



RMG Ventures

July 2014

**ERIE COUNTY GAMING
REVENUE AUTHORITY**

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OVERVIEW

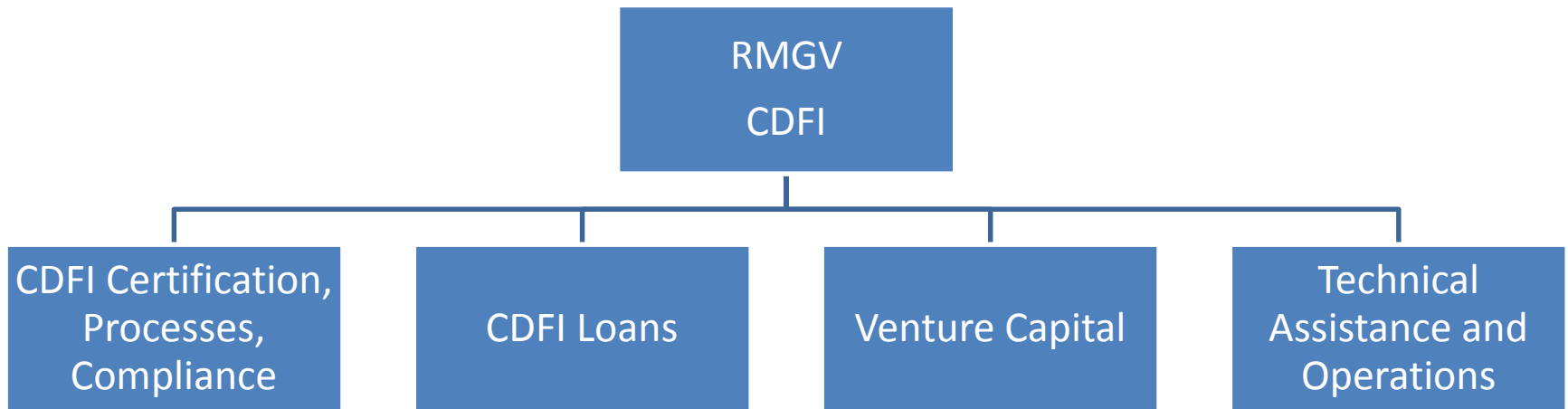
RMG Ventures Overview 1

- Renewable Manufacturing Gateway (“RMG”), a Pittsburgh-based 501(c)(3) nonprofit dedicated to increasing high quality, sustainable manufacturing jobs in the region within 350 miles of Pittsburgh, has identified a **gap in financing for post-angel manufacturing start-up companies**.
- To fill this gap, RMG is assembling RMG Ventures (“RMGV”) with a target first close of \$50,000,000 for various types of investors, all with the goal of providing market returns and fulfilling the mission of business and job growth in the identified region.
- Investment size would be \$500,000 - \$5,000,000 per company, which is a range underserved in the manufacturing start-up community. RMGV will endeavor to provide stable, reasonable, long-term returns to its investors including government and quasi-government organizations, corporations and foundations.
- RMGV expects to make investments and loans into qualified businesses.

1. The investors for this fund include union pension funds, regional foundations, corporations and other individual investors.

CDFI

- RMGV will be the enterprise name used for the CDFI
- RMGV shall invest **early stage equity**
- Federal and State financial assistance is available for CDFIs to promote economic development in underserved or distressed communities & populations
- The Commonwealth of PA receives one of the highest amount of CDFI funding in the nation (2013:16 organizations in PA received \$250MM)
- Unfortunately, **all of the CDFIs in PA** and most in the nation provide fixed income financing (**senior secured bank** type loans with personal guarantees)
- There are **no early stage equity CDFI's in PA and only a few in the US**



REGIONAL ADVANTAGES

ERIE PENNSYLVANIA: MAKING HISTORY

- Erie is Pennsylvania's access point to Lake Erie providing connectivity to world markets and the impetus for its becoming a manufacturing hub after the Revolutionary War.
- Erie's importance as a manufacturing center grew during the industrial revolution giving rise to companies such as Litton Industries, National Forge and Steel, Lord Corporation, Hamermill Paper, General Electric Locomotive Division, Bucyrus Erie, American Sterilizer among others.
- Erie remains an industry leader in injection molding and tool & die making.
- Erie was also an important port where iron ore, coal and grain were trans-shipped.
- Erie retains many small scale steel and plastics manufacturers.
- With the addition of **risk capital focused on manufacturing job creation**, Erie can once again lead as a manufacturing center while also leveraging its diversification in health care, insurance, tourism and recreation.



Erie's Advantages¹

- The following regional benefits have attracted manufacturing for decades:
 - Water and transportation corridor
 - Comparatively low cost of living
 - Low cost raw materials
 - Technically skilled workforce
 - Relatively low taxes
 - Depreciated heavy industrial infrastructure
 - Leading Universities spurring innovation
- In fact, 34% of all current United States manufacturing jobs are located within a 350-mile radius from Erie. This existing cluster represents a potential for immediate and significant growth.
- Recent developments are significantly changing the Region's investment landscape and global competitiveness:
 - Nation's richest deposit of natural gas (Marcellus and Utica) offers over 200 years of accessible low cost fuel to new business
 - Energy upstream and downstream businesses are flourishing
 - Leaders in advanced manufacturing and automation (integration of robotics, additive manufacturing techniques)
- Re-establishing manufacturing in the United States is squarely in the center of every policy maker's radar screen. While RMGV will not be dependent upon Federal and State policy and **tax incentives**, it is anticipated that there will be **materially improved economic performance** due to this social mission.



1. Best sunsets in the world.

Proprietary Deal Origination

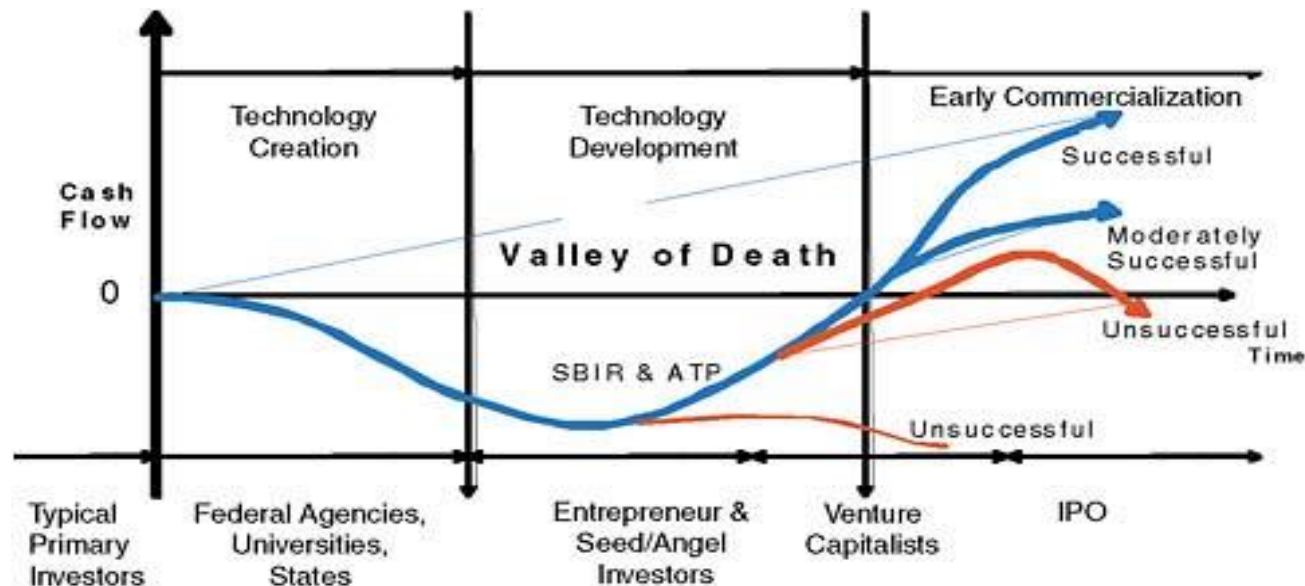
Funding Sources:

- Commercial Banks
 - Investment Banks
 - Other Investors
 - Foundations
 - Institutions
 - Marcellus Shale Coalition
 - EPC Community
 - Trade Unions
 - Industry Groups
 - Chamber of Commerce
 - State/Federal Government
 - Start-Up Community (Angel, seed, VC)
 - Business Service Providers (legal, accountant, etc.)
- Early stage investors focus principally on software, robotics, technology and medical devices, services and drugs.
 - RMGV's dual purpose of **manufacturing job creation *and* market returns** distinguishes it from others early stage investors.
 - RMGV will originate its own **proprietary investment opportunities** through its relationships and a team that calls on companies and individuals in need of capital and with a commercially viable plan to grow in the manufacturing sector.

MARKET OPPORTUNITY

Valley of Death¹

- RMGV’s “Special Sauce” is a **combination of investment capital and technical support**, essential to bridge the ‘Valley of Death’, allowing companies to become commercially viable while managing risk.



1. National Resource Council, 2008, page 30 L.M. Murphy and P. L. Edwards, *Bridging the Valley of Death—Transitioning from Public to Private Sector Financing*, Golden, CO: National Renewable Energy Laboratory, May 2003. “This means that inherent technological value does not lead inevitably to commercialization; **many good ideas perish on the way to the market**. This reality belies a widespread myth that U.S. venture capital markets are so broad and deep that they are invariably able to identify promising entrepreneurial ideas and finance their transition to market. In reality, angel investors and venture capitalists often have quite limited information on new firms. These potential investors are also often focused on a given geographic area.”

Example Investment Pipeline^{1,2}

Company Model	Technology	Stage	Expected IRR	Equity Investment	Total Capital Raise	Jobs Created/ Saved
Manufacturing Tech	On Site remote controlled security system	Proven	35%	\$5,000,000	\$15M	250
Petro-Chemical	Ethane Cracker using new, patented and cheaper process	Small scale	18%	\$150,000,000	\$650,000,000	450
Agricultural Waste processing	Non-thermal drying & Dewatering treatment from difficult liquid & solid granular waste	In testing	30%	\$300,000	\$300K (Round 1) \$11M (Round 2)	20
Mild steel making	Restart cold rolled mill by implementing lower power costs	proven	15%	\$60,000,000	\$275,000,000	280
Hydro-power	Patented with Boeing proven hydro kinetic power generation no environmental damage	Proven	14%	\$25,000,000	\$110,000,000	150
Military Robotics	Military IED tracking and disarming device	Proven	25%	\$1,000,0000	\$23M	115
Solar Water	Solar power fracking water disposal	Proven	29%	\$500,000	\$10M	45
Zero discharge Municipal waste process	Municipal solid waste to energy through patented technology	Testing	15%	\$2,000,000	\$150MM	140

Example Investment Pipeline^{1,2}

Company Model	Technology	Stage	Expected IRR	Equity Investment	Total Capital Raise	Jobs Created/Saved
Inventory Robotics	Robotic inventory control system	In testing	64%	\$1,000,000	\$15M	35
Fuel savings device	Driving Modification Software System	Mature	18%	\$25,000	\$50K	25

1. RMG has seen 10 deals since 2010 that required between \$100,000 and \$500,000 of early stage equity investment. Of those 10 companies: 3 would have failed; 2 would be breaking even; and 5 would be producing attractive returns. An investment of \$1,000,000 in 2010, in these opportunities would have yielded a pre-tax return of 27.2% or a cash value today of \$2,620,000, and would have produced over 500 manufacturing jobs.

2. Ownership positions in each company will vary from company to company but we will require a board seat, CEO performance and termination provisions and reporting and oversight requirements.

ERIE FOCUSED AND CONNECTED

ERIE Focused and Connected

Investment and Business Accelerator

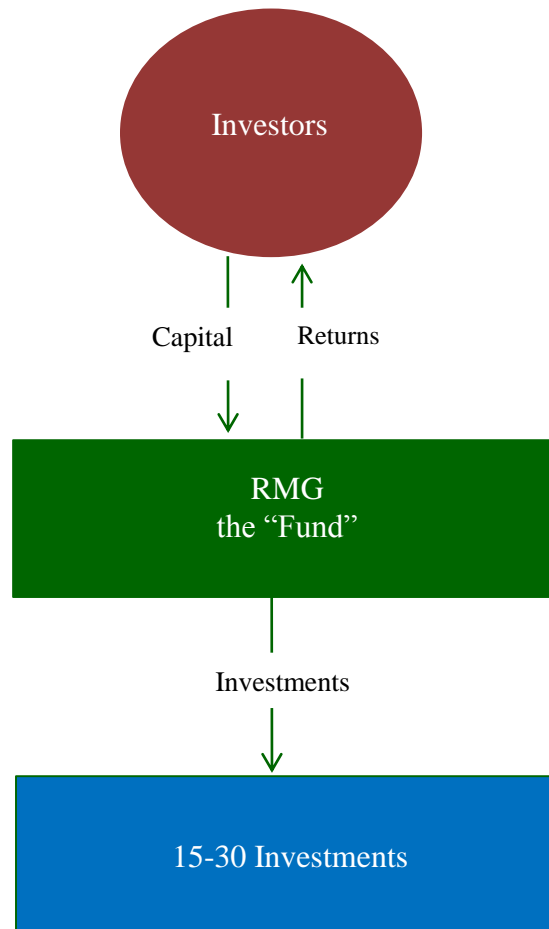
- Considerations for the future
 - Technical financial talent to direct the origination, due diligence and investments in the Erie area
 - An industrial and technology business accelerator that will provide space, start capital and mentoring to entrepreneurs

President Obama at the Pittsburgh Tech Shop



Fund Structure

RMG will be a non-profit entity delivering targeted returns for investors providing capital to RMG



MANAGEMENT TEAM

RMGV Leadership

Steven Adolkoff

Mr. Adolkoff joined RMG in June of 2010, and serves as the President. Prior to joining RMG he was the CFO and General Counsel of Shariah Capital Inc., a publicly traded investment fund sponsor/arranger for Shariah investors (including the Dubai government). Prior to joining Shariah Capital in 2009, he was an Equity Partner with K&L Gates, LLP, where he practiced law for over 20 years, representing equity investors and debt holders in development and financing of projects around the world. Mr. Adolkoff earned a BA from Rutgers University, an MBA from Cornell University Johnson School of Management, a Juris Doctorate from the University of Pittsburgh School of Law, and is a Chartered Alternative Investment Analyst (CAIA).



As Equity Partner at K&L Gates, LLP:

- Represented IPPs, utilities, exploration companies, lenders and equity participants.
- Completed international and domestic transactions in excess of \$8 B ranging from power generation and timber to commodity exploration and LNG facility development.
- Participated in the development and acquisition of over 400 MW of wind energy assets.
- Leading industry expert in investment fund formation and operations.
- Created and managed off-shore investment funds with over \$250 M invested internationally.

As Chief Financial Officer and General Counsel for Sharia Capital, Inc.,

- Publicly traded company on the London Alternative Investment Market.
- Invested funds for Middle Eastern investors in various alternative investment vehicles.

Other Highlights:

- Managed all legal work and negotiations for the construction/financing of two power plants and an LNG facility in Santo Domingo, DR.
- Managed all legal and negotiations for the development of over 400 MW of wind power in Pennsylvania, including all land use, construction and financing.
- Structured over \$1B of investments on a debt, private equity and venture basis.

RMGV Leadership

Jim Crisanti

Jim Crisanti has worked in the electric power, real estate and finance industries for 25 years. He has extensive experience in structuring and financing (both debt and equity) domestic and international independent power projects. He has lead due diligence and acquisition teams throughout much of his career for major Wall Street Investment Banks and is proficient at financial modeling, contract negotiations and solicitation of financial institutions for the funding of independent power projects.



- Privatized on-site power generation facilities at Eastman Kodak's headquarters in Rochester, NY
- \$400M structured sale of Secured Lease Obligation Bonds in respect of long-term leases for two large office buildings in Las Colinas, Texas.
- Lead manager of the first-ever Rule 144A bond financing (\$750M) for an independent power project, Sithe Energy's 1000 MW Independence Project, a gas-fired power plant in upstate New York.
- Lead manager for debt financing of \$150M for the Dayabumi Salak Pratama geothermal power generation project in Indonesia, the first project ever to utilize an Overseas Private Investment Corp. (OPIC) loan and Rule 144A bonds
- \$65M of debt raised from Hong Kong banks for the Wuhu Shaoda coal-fired power project in Anhui Province, People's Republic of China. AES was the majority owner of this project, which was the first in China to utilize offshore financing
- \$350M of raised "timber-backed security notes," whose amortization schedule is tied to the harvesting of commercial timber in Washington State.
- \$500M of structured non-recourse project financing of coke batteries in Gary, Indiana
- Raised \$340M of holding company debt for California Energy Company, the first such financing for an independent power producer

RMGV Leadership

Peter Dailey

Mr. Dailey's broad M&A experience of over 25 years includes US, international, public and private markets. Mr. Dailey founded Renewable Manufacturing Gateway (RMG) in June of 2010, and serves as the Chairman and CEO. Prior to founding RMG, he founded International Electric Power (IEP) an independent power producer focusing on emerging markets. Prior to IEP he was Managing Director and Founder of Complete Energy Holdings LLC., which owned and operated over 1,800 MW of clean, gas fired power generating assets in the United States. Prior to that, he was an executive at Allegheny Energy, where he served for 12 years in various senior roles including operations, M&A, and strategy. He has 25 years of executive-level, finance, operations and management experience in the energy sector. He has grown businesses through startup, acquisition, and has raised significant capital through the US and international capital markets. He earned his undergraduate degree from the University of Pennsylvania, and a Juris Doctorate (with honors) from the University of Pittsburgh School of Law, where he was editor-in-chief of the Law Journal.



- Founding executive for Allegheny Energy Solutions, PA retail power seller that led all PA retail electric sales.
- Acquisition of Gas Utility for \$108M. Immediately accretive.
- \$12B merger with NiSource. \$1B minimum accretion to shareholders. Failed regulatory hurdles.
- Acquisition of Gas Utility for \$323M. Immediately accretive.
- Conceived and executed acquisition of Wall Street trading firm, Merrill Lynch, for \$605M. Significantly accretive. Stock price increased by 52%.
- Founded IPP acquired 837 MW in MS (2004) and 1022 MW asset in CA (2005) \$873M EV. Executed sales agreement for \$1.34B EV.
- Founded International Electric Power which develops or acquires, then owns and operates power assets in US & International markets.

RMGV Leadership

Walter Burlack

Since 1989, Mr. Burlack has managed projects and organizations in the chemical, energy, manufacturing, mining, environmental, and nonprofit sectors. He has demonstrated talent for synthesizing complex project components with diverse participants by leveraging partnerships across industry sectors. In his role at RMG, Mr. Burlack utilizes his nonprofit expertise to connect financial, technical, and governmental resources in support of client and organizational objectives.

For ten years, Mr. Burlack worked as the Midwest Regional Vice President at The SCA, Inc., the largest national organization dedicated to engaging young people in conservation work on public lands. During this time he gained significant expertise in working with a multitude of federal agencies, including DOI, FWS, BLM, US Forest Service, US Army Corps of Engineers, and DOD in evolving a vast array of conservation-type work. At the same time, he cultivated foundation and corporate support on a national level, enabling the region to open and sustain four regional offices in Milwaukee, Detroit, Chicago, and Pittsburgh.



He is recognized for innovating new programs focused on using a green platform as a pathway toward economic and workforce development.

Prior to working in conservation, Mr. Burlack was Executive Vice President for WEG, Inc., an industrial, hazardous, and waste material engineering and management company. During his tenure he was able to gain significant experience in a variety of chemical, energy, manufacturing, and industrial operations across the mid-Atlantic states. Mr. Burlack oversaw all area operations, including transportation, emergency response, engineering and consulting services, finance, human resources, and facilities.

Mr. Burlack holds a BS in Biology from the University of Pittsburgh and a Masters of Public Management from Heinz College, Carnegie Mellon University. He is the Treasurer of both Phipps Conservatory and Botanical Garden and Construction Junction, and sits on the Board of Directors for the Pennsylvania Resources Council and the Outdoor Classroom, a nature-based educational program of Boyce Mayview Park.

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