

**AGREEMENT BETWEEN THE ERIE COUNTY GAMING REVENUE AUTHORITY
AND
BRIDGEWAY CAPITAL, INC.
FOR
SPECIAL ECONOMIC DEVELOPMENT ASSISTANCE FOR ERIE COUNTY**

THIS AGREEMENT, entered this _____ day of September, 2015 by and between the:

Erie County Gaming Revenue Authority, a body corporate and politic organized and existing under the provisions of the Pennsylvania Economic Development Financing Law, 73 P.S. §§ 371 et seq., with offices at 5340 Knowledge Parkway, Suite 201, Erie, Pennsylvania 16510, hereinafter referred to as “ECGRA,”

AND

Bridgeway Capital, Inc., a 501(c)(3) nonprofit corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, with offices at 1001 State Street, Suite 1400, Erie, Pennsylvania 16501, hereinafter referred to as “Bridgeway Capital.”

WHEREAS, ECGRA created the Ignite Erie funding stream to make both grants and mission-related investments to support the small-business financing, inner-city development and industry-university collaborations leading to the acceleration of technology products and services and the expansion of manufacturers and small business; and

WHEREAS, Bridgeway Capital was determined to be prequalified for a mission-related investment by the staff of ECGRA and a committee of the Board of Directors on September 3, 2015;

WHEREAS, following review of the proposal submitted by Bridgeway Capital, ECGRA has determined to loan One Million Dollars (\$1,000,000.00) to Bridgeway Capital to create the Erie Growth Fund for the purposes of providing micro-financing, growth loans, and community development loans for manufactures and small businesses; and

WHEREAS, as part of its Community Development Financial Institution (“CDFI”) certification with the United States Treasury, and as a requirement of ECGRA, Bridgeway Capital will provide (or partner to provide) technical assistance to borrowers of its lending programs. In addition, Bridgeway Capital has committed to apply at least 60% of all its lending in high-poverty “target markets” identified in its CDFI certification. Bridgeway Capital certifies that the funding ECGRA provides will be combined with Bridgeway Capital’s existing assets and additional borrowed capital to multiply ECGRA’s investment at a minimum of a dollar for dollar. The result will be the creation of a comprehensive economic and community development fund capable of meeting the County’s needs to launch (1) entrepreneur loans, (2) growth loans, and (3) community development loans in high-poverty areas—all wrapped in business, entrepreneurial and technical assistance services; and

WHEREAS, the Credit Agreement with Bridgeway Capital provides that ECGRA and Bridgeway Capital shall enter into this Agreement for Special Economic Development Assistance for Erie County for the purpose of describing the permitted use of funds loaned to Bridgeway Capital, identified as business loans in the Credit Agreement.

NOW THEREFORE, on the date first identified above, and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows.

1. Incorporation. The recitations above are incorporated hereby as if more fully set forth herein.
2. Relationship of the Parties. ECGRA and Bridgeway Capital are separate and distinct entities who intend to act independent of one another as parties to the within contract. Employees of Bridgeway Capital shall not be considered the employees, agents or ostensible agents of ECGRA. The employees of ECGRA shall not be considered employees, agents or ostensible agents of Bridgeway Capital.
3. Term. This Agreement shall commence upon the date of the last party to sign the Agreement, and shall continue until the maturity date as determined by the CDFI Note and Credit Agreement entered into between the parties.
4. Termination. Either party may terminate this Agreement pursuant to the terms and conditions of the CDFI Note and Credit Agreement entered into between the parties.
5. Activities.
 - a. Funds received by Bridgeway Capital from ECGRA will provide targeted investment into the economic development gaps existing in Erie County and will be used to fund the following financial products/services, which shall, for the purpose of the Credit Agreement, be determined to be business loans:
 - Entrepreneur Loans: micro loans of \$50,000 or less for inventory, working capital, renovation, and/or small equipment;
 - Growth Loans: mid-sized loans averaging \$250,000 for existing businesses poised to expand and add employment. These loans are done in conjunction with banks and other partners, with Bridgeway Capital accepting a subordinate collateral position, though participation of other lenders is not required; and
 - Community Development Loans: Bridgeway Capital finances commercial real estate project in low-income areas. Combining its flexible, yet rigorous underwriting with a strong capacity to lend in disadvantaged communities, Bridgeway Capital often fills a financing gap in a project, jumpstarting further economic

development and reinvestment by accepting a subordinate collateral position.

- b. The lending of these funds will be paired with the business management and technical assistance that will be made available to them through Bridgeway Capital's in-house support and technical assistance provider network. These assistance programs are designed to prepare entrepreneurs, start-up companies, non-profits, and other small businesses to effectively deal with the realities of running a business and handling its financing. The goal is to link professional business management and technical assistance with financing which will better prepare these entities for success.
- c. Bridgeway Capital shall not utilize funds supplied by ECGRA to: (1) acquire or finance the acquisition of a project which shall cause the removal of a plant, facility or other business from one area of the Commonwealth to another area of the Commonwealth, unless the secretary of the Department of Community and Economic Development has found that relocation of the plant, facility or other business is necessary in order for the plant, facility or other business to remain competitive or to prevent the plant, facility or other business from leaving this Commonwealth; (2) enter into any agreement to finance the acquisition of a project in excess of the cost of the project; (3) engage in business, trade or commerce for a profit as an owner or lessee of a project, or otherwise; (4) finance any project which will be used in whole or in part for illegal activities; and, (5) finance any project which is not located within Erie County, Pennsylvania.
- d. All such lending shall be made, and Bridgeway Capital shall utilize funds provided by ECGRA, pursuant to the following guidelines:
 - (i) Geographic Limitation. Bridgeway Capital shall only provide financial assistance with the One Million Dollars (\$1,000,000.00) provided by ECGRA to those entrepreneurs or businesses which are primarily located in Erie County, Pennsylvania, and with the specific condition that such funds shall only be invested within the geographic boundaries of Erie County, Pennsylvania, and may not be invested in any business locations or operations, or the conducting of any business, outside of Erie County, Pennsylvania.
 - (ii) Internal Leverage. During the Term of this Agreement, Bridgeway Capital will obtain at least \$1,000,000 of additional investment into Bridgeway Capital's Erie Growth Fund loan pool as matching funds. The source of matching funds can be private, state, or federal sources in the form of additional grants, loans, or equity investment into Bridgeway Capital. Such matching funds must be secured, and proof of the same must be provided to the Executive Director of ECGRA, prior to Bridgeway Capital re-lending or otherwise utilizing any of the funding provided by ECGRA pursuant to this Agreement, the Credit Agreement and the Note.

- (iii) External Leverage. In the course of making loans using funding provided by ECGRA pursuant to this Agreement, the Credit Agreement and the Note, Bridgeway Capital will show a minimum aggregated ratio of sixty percent (60%) Bridgeway Capital loan to forty percent (40%) equity or private lending for the borrowers.
- (iv) Targeting. At least sixty percent (60%) of all loans and at least sixty percent (60%) of all loan capital shall be invested into Target Markets, as defined by Bridgeway Capital's current CDFI certification.
- (v) Job Created or Retained. At least forty (40) jobs shall be created or retained through projects which Bridgeway Capital invests using these funds and related leveraged funds during the Term of this Agreement.
- (vi) Portfolio Balance. Upon closing all loans related to this program, the portfolio will be balanced to include:
 - i. At least seventy percent (70%) of all loans and at least seventy percent (70%) of all loan capital shall have been invested in for-profit enterprises.
 - ii. A maximum of thirty percent (30%) of all loan capital shall have been in non-profit entities.

6. Performance Monitoring. In order to assess Bridgeway Capital's performance in accordance with the goals and standards stated herein, Bridgeway Capital shall, in addition to any other documentation reasonably requested by ECGRA, provide the following documentation to ECGRA:

a. Audits.

- (i) Bridgeway Capital's annual audited financial statements shall be provided annually throughout the term of this Agreement and within thirty days of receipt by Bridgeway Capital.
- (ii) Bridgeway Capital shall hire and pay for an independent CPA to conduct a project audit of Bridgeway Capital provided through this Agreement. The audit shall, at a minimum, certify compliance with this Agreement, with all CDFI requirements and with all covenants of other lenders. The audit shall be presented to the ECGRA Board of Directors as part of the final performance report.

b. Bi-Annual Performance Reports

- (i) Bi-annual reports shall, at a minimum, indicate the following information pertaining to loans made pursuant to this Agreement:

- percentage of both the number loans to and total investment into Target Markets;
- internal leverage ratio for Bridgeway Capital;
- external leverage ratio for Bridgeway Capital;
- total matching funds raised, including source and terms of matching funds;
- job creation/retention attributed to loans made pursuant to this Agreement;
- list of loan recipients by organization's name & contact person;
- job creation/retention attributed to loan recipients; ,
- total company investment leverage attributed to loan recipients; and
- current and cumulative progress showing compliance with covenants contained within Paragraph 6(d).

(ii) Performance reports shall be provided to ECGRA until such time that Bridgeway Capital has loaned all of the funding provided by ECGRA pursuant to this Agreement, the Credit Agreement and the Note, and, until such point, shall be due on or before February 1st, and August 1st of each year.

c. Final performance report. Within 60 days of the Agreement Term or Termination (whichever is earliest), a final report shall be submitted containing all information included in the bi-annual report along with a summary of the final portfolio balance indicating how Bridgeway Capital met program objectives. The final performance report shall be accompanied by a presentation to the ECGRA Board.

7. Default. Failure to meet any provision of this Agreement shall constitute a Default by Bridgeway Capital. In the event of Default, ECGRA will shall utilize the Default procedures contained within the Credit Agreement and CDFI Note.

8. Suspension and Termination. If Bridgeway Capital fails to correct substandard performance and thus cure the Default within the period of time stated by ECGRA, the Agreement may be Suspended or Terminated at ECGRA's sole discretion pursuant to the terms and conditions of the CDFI Note and Credit Agreement.

9. Cooperation. Bridgeway Capital shall cooperate in every reasonable way with ECGRA to facilitate the purposes and intent of this Agreement. ECGRA shall cooperate in every reasonable way to FUND to facilitate the purposes and intent of this Agreement.

10. Indemnification. Bridgeway Capital hereby agrees to release, indemnify and hold ECGRA harmless from any claims, damages, losses, law suits, causes of action or demands arising out of the good faith provision of services by ECGRA hereunder, except to the extent that such claims, losses, lawsuits, causes of action or demands are based on the negligence, recklessness, or intentional misconduct of ECGRA and/or its agents, employees, and/or personnel.
11. Right-to-Know Law. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101 - 67.3104, applies to this Agreement. (the “RTKL”). Upon notification to Bridgeway Capital that ECGRA has received a request for records under the RTKL, Bridgeway Capital shall fully assist ECGRA in responding to the request. Such assistance shall include, at a minimum, providing ECGRA, within three (3) days, access to, and copies of, any document or information arising out of the Agreement in Bridgeway Capital’s possession that ECGRA deems a Public Record (“Requested Information”) and providing such other assistance as ECGRA may request. If Bridgeway Capital fails to provide the Requested Information to ECGRA within the required time period, the failure shall be considered an event of default, and Bridgeway Capital shall pay, indemnify and hold ECGRA harmless for any damages, penalties, detriment or harm that ECGRA may incur as a result of Bridgeway Capital’s failure, including reasonable attorney’s fees incurred by ECGRA in the administration of the Right-to-Know Request and any appeal therefrom. If Bridgeway Capital refuses to supply the Requested Information, and the Pennsylvania Office of Open Records, or the Pennsylvania Courts, determines that a record in the possession of a FUND is a public record, in addition to the foregoing, liquidated damages of \$200 per day will be assessed for each calendar day beyond the date Bridgeway Capital was required to provide the record by the Pennsylvania Office of Open Records, or, upon appeal, the Pennsylvania Courts. Bridgeway Capital’s duties under this section survive the termination of this Agreement and as long as Bridgeway Capital has Requested Information in its possession.
12. Entire Contract. This Agreement, the Grant Award Letter, the CDFI Note and Credit Agreement constitute the entire contract between the parties hereto and there are no other understandings, oral or written, relating to the subject matter hereof. This Agreement may not be changed, modified or amended, in whole or in part, except in writing, signed by all parties.
13. Binding Effect. This Agreement and all of its terms and conditions shall extend to and be binding upon the parties hereto, and upon their respective heirs, executors, administrators, successors, and assigns.
14. Prohibition against Assignment. This agreement shall not be assigned by either party without written consent of the other being first obtained.
15. Severability. If any provision of this Agreement shall be held invalid under any applicable laws, such invalidity shall not affect any other provision of this Agreement that can be given effect without the invalid provision and, to this end, the provision hereof is severable.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.
17. Governing Law. This Agreement shall be constructed under the laws of the Commonwealth of Pennsylvania. The venue for any litigation relating hereto shall be the Erie County, Pennsylvania Court of Common Pleas.
18. Notices. Communications and details concerning this contract shall be directed to the following contract representatives:

ECGRA

Perry Wood, Executive Director
Eire County Gaming Revenue Authority
5340 Fryling Road, Suite 201
Erie, PA 16510
814-897-2690

With a copy to:

Timothy S. Wachter, Esq.
Knox McLaughlin Gornall & Sennett, P.C.
120 West 10th Street
Erie, PA 16501

Fund

(NAME), (TITLE)
Bridgeway Capital, Inc.
1001 State Street, Suite 1400
Erie, PA 16501
814-451-1172

With a copy to:

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have set their hands and seals on the date first above written.

ERIE COUNTY GAMING REVENUE
AUTHORITY

BRIDGEWAY CAPITAL, INC

By _____
Perry Wood,
Executive Director

By _____
(Name)
(Title)

Attest: _____
Authority Solicitor

Attest: _____
Secretary

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