

MINUTES
Erie County Fiscal Stability Authority
November 3, 2005

Chairman Edward V. Regan called a meeting of the Erie County Fiscal Stability Authority (“ECFSA”) to order at 3:09 p.m. on Thursday, November 3, 2005 in Room 101 of the Buffalo Niagara Convention Center. Notice of the meeting had previously been distributed to all Directors by courier and announced to the public and press.

Directors Present: Anthony J. Baynes, P. David Campbell, Sheila K. Kee, Stanley J. Keysa, Janet Penksa, and Edward V. Regan

Directors Absent: John Johnson

Others Present: Greg Stamm, Esq., Special Counsel, Lee Van Riper, Executive Director

Opening Remarks:

Chairman Ned Regan welcomed all attendees and noted that Director Johnson was unable to be in attendance due to an illness in the family.

Approval of Minutes

Director Baynes moved to approve minutes from October 6, 2005. The motion was seconded by Director Campbell and unanimously approved.

Resolution No. 05-36

APPROVING MINUTES AND RESOLUTIONS FROM OCTOBER 6, 2005

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its meeting of October 6, 2005 and ratifies and affirms 2 resolutions numbered 05-34 through 05-35 that were approved on October 6, 2005.

This resolution shall take effect immediately.

OTHER BUSINESS

Chairman Regan stated that this was going to be a short meeting because we have several meetings ahead so we are not going to implement a control board meeting today but that is the full intention of enough members of this group if behavior doesn't change in county government.

Mr. Stamm stated the legislation setting up ECFSA is complex and not the same as that for the City of Buffalo but was modeled after the Nassau County legislation. He has advised the board members that legally they can technically declare a control period today based on the inadequacy of the revenue sourcing of the 2005 plan until such time as a 2006 budget and plan is adopted with guaranteed revenue to support it. He felt that giving such legal advice would be irresponsible on his part because that would cause the implementation and imposition of the highest possible real property tax on the citizens of Erie County rather than what this board of

seven dedicated people, working free of charge, have tried to do- that is, to re-engineer and restructure the government at the lowest possible cost to the taxpayers. The challenge is to continue what we are doing so we don't have to do that kind of an action.

Chairman Regan referred to the timeline chart that had been distributed before regarding the complexity of the 2005 and 2006 plans being in play at the same time. It is complex and it is clear why we are not doing it today. The Chairman is going to ask the state government that when they meet for a special session in December or when they get back in January that they reform the law and we can get the differences in these budgets and charters cleared up. Another reason for putting aside going to a control period is the two weeks of attacks on PFM. They are the finest professional agency that he knows of in his over 40 years of experience in municipal and state government and he thought that the people who work in county government will affirm that, although not the ones here necessarily. He denounced what he said was a staged attack on PFM and that it was wrong and it was shameful. "If someone thought they could uncut the power of this group to impose a control board by attacking PFM they got it wrong. The initiatives are good and will save taxpayers, when implemented, several million dollars. We are asking and demand that stop and there be a degree of seriousness in county government on the approach on the 06 budget; to the financial plan and to initiating and implementing these initiatives." Many initiatives have been sent over and discussed. Worker's Compensation went over on September 23 and could save over 2 to 3 million dollars a year and it is waiting for an RFP to be written.

Chairman Regan stated the next meeting will be on November 14 because we can't meet on the 11th as it is a holiday and we will keep coming back until we see and we are assure we have action.

Chairman Regan informed everyone that a lot has been accomplished. "We came in and no one knew what the deficit was, there was a \$30 million dollar swing each way and PFM came in and did it without objection. The validity of the numbers has been verified. Thanks to the work of PFM, county officials now know exactly what they are dealing with."

Director Penksa continued that, in addition to the significant ones mentioned, we have both a legislative and executive four year plan for '05 and they actually match, which is a lot of progress on the part of the Legislature and County Executive. In addition, we have identified through PFM \$100 million in viable financial restructurings for government. More significant that both the Legislative and Executive four year plans include a substantial amount of those restructurings, some \$67 million. Progress in some areas has been slow, but the trend line is one should cause some degree of optimism.

Director Campbell spoke about the efforts gone forth between the 2005 plan and the 2006 plan there has been a lot of good solid work done. The decision to do some public destructive comments is driven by all the wrong motives. It doesn't serve anybody well, it make it extremely difficult to accomplish things. " If the only alternative we have is to put a control board in then so be it - we will put one it - but I don't think that the right thing to do today. We have a lot on the table. The law is very clear that one of our primarily responsibilities of this board is in Section 3958: "this authority is to recommend to the county covered organizations measures

related to their operations their management efficiency productivity as authority deems necessary to reduce the cost of government.” We need to get as many of these initiatives in and put them into effect.”

Director Baynes said he had been urged by members of the county legislature to hold a motion for a hard control board in limbo until after the election. As reported in the media, Chairman Holt is hopeful that he will be able to secure the votes that are needed to increase the sales tax. Legislative candidates have promised their constituents that they will not approve any further taxes and will renege on their stance.

Director Keysa stated that it is hypocrisy to run on one idea and then change after the election. He also noted that, IF they do not vote for the sales tax combination, a default budget could follow which would result in a real property tax hike of possibly 70%. He said his personal experience is that most people are in favor of combination of modest real property tax increase and an additional half cent sales tax, along with the cuts. If the legislators don't vote for that, then there will be a massive property tax hike. He said he was concerned that legislators would then say they had not voted for a tax increase. “Allowing a default budget to go in place in fact does increase taxes dramatically and reduces the confidence of the taxpayers.” Recalling Grover Cleveland's quote that “A public office is a public trust,” Keysa said we must work to restore the trust of the public in the acts of their elected officials. At the meeting on the 14th, he would like to see a plan that has been approved by a super-majority of the County Legislature so that if there is a need to have action by state legislature, we will have an opportunity to send it early, so the Senate and Assembly will be able to put this into place.

Director Kee commented that she supports what Director Keysa stated that by November 10th there should be 10 votes for a four year plan, hopefully with sales taxes to minimize property taxes. If the Legislature fails to come up with 10 votes on November 10th she will vote for a hard control board. Director Kee explained why she had exception to PFM, we should have monthly financial statement so we can tell the taxpayers how much this board has spent and it is important. Two resolutions were emailed regarding that we do financial reporting of our own board affairs and the second is the lack of financial reporting in county government. We did get good forecasting reports on '05 but she was told a November budgeting monitoring report was coming but the last report was in April. This board needs to send a letter to the county that as a county charter mandate they do a monthly budgeting report. Chairman Regan stated that we will send a letter.

Chairman Regan thanked all for their participation and commented that we usually have an open comment section but now we are telling. You have heard it from all of us. Our Website is up and running. The pressure to get all this done is tremendous and a lot has been done in a very short time. The rating agency have picked up on the bashing of PFM and a borrowing being prepared for capital borrowing by the county is not going to fair well in the markets. Nassau County has used PFM and have come along way in initializing all the initiatives. We are going to meet on the 14th and we want to see action between now and then on the items we have talked about. The taxpayers need these assurances. We are putting it off to better serve the taxpayers by going another week in a half. We will again table other resolutions until the next meeting and

report back on the 14th. “If anyone has comment and they want to talk to the press, I encourage that.”

At 3:32 p.m., Director Campbell moved to adjourn, seconded by Director Kee, and the motion was unanimously approved.

Respectfully submitted,

*Stanley Jay Keysa,
ECFSA Secretary*