

RESOLUTION NUMBER 16, 2024

A RESOLUTION OF THE ERIE COUNTY GAMING REVENUE AUTHORITY AUTHORIZING THE FORGIVENESS OF CERTAIN DEBTS AND REASONABLE COSTS OF COLLECTION INCURRED BY BRIDGEWAY CAPITAL, INC. FOR CERTAIN LOANS MADE IN ASSOCIATION WITH THE FIRST AGREEMENT BETWEEN THE ERIE COUNTY GAMING REVENUE AUTHORITY AND BRIDGEWAY CAPITAL, INC. FOR EMERGENCY CORONAVIRUS COVID-19 LOAN FUNDS

WHEREAS, on March 25, 2020, in response to the COVID-19 pandemic, the Erie County Gaming Revenue Authority (ECGRA) entered into the First Agreement between ECGRA and Bridgeway Capital, Inc., for Emergency Coronavirus COVID-19 Loan Funds (the “First Agreement”), which encompassed a \$800,000 CDFI Note to Bridgeway Capital for COVID-19 Small Business Emergency Loan Fund and a \$800,000 CDFI Note to Bridgeway Capital for the COVID-19 Nonprofit Emergency Loan Fund (collectively, the “Emergency Loan Funds”); and

WHEREAS, the purpose of the Loan Funds was to provide loans to small businesses within Erie County that have demonstrated actual negative economic impact due to effects of COVID-19 and to provide loans to small Erie County nonprofit organizations for the purpose of providing them with resources to aid in their mission based local response to the pandemic; and

WHEREAS, Bridgeway Capital administered the loan funds by making subawards to eligible small businesses and small nonprofits; and

WHEREAS, Bridgeway Capital only drew down \$520,000 of funding for the Small Business Emergency Loan Fund and \$100,000 for the Small Business Emergency Loan Fund; and

WHEREAS, the Emergency Loan Funds were created at the outset of the Pandemic, and prior to any coordinated and systematic economic relief being provided to small businesses and nonprofit organizations by either the state or federal government; and

WHEREAS, at the outset of the pandemic, there were very real fears that many small businesses and nonprofits would have to close as a result of a lack of revenue generation due to state restrictions on the operations of such businesses; and

WHEREAS, when developing the Emergency Loan Funds, it was considered to be a very real possibility that a number of the loans would be uncollectable due to the recipients of the subawards closing their businesses or nonprofits as a result of the negative impacts of the pandemic; and

WHEREAS, to induce Bridgeway Capital to enter into the First Agreement and Notes with ECGRA, and to induce Bridgeway Capital to make subawards to eligible recipients in an uncertain economic environment, the First Agreement provided that, at such point that Bridgeway Capital “undertakes commercially reasonable efforts to collect” outstanding debts from any subawardees in Default, but makes the determination that the debt is uncollectable, ECGRA shall forgive the amount of such default (the “Forgiven Debt”); and

WHEREAS, the First Agreement provides that upon certification by Bridgeway Capital that such debt is uncollectable, ECGRA is to convert the amount of the Forgiven Debt from a Note to a Grant to the benefit of Bridgeway Capital; and

WHEREAS, Bridgeway Capital has certified to ECGRA that it has made commercially reasonable efforts to collect those certain debts identified on Exhibit A, in the amount of \$37,077.73, and requests that ECGRA convert this amount of Forgiven Debt from a Note to a Grant to the benefit of Bridgeway Capital; and

WHEREAS, the amount of the Forgiven Debt is less than 6% of the entire portfolio relating to the Emergency Loan Funds, represents .5% of the total amount of outstanding notes owed to the Authority, and is the only loan funds that ECGRA has ever been asked to forgive as a result of a default; and

WHEREAS, the Board of Directors of ECGRA agree that it is proper to covert \$37,077.73 of the Emergency Loan Funds, as are more fully described in Exhibit A, from outstanding notes owed to the Authority to a Grant to the benefit of Bridgeway Capital.

NOW, THEREFORE, this 20th day of June, 2024, the Board of Directors of the Erie County Gaming Revenue Authority, hereby RESOLVES the following:

1. The above recitals are incorporated herein as if more fully set forth.
2. The Board of Directors of ECGRA hereby approves the conversion of \$37,077.73 of loans made by Bridgeway Capital as part of the Emergency Loan Funds, as are more fully described in Exhibit A, from notes outstanding to a Grant in the favor of Bridgeway Capital.
3. That the staff is hereby directed to transfer \$37,077.73 from the Reserve for Uncollectable Notes to the General Fund to be redistributed by ECGRA as deemed appropriate by the Board of Directors.

On the motion of _____, seconded by _____.

This resolution was passed on the 20th day of June, 2024 by a vote of ____-____.

ERIE COUNTY GAMING REVENUE AUTHORITY

Chairman, Erie County Gaming Revenue Authority

June 20, 2024

ATTEST:

Secretary, ECGRA