



Hill District Consensus Group

“What is the Status of the Casino Fund?”

A Town Hall Meeting

August 30th, 2012

THE COMMUNITY TABLE

BRIEF OVERVIEW OF CASINO FUND

Representative Jake Wheatley

During the gaming expansion, three developers were vying for the license, including Don Barden. Barden wanted to put a new casino on the North Shore. The SEA passed a resolution that whoever won the Pittsburgh gaming license will get right of first refusal for development of the Civic Arena site in the Lower Hill.

Representative Wheatley invited all three developers to the Hill because they needed community support. Barden saw potential in the neighborhood. He set up a charrette where community members discussed the history of the Lower Hill and the impact of its separation from the rest of the neighborhood. Barden wanted development to go beyond the Lower Hill and past Crawford St. He eventually won the license and committed \$3 million dollars to a development entity in the Hill – Hill Community Development Corporation (Hill CDC). Barden wanted to build capacity in a development entity so that he would have a local partner to access public funds in support of Lower Hill redevelopment.

As the Casino was being built, Barden ran into financial issues. He ran out of money to finish constructing the casino and brought in new partners. The new partners were not as interested in keeping any commitments to the Hill District. They were putting \$7.5 million into the new arena and giving \$7 million to two community groups, including one that didn't really have any location value to them – the Hill District. The casino was also going to be taxed 54 cents on each dollar. The partners asked the Casino Board to relieve them of their commitment to the Hill District. Representative Wheatley worked with the board and the new owners to re-negotiate the agreement.

Meanwhile, the Hill CDC was also facing financial issues. As a result, Representative Wheatley asked the POISE Foundation to be the fiduciary for the \$3 million commitment. The Casino and POISE signed the contract and the foundation received the \$3 million on behalf of the Hill community. The contract required the formation of an advisory board made up of representatives from standing organizations in the Hill. These included the Hill CDC, the Consensus Group, the Hill House Economic Development Corporation, Wesley Charities, Schenley Heights Development Corporation, the Historic Hill Institute, Urban Innovation 21, the Hill Federal Credit Union, and others. These were organizations who

wanted communal input for whatever happens with the Lower Hill Civic Arena site. Those representatives included Evan Frazier from the Hill House, Carl Redwood from the Consensus Group, Marimba Milliones from the Hill CDC, Rev. Monroe, Rev. Grayson, Kim Ellis from the Historic Hill Initiative, and other groups who stood up against giving away land without public input. Why is the CDC the only group who has gotten money from the fund? Originally, they were to be the sole recipient of the money, to build capacity for their organization.

PRE-SUBMITTED QUESTIONS FROM THE COMMUNITY

Organizers Renee Aldrich and Robert Bowden presented the questions to Representative Wheatley

“This money was given to ‘the Hill District Community’ why doesn't the community have a voice in how the money is spent?”

The community does have a voice. The money was negotiated for the community and the terms of the agreement are being met. We have not spent any of the money yet. We are still working on the process for determining what projects get funded. Community organizations will be represented on the advisory committee. A larger committee from the community will vet project proposals based on criteria based off of the Hill District Master Plan. Projects will be scored on the priorities and goals of the community plan. They pass the top three projects to the advisory committee for final decision.

“Who is in charge of the Casino/Growth Fund? (Executive director/board/etc?)”

The Growth Fund has no executive director on the belief that we didn't want to spend funds on administrative capacity. Therefore, my office staffs the fund. We had an initial chairman of the fund, but he was unable to keep working without getting paid. It is now operated on a volunteer basis, with the majority of voting members driving the direction of the fund.

“Who or what kind of entities will qualify to apply for these funds?”

Ideally, Hill District-based groups and those partnered with Hill groups will be eligible to apply. We are still working on the process, application, and criteria. We have been advised not to talk about the details until it is complete. If the project fits into the Hill Master Plan, if you are a Hill-based organization or partnered with one, and if it passed the criteria, then you will be eligible to apply.

“Are these funds (at least a portion) being invested in a way to ensure sustainability? (ex. endowment)”

Right now, we are exploring how to best leverage these funds and form partnerships. The fund originally had \$3 million. With the two year commitment to the CDC, the fund is now really at \$2.4 million available to use. We have not invested it anywhere. It is just sitting in the banks, collecting interest. The POISE foundation gets 1% of the interest to cover administration of the fund. We have not yet created an endowment and are still working on finalizing details of the fund.

“Are you going to give money to the grocery store and how much?”

We have notified the Hill House Economic Development Corporation that the fund is willing and interested in partnership. Initially, we did not know the level of funding they were requesting: \$400,000 grant and \$400,000 loan. We have sent them a list of questions and concerns and are now waiting for a face-to-face meeting.

“Why is this [the creation of advisory committee/growth fund process] even an issue when there is a planning forum process, with priorities and a group to make these decisions?”

The negotiations for this growth fund did not come out of anything connected to the Planning Forum. In fact, if negotiations had gone the way of original contract, we would be talking more about how the CDC is leading the drive to attract development to the Hill. We are trying to create a kind of process where we won't have so many smaller CDCs in the Hill trying to do everything. Instead, we'd like to have one central CDC to work with smaller CDCs and share resources and expertise.

“A lot of people put in a lot of time and energy into the planning forum, so the question is: what utility do you see the Planning Forum as having and how do you see the Planning Forum working in partnership to help bring about good outcomes with the money in the growth fund?”

We have not been in a lot of discussion with the Planning Forum. I think we need to have one process. We need entities sitting around one table doing things together. McCauley Ministries tried to bring one to fruition but fell apart. Rationale behind why it fell apart, I think is why many of our neighborhoods struggle today. Because we can't find a way to put our other issues to the side. One entity, Jake Wheatley or CDC or Planning Forum, one group cannot drive everything. We need to share our table to get things done.

OPEN QUESTION AND ANSWER SESSION

Moderated by Ms. Emma Lucas-Darby

"Do you have a list of org in the Hill you want to help? The one I am interested in is the Martin Luther King Reading and Cultural Center. They are closed without the funds and we would really like to see MLK to be added to the list. It would be a shame to lose the center and the kids they serve, youngsters really use the computers."

Right now, there is no list of who can or cannot get the funds. There was an agreement among most of the voting members, not all, that there would be no support for operating dollars. This money is here to drive physical development. Some members have suggested we carve out smaller amounts of the fund for those kinds of requests.

“To clarify, are you saying that your fund wants to partner with everyone who comes into the Hill, who wants to open a business?”

No, we want to leverage funds with foundations and banks. So instead of us spending the money all at once, we can have partnerships to get more bang for our buck.

"Do you want to partner with the grocery store?"

They did request funding and we gave them a list of questions and concerns to respond to first.

"It's been some two and a half years since the first installment of the casino money. How close are you to completing the actual criteria for accessing the fund? "

Very close. We had a year delay. The master plan was still underway at the time and we didn't have the infrastructure in place to handle the money.

"In terms of having a diverse, broad committee, I would challenge that a bit. It appears to me that half, or a little more than half, appear affiliated with your campaign or to the CDC. Over time, I would like to see rotating members or some other way to get folks on the fund committee, not fixed members. If I were on a committee for donor advised funds, they selected by the foundations.

With this fund, you are the person who brought them the money. Folks can change the committee as they see fit. Particularly in a community where funding is an issue across the board, learning how to make decisions about funding is a way to help people become better fund seekers.

You inherently implied that some members on here will do whatever I want them to do. Those representatives have been part of the original conversation of everything we've been doing in this fund. Votes were taken. At no time did anyone express my interest. They expressed the majority interests of Hill District active leadership. There are people who work tirelessly to fight for this neighborhood and we try to make sure to put their voices together and do it in a way to do quick work of development decisions. We are still forming a broader committee to vet projects.

"I am not implying that they will just do whatever you say. Just that there are a lot of folks here that you have connections and relationships with."

There are very few people in this room who I don't have some sort of relationship with in some form or fashion, just by nature of who it is I'm dealing with. In campaigns, in business, in funding orgs, I'd be hard pressed to find someone in the room who I do not have a relationship with.

"In terms of response, what is your response to the Hill House's request? What were the conditions and the questions you gave them?"

I don't have them all on me. Just like the foundation you work for, anytime you try to get money, no one is just going to give you money unless you can answer their questions. We need to separate passion for the grocery store and put our business hats on. We want to make sure what we receive for financials and other things required that the grocery store can actually happen. We are the stewards of this fund and have to make sure that the project is a feasible investment. We can get you the questions if you ask for them.

"It sounds like this 8 member group is totally comprised of nonprofit entities. When I listened to the overview, you said this was going to be involved in business. Yet, there are no business persons on the committee. Which is fine, but when a group is making business decisions, people tend to respect the expertise of business entities that can assist in that capacity. How does one get

an application to submit to the fund to receive funds for physical development? Are for-profits allowed to apply for these funds? Is this actually a loan fund or one primarily to be a give out funds? What does soon mean, by the end of this year or end of next year?"

Soon. But first, the initial criteria are based on smaller grant opportunity. It will probably be the basis for larger grant opportunities. Once finalized, it should be available within weeks. Our intention was to have parts of this money out in the community by end of this year and definitely by the start of next year.

As for are these loans or assistance for non-profits, if we keep to the original intent, it was to build capacity in the Hill's nonprofit organizations. Developers would partner with nonprofits so that physical development can go through but also build capacity for these nonprofit entities. We haven't gotten to that level of specificity yet, but the fund will focus on larger funding projects, and will not be grants.

"So I am a for-profit and I do development. Can I come to the loan fund, just by myself? I don't have any partners."

No, not just a private developer by yourself. You must have a partnership with a local nonprofit. You, as a hill based developer, I am not sure. But you must have a nonprofit entity bring the proposal to the table.

"Then the fund is really for the nonprofits?"

It is really for completing the priorities in the Hill District Master Plan and to build capacity for nonprofits. Originally, this wasn't envisioned development to come here and do things without having any real partnership in the Hill. They don't have to partner with the CDC, but it has to be with a Hill nonprofit.

"The Master Plan is not a purely nonprofit document. So we have to partner with nonprofits in order to do development projects. What if I partner with a nonprofit who may not have the skillset I need to support the development work I am doing? In order to access to your fund, I need this partnership in order to participate in the physical component of the Master Plan?"

Community support is important. Getting the support of a nonprofit such as the MLK Reading Center is very necessary to have a vibrant community. They don't have to help you in the development process. They can help in other ways, such as youth programming. Be creative in how you bring projects to fund. The fund is Hill-based and as a private developer, you need to have partnerships with local groups.

"So what is your plan?"

This may not be what I think should be done with the money, but I am going to follow the priorities of the Master Plan. We want to leverage the money that we have, invest, and grow the fund. My plan doesn't really matter in this fund.

"As I am hearing you speak, there is no criteria in place and not one in place when we [grocery store project] applied for funds. So how or when will funds be out by the end of the year, as in

December? This would cause major problem with the grocery store project. What is difficult for us is that we need to make decisions now and need a better idea of the timeframe for when we can hear the fund's decision."

The grocery store is being considered outside of the process because it is such an important project to the community. You have a representative in contact with the fund and we can meet to move forward with the request.

"Can we get a list of nonprofit organizations in the Hill?"

The Hill CDC can provide you with our list, but it is not comprehensive.

"Why is it we and you? Why can't we come together and be together as a group. Why is it we, us, and you?"

Our community is no different from other communities, we just carry a stigma. We have divisions and factions, varied interests and leaders. It's like Mr. Redwood says all the time, "It's alright to be different in our opinions and perspectives, as long as we stay at the table and work through it, eventually we're gonna get to common ground."

"If there's a tie in 8 person board, who decides the tie that breaks the tie?"

You have to have 5 voting members to pass anything, so there will be no ties.

"The Casino gave funds to the Hill District and the Northside. Why has the Northside been able to allocate all the casino funds in their neighborhoods already?"

They have an established CDFI and already had a leadership conference set up and infrastructure ready to go. We did not.

"Better understanding, what is the initial plan after receiving the money? What did they want you to do this with the money?"

The casino had no involvement with the fund after giving the money.

"How much will go towards nonprofit work? We need to put stores in. We need businesses in the community."

A lot of what happens next will be driven by what we do with the grocery store. The amount we give to the grocery store will determine how much money is left to fund other projects.

"When is the fund going to be functional?"

Soon. Before the end of the year.

"When foundations give money, they have a certain amount of money. They are not going to give it all away. How is the growth fund board balancing what is being given away in Year One, without giving away the whole amount of money. If you give a big amount of money to one group, how does that affect the small nonprofit groups who really need money?"

There has been discussion about how to make the fund last longer. We've talked about partnerships and is there opportunity to leverage our funds so we don't spend all of our money, even when we support larger projects.

"In a community that is economically and financially stressed, would not smaller grants and loans have greater effect than big hundred thousand dollar grants? Are you balancing the needs of the community when considering requests from larger projects?"

We are thinking of possibly making a smaller funding pool for businesses or smaller nonprofits.

"Do you want developers to partner with nonprofits? Hill House is a nonprofit right? So does the grocery store is partnering with the Hill House to apply for funds? So what is problem with giving money to support the grocery store project? Is the check on the flyer an exact representation of the real check made out to the hill district community?"

The actual check was made out to POISE Foundation. Terminology is important. This money was not donated to the Hill. It was very specifically given to a development entity in the Hill. Once Don Barden got the license, he determined it was to go to the CDC. But at the time, the CDC was going through its own internal issues. So we crafted our own board which we thought was more representative of the community. The money is still development related. No one is denying eligibility of the grocery store.

"For profits and nonprofits worked on the Master Plan and incorporated all sorts of ideas including African-American culture, family friendly neighborhood, etc. Is that part of the growth fund's criteria? Are developers meeting the needs of those social elements and partnering with someone in the neighborhood who has expertise in that?"

Yes.

"If this is a public process, can we get access to the process such as meeting minutes and etc? You represent a public body, a public seat."

To clarify, the fund is not a public group. I don't have a vote on the board. The fund is not an organization. While \$3 million sounds like a lot, looks like a lot, it is not a lot of money. We didn't want to spend money on operating costs or physical costs; we don't have a staff just for the fund. We hoped that representatives will go back to their groups and share what is happening. They all have access to the documents that we have.

"But my point is, in your position, when you go talk to people like Don Barden, it becomes a quasi-public fund."

People keep saying the fund is a public fund; it is not a public fund. It is a private fund, but it is being operated in support of the Hill District. It is not a public fund where records have to be public. But we have made the records public.

Closing Statements by Ms. Emma Lucas-Darby