. Pine said, personally, I have not had a bad meal. Mr. Pine said the food and the choice of the food is good. He said I am hearing that from others as well. Mr. Pine said the idea behind the concept is that they were selling was that at a high-end food level you should be an experience not just you are going there for a meal. He said we have attached the name of that hotel to the history of Erie. Mr. Pine said there should be some level of conversation from the server related to that in some way, shape or form. A brief discussion followed.

Mr. Pine said, the last thing I have is related to two Resolutions that we are looking to pass. Mr. Pine said on Wednesday we opened the bids for 216 Bay House build out. He said we are looking at August build for Monacello Massage. Mr. Pine said that Resolution 2024-006 outlines these bids. He said the resolution and bids were not part of your board packet since we opened the bids yesterday. He said we separated out all the primes as is required and then we had some ad alternates that were in there. So, all that added a little bit of a level of complexity so we wanted to make sure that our architect walked through each of the bids and made sure that everything was on the up and up and all the appropriate requirements were included within the bids bonding and that sort of thing. Mr. Glass asked did they accept any of the alternates. Mr. Pine said we will be accepting all of the alternates. Mr. Glass said on alternate number A-3 regarding the luxury vinyl plank can we switch it to a linoleum. Mr. Pine said that is technically not going to be our decision. He said the reason we pulled out these alternates, is that these are the elements that will be the responsibility of the tenant. Mr. Pine said we will fund them, because we will fund the entire project, but we specifically pulled out the alternates so we could get a specific price on what elements were going to be the required expense of the tenant. He said the spec on that was with our architect and the tenant. Mr. Glass asked if you could raise a concern I would appreciate it. Mr. Pine said absolutely. Mr. Glass said because of the off gassing of vinyl chloride and the polyvinyl chloride for months after it is installed. He said that the EPA has already determined that both are carcinogenic and will probably be outlawed. Mr. Walczak said I think we can approve this and if necessary, do a change order. Mr. Pine said the approval of the awarding of the bids should not impact what specific materials is used. A brief discussion followed.

Mr. Pine said we are asking for as a whole is the acceptance of all 5 bids. He said general construction to E.E. Austin for \$367,000; HVAC construction to Scobell for \$128,290; plumbing construction to William T Spader for \$96,340; fire protection also to William T. Spaeder \$35,200 and then the electrical construction to Church and Murdoch, for \$121,710. Mr. Pine said for a total of \$946,690.

Mr. Glass motioned to accept Resolution 2024-006 as presented. Mr. Rogers seconded the motion. The motion was approved unanimously.

Mr. Pine said lastly, Resolution 2024-005 is related to the financing for the project. He said I am going to ask Mr. Hesch to go through some of the specifics but essentially, we are looking to finance the entire project ourselves and as I stated those ad alternates are the responsibility of the tenant. He said we will work out a contract with the tenant to be able to reclaim those along with rent.

Mr. Hesch said there is a sheet, it is last page of your packet, with the terms and condition. He said, essentially, we were approved for up to \$1.4 million a term loan with a nine-month drawdown period during the build out. Mr. Hesch said from there it will term out for the balance of 24 years 3 months because it is a 25-year term loan. Mr. Hesch said, initially, it will have a rate of 6.44% during the drawdown period. He said from there, it will be a fixed interest rate based on the bank's five-year cost of funds plus 1.1%. Mr. Hesch said that currently is 5.55%. He said we do not know where interest rates will go. Mr. Hesch said hopefully we are at a high point and it will come down slightly from there. Mr. Richards asked why would you have a 25-year term on a tenancy that is not going to last that long and if you do have a 25-year term with the bank, then negotiate a higher protection spread from themselves. Mr. Hesch said that is a great question. He said the yield curves inverted which is the only reason I can see that the rate is very favorable. Mr. Hesch said regarding the term, we are looking for some flexibility and cash flow. He said we want low monthly payments; we will have the option to prepay. He said it will reprice every five years during the term. Mr. Richards asked if there were any prepay penalties. Mr. Hesch said at every five years there will be no prepayment penalties. Mr. Iverson said this is similar to what we did with John Melody, we prepaid that early. Mr. Richards asked if Mr. Melody's term was that long. Mr. Iverson said yes. He said it gives us greatest flexibility. Mr. Pine said just note before there is a vote, that the language does say up to \$1.4. Mr. Pine said we started this conversation with the bank prior to knowing where the bid would come in. He said I am happy to report it is well under which is a rarity. Mr. Glass asked if the terms for the lease are they in five-year increments. Mr. Pine said that are ten-year which is similar to what we did with Mr. Melody. Mr. Iverson said it is ten-years term with a renewal option in there for them.

Mr. Riley motioned to accept Resolution 2024-005 as presented. Mr. Hilbert seconded the motion. The motion was approved unanimously

Mr. Pine said before we go to Mr. Snyder's management report, I just want to point something out because it was a miss from last time. He said in the Bayfront Convention Center Management Report, we are not talking enough about it, but the team is doing a tremendous job booking out for future years, specifically with the association market. He said if you take a look at the management report, when you get a chance, there is one future event I want to have Ms. DiLuzio highlight. Mr. Pine said The American Baptist Association, June of 2027 with 1400 room nights. He said Ms. DiLuzio can you tell us little bit about that.

Ms. DiLuzio said this was a very, very huge success. She said it just goes to prove that business travel works. Ms. DiLuzio said our state association manager travels a lot and recently she went to the what is called the Connect Trade Show in Las Vegas and the American Baptist Association was one of her scheduled appointments. She said that she had some one-on-one time with their meeting planner who is from Texas. Ms. DiLuzio said, after the show, with an RFP in hand, she took it upon herself a week and we hosted, jointly with visit Erie, this past April a Familiarization Tour. She said we were able to showcase the campus, Bayfront Landing and area attractions in our city. Ms. DiLuzio said this gentleman she invited him onto the Familiarization Tour and since coming on site, not ever been in Erie or at any of our locations they have since committed to hosting this large conference here in 2027. She said it just goes to prove again that our travel works. She said as Mr. Pine pointed out into over 1400 room nights this side of \$200,000 in room revenue and very equivalent to what the convention center will get in a food and beverage perspective. Ms. DiLuzio said it did not only pay for that particular travel but it is going to pay for all of the travel designated in our 2024 Marketing Plan.

Ms. Dahlkemper said going back to the airport concerns we have had, that the lack of flights coming in here that that might be a deterrent. Ms. DiLuzio said that becomes a very big conversation. She said as Mr. Pine pointed out; it was a discussion this week in our Quarterly Strategic Planning meetings. She said what we do from a sales perspective, our sales team will promote Buffalo, Pittsburgh and Cleveland. She said that flights are very expensive right now. Ms. DiLuzio said because of the expense to travel into Erie and the limited opportunities they have to get here directly we really push the surrounding hubs because it is less expensive to fly in and rent a car. Mr. Pine said that is that sort of conversation that makes winning that business more impressive because even with the spin that still a difficult sell.

Mr. Riley motioned to accept the Management Reports as presented. Mr. Glass seconded the motion. The motion was approved unanimously.

OLD BUSINESS

Mr. Pine said we have a new Chairperson for the Construction Committee, Mr. Glass. He said we did not host a committee meeting prior to the board meeting, so there are not really any updates related to the construction. Mr. Pine asked Mr. Glass if he had any updates from your end. Mr. Glass said no but what about the management of the roundabout. Mr. Pine said you probably saw in the news that the next step is State Street and that is happening very soon.

He said I just checked today because Mr. Richards and I were talking about this. He said that the roundabout is supposed to be completed in August. Mr. Pine said it will be completed but they will not be able to divert traffic to it yet because Penelec still has some utility work that needs to be done. Mr. Pine said they will be done constructing at Sassafras Street, but they will be shutting down State Street which means Front Street is likely going to be the alternate route to get to the hotels. He said that is going to provide some challenges for a while. Ms. White asked if we have an idea of how long State Street will be shutdown. Mr. Pine said I do not know but I can get updates on the timeline. He said they have been communicating with us and the hotels. Mr. Pine said there have been a lot of challenges associated with the utility work that they are finding underground. He said a lot of it is not marked. Mr. Pine said when they find something there is obviously a certain level of danger. He said at that point they have to slow down until they know what they are dealing with.

Mr. Glass asked have we heard back from the architects for the market house. He said they were going to expand the second floor. Mr. Pine said they have got two options for us to review. He said we are probably close to setting a meeting to discuss and review the options. He said I would like to be further down the line with being able to identify a tenant. Mr. Pine said but I think we are making progress. He said the use of that design is going to change depending on who is going to want to use it. Mr. Pine said perhaps the second-floor space might be something a new tenant will want to look at too. Mr. Glass asked if this would be two tenants or one. Mr. Pine said two plus our front area which is market house space. Mr. Glass asked if there were any updates on the parking ramp. Mr. Pine said no. He said I talked to Shelley Buehler and now that we are done with 216 Bayfront, we are going to move on to the parking ramp. Mr. Pine said she has got that in her wheelhouse. Mr. Glass said why don't you set a meeting up before our next board meeting with the construction committee and the architect. Mr. Riley asked will the ramp the open during construction, or will it have to shut down. A brief discussion followed.

Mr. Hilbert asked if anyone from the Construction Committee attend the pre-meeting for the Courtyard Marriott renovations. Mr. Pine said, yes. He said to give you some background on what Mr. Hilbert is referring to, as part of our ownership meeting with HVS, which is our asset manager, we had discussion regarding the soft renovation of the Courtyard Marriott, which is something we need to start doing in 2025-2026. He said we want to get ahead of the game, just based on what we learned over here with the Sheraton renovation. Mr. Pine said this is a soft good replacement so this is a lot less work than the Sheraton Project. He said that the seven-year renovation of a hotel, which is just some replacement of vinyl and carpet and that sort of thing. Mr. Pine said that HVS did bring in somebody they thought could be a potential project manager for us. Mr. Pine said Mr. Glass was there for that and said I think we have got some opinions on that. He said I do not think we are ready to anoint anybody as the new project manager for the project yet to be named yet. He said the individual has worked a lot with Marriott projects so I think, from my standpoint, I learned a lot about some of the inner workings on when they are doing renovations. Ms. Dahlkemper said I have a question about the sign since it is all tied in, what is the status. Mr. Pine said that I am not comfortable with coming up with a future solution until we know what this will look like. He said I do not know what the best location is going to be for a sign. Ms. Dahlkemper said it will not need to come down with what is happening. Mr. Pine said it will eventually. He said that will be in the roadway or perhaps the back of the market house. He said I do not want to start investing in something and then have it in the wrong spot. A brief discussion followed.

Mr. Riley asked if there is any update on the windows and air handler in the Sheraton. Mr. Glass said the windows have not gone in yet and the air handler is still being made. Mr. Pine said the air handler is still being made. He said we have had a lot of the discussions Mr. Iverson and I have been having we want to time this related to cashflow. He said that specific project depleted the reserve funds for the hotel and then also depleted some funds for the Courtyard as well. He said there is an opportunity in the summer when we are booking a lot of businesses at the hotels to replenish those funds, so we are watching that from our standpoint. Mr. Pine said the air handler is being built so we cannot replace it now. He said the windows we might need to have a conversation about because from a financial standpoint, it might make sense to wait unless this board feels that those steamed windows are such an egregious failure that we need to do it now. Mr. Glass said it is the exterior caulking as well which is bad. He said it has failed in the last 15 years and that is a lot of water to infiltrate that exterior wall. Mr. Glass said we just got done battling a mold issues. Mr. Pine said that is a good point. Mr. Iverson said the good news is that it has not resulted in customer complaints thus far. He said I know the hotel has commented on that. Mr. Pine said in the next couple of months we will have to have those discussions. He said we will have a better idea of cash position coming out of the summer sales season. He said we can discuss this further at our Construction Committee meeting.

Mr. Richards said I assume one of my responsibilities is to raise money. He said there are two projects that are on our agenda and one is to get the RCAP money for the marketplace. He said, as you know, we already have \$5.5 million that was in two tranches, from Governor Wolf, but the project came in at an estimated cost of \$14 million and instead of engineering the reduction in the cost of the project I asked Governor Shapiro for \$9 million, and I asked for it in two tranches \$4.5 million for this year and \$4.5 million for next year. Mr. Richards said I had a call from Governor Shapiro

last Thursday on another matter and took that opportunity to ask him what the status of our request was. Mr. Richards said Governor Shapiro said it is my fault I have delayed making announcements because we were busy with the budget. He said Governor Shapiro said I think you will be hearing something soon. Mr. Richards said I interpreted that to be positive because I think he would have started to say something a little bit more less optimistic. Mr. Richards said the important argument that I have made all along and it seems to register in Harrisburg when you say I have shovel-ready project that moves you to the top of the list and I assured the Governor that we are in that case. Mr. Richards said I heard something here about changing some things on the marketplace, but I don't think that would stop our construction. He said the goal on that particular financing, is that if we get our commitment for the money over two years, we can then do a bridge loan for the second year and probably start to let contracts out in January so we would be a construction by the spring. He said as you know we part of the tenancy there will be the PCLB is going to put in their third bottle of wine liquor store. He said there is two in the Commonwealth so far. He said that will be a great traffic draw to our site. Mr. Richards said the second issue is that we have been working for years, as you know, and trying to develop the remainder of the GAF site. He said that we have had many false runs of outsiders that have come to us from outside of Erie. He said, currently, we are very closely involved with a developer that appears to be interested and to encourage them you previously passed here at resolutions approving the hiring of consultants to address the infrastructure. Mr. Richards said and the reason that the Strategic Planning Committee recommended that we pay for that is, at the end of the day, that is going to be our responsibility no matter who the tenant is with the data, utilities, roads, design of the traffic pattern. He said but to encourage a developer that is may spend up to \$45 million on the remaining GAF site, I was always looking towards the CRIZ legislation. He said I have been working on it for 10 years with three different governors. Mr. Richards said that legislation will generate a lot of money locally to Erie for all kinds of projects. He said one of the designated projects is infrastructure, believe or not, so we anticipate the cost of the infrastructure for that GAF site will be around \$5.5 million. He said if the CRIZ gets organized soon, and even though you are supposed to wait for a one full year of revenue from the CRIZ tax money before you can draw down on it, other communities have, knowing they can project what the amount of money will be generated, have been able to go to commercial banks and get bridge financing in anticipation of that. He said that is the way that I think that will approach this. Mr. Richards said by the way, you know we have a very unique situation here in Erie. He said the source of all of those tax monies that will we be rebated back to us is the tax upon Erie Insurance. He said the legislation, as it finally passed, provides a minimum of \$15 million a year. He said that is just a significant boost of money for economic development. He said I intend to be one of the first in line to draw upon that and if we if everything worked out properly, it is conceivable that project could also be under construction by the spring of next year.

NEW BUSINESS

EXECUTIVE SESSION

ADJOURNMENT

Mr. Richards motioned to adjourn. The motion was approved unanimously.

The meeting adjourned at 3:56 PM.