

**MINUTES**  
**Erie County Fiscal Stability Authority**  
**January 17, 2006**

Note: the following is a draft copy of minutes of a meeting of the Erie County Fiscal Stability Authority (“ECFSA”), which was held January 17, 2006. These minutes will not become final until approved at a subsequent meeting of ECFSA directors, and may be amended before approval.)

*Chairman Edward V. Regan called a meeting of the Erie County Fiscal Stability Authority (“ECFSA”) to order at 7:05 pm on Tuesday, January 17, 2006 in the Auditorium of Gleasner Hall, Erie Community College. Notice of the meeting had previously been distributed to all Directors by fax and announced to the public and press.*

**Directors Present:** *John Johnson, Sheila K. Kee, Stanley J. Keysa, P. David Campbell, Anthony Baynes and Edward Regan. Also present was Director-nominee Kenneth Kruly.*

**Staff Present:**

*Greg Stamm, Esq., Special Counsel  
Lee Van Riper, Executive Director  
Gail Keil, Director of Administration*

**Opening Remarks**

*Chairman Ned Regan welcomed all attendees and the board members and introduced Kenneth Kruly, the newest board member, who has been nominated by State Comptroller Hevesi to replace Janet Penksa. Director Kruly’s paperwork is being finalized and he was unable to formally vote at today’s meeting.*

*Chairman Regan stated that the web page [www.ecfsa.state.ny.us](http://www.ecfsa.state.ny.us) has been updated and the home page lists the results that have already shown themselves: fiscal stability in the county, rating agency acceptance because we’re on board, an approved four-year financial plan, and a proposal for State efficiency grants. The site mentions the status of the Authority and the goals of this Authority – realistic tax reductions to set the stage for economic growth. He reported that at the informal luncheon meeting earlier in the day, two Legislators stated that PFM’s initiatives will be all implemented. He also announced “good news was also reported today from the Governor’s Executive Budget: \$18 million for ECFSA.”*

*Chairman Regan spoke about the 1% sales tax which gets renewed every year. The Assembly has put forth a bill to share these dollars with the localities, beginning in 2007. The Governor also announced \$30 million in saving in Medicaid. Senator Volker was asked about sharing and his answer was “Let the debate begin.” The concept of sharing money says that we are one unit not separate and divided. We are looking at the \$18 million and asking what ideas can we get to increase and create efficiency and economies in Erie County government, maybe by doing joint services with other governments. There is nothing in this bill from prevents us from doing any of that. The Authority will be in a position to encourage joint ventures, restructuring and more economies. Chairman Regan said he does not oppose helping the localities. “It is the process and how we go about it that is important. The County is at turning point in the history of*

local governments.” He recalled that the first State special aid to the City of Buffalo occurred 33 years ago, and the amount had grown ever since. He said there should be no bailouts for poor budgetary practices; rather, we will look at spending the money for real investment in structural matters.

## **Office of Management and Productivity**

Vice Chairman Campbell remarked that he was pleased with the progress that has been made to date stabilizing the finances through the efforts of the Executive’s Office and the County Legislature. He felt comfortable the starting point is reasonably secure even though we are in a real financial situation with the county. He said he was disappointed with the sales and property tax increases, but noted the action being taken through the Legislature to cut \$50 million out of the budget. “Government needs to be restructured and that is the primary goal of the OMP. Its reporting responsibility is to this Board, the Legislature, and the County Executive. The County is facing an additional \$100 million in deficits and therefore we have to come up with more initiatives to keep the finances stable and build a reserve,” noting that the Buffalo News reported “the drop in employment in Erie County was the second biggest in the country last year.”

Vice Chairman Campbell stated that the OMP is up and running with a budget of up to \$400,000, provided in the Governor’s budget. He has interviewed people to bring in some expertise to work side-by-side with the Jim Hartman and Ken Vetter to help them with their work. “This is not duplicity of service, as they will work in concert implementing the initiatives and getting the data to put more restructuring initiatives in place.”

Director-nominee Kruly asked about the long-term nature of the OMP and the phase out of the office. Campbell responded that 24 months would be sufficient to work through these initiatives.

Director-nominee Kruly asked about the language in the Governor’s bill about the appropriations being made to ECFSA. “When the legislation was created, was there talk about Buffalo sharing in it?” Chairman Regan responded that apparently Buffalo is separate in the legislation. “There is nothing in the bill that says you can’t do efficiency, economies and improving services in concert with localities. We are assuming this means we can work with towns and cities in the joint provisions of services as long as it fulfills the mandate in the legislation to lower the costs and improve services.” Director Campbell informed the board that Buffalo got \$2 million in efficiency grants.

Director Johnson asked: “Considering that the County has hundreds of millions in deficits, how much will the OMP be involved in the overall reengineering of County government? Are they just going to focus on those initiatives or will they bring about new initiatives? ECMC’s settlement and the situations like ECC might result in more takeaways in the four-year plan. We, as a board, need to stress that we don’t need government as it was in the past. It needs to be re-engineered so we don’t have to continue to extend the sales tax.” Director Campbell responded that OMP is responsible for the oversight of the efficiency of county government. The matrix of the initiatives is a dynamic process of dropping and adding initiatives. Our priority is not to

*eliminate services; it is to improve how they are provided. The OMP is under the control of this board.*

*Chairman Regan stated that the OMP language and budget has been in the four-year plan since October, 15<sup>th</sup>, it has been on the website and this should be no surprise to anyone.*

*Seeing no more questions from the Board, Director Campbell proceeded with the power point presentation. (See attached copy of power point presentation.) He noted that the long-term goal is to achieve fiscal stability, to improve the regional economy. He said he was not picking on Erie County employees, but noted that OMP will track employee absenteeism and will get data for independent analysis. "High absenteeism is evidence of a leadership problem."*

*Discussion took place regarding the motor vehicle fee initiative. Director-nominee Kruly said he spoke with County Clerk David Swarts and this needs State DMV involvement. It might take until May to get approval. "We need to watch when stuff is in budget before the implementation is authorized." Director Campbell stated that this is exactly what OMP will be doing and making sure that these get things get taken care of.*

*Director Kee had a question about the resumed budget monitoring reports and asked if the budget staff could they get these targeted to initiatives and report on them individually. A separate section should focus on this.*

*Director-nominee Kruly informed the board that Erie County Information Technology Director Art Teelak stated at a Charter Review Commission meeting that the County's SAP computer system can provide real time information to everybody. He asked: "Can the Authority get access directly to the SAP system so if it chooses to it could independently look at revenue or expenses in addition to the monthly budgeting reports?" Director Campbell stated that he and Lee Van Riper would work with Ken Vetter and Art Teelak to see if we can do this.*

*Director Johnson asked if we are getting data from the executive branch as to the number of employees that are on worker compensation. Director Campbell doesn't think we clearly asked for that information and we should ask how many people, how long have they been there and what is the follow-up on these individuals. Director Johnson stated that Governor Pataki's budget has reforms for workers' compensation and suggested we can save enormous dollars. "Performance measures need to be put in a lot of places."*

*Director Kee remarked that the County should require a "no-lift" policy for any employee that is prone to back injuries. Director Keysa added that he had spent years working with an inter-municipal worker's safety group and they had been able to reach significant savings for member municipalities by providing training in safe work practices.*

*Director Campbell reported that full time ("FT") positions had been reduced from 5167 to 4112, with 350 more to retire in 2006. He recommended OMP look at every position that is going to have a retiree and see what they do and see if there are ways that it can be done better through new technology and reengineering of departments before it is refilled. "Attrition is the best way*

of doing these things.” Director Keysa noted that a 20% reduction of employees has already taken place.

Director Campbell asked that Chairman Regan send a letter and make a request that we look at every alternative to use some of the grant funds to provide the opportunity to look at attrition rates and restructuring some of these jobs. “When SAP is up and running, it has been estimated that 40% of the reports generated everyday could be eliminated.” Director Keysa stated that by merging reports, sometimes by adding one or two lines, reductions in preparation time can produce significant savings. Chair Regan said a letter will be circulated as a draft talking about attrition and the ability to eliminate a certain number of these jobs. Director Kee recommended targeting costs we can measure, noting that the health insurance costs of those retirees would add about \$2,250,000 annually, and stating we need to know the longer range impacts on the Financial Plan. Campbell noted there were now more County retirees than active employees.

Director Regan congratulated Director Campbell on how far he has come with the OMP and what they are going to accomplish.

## **2006 Erie County Adopted Budget Submission**

Chairman Regan asked Lee Van Riper about the amended four-year plan and the budget. Mr. Van Riper explained that the Authority requested a modified Financial Plan by January 13<sup>th</sup> and the County Executive is required to supply quarterly projections of cash flow, revenue and expenditures for ECFSA review of the adopted 2006 budget, and modifications to the four-year Financial Plan to reflect events since the October 15<sup>th</sup> submission. The Chairman asked if we have received the modifications and if they give all appearance of appearing with good budget practices. Mr. Van Riper indicated he has a draft of a report on the modification and the Board should consider a resolution which acknowledges the receipt of the modification, that it is submitted as consistent with the adopted 2006 budget and that quarterly projections have been reviewed and appear consistent as well, not raising concerns.

Greg Stamm commented that we should acknowledge by resolution that we are accepting the submission. The reason for this is that the bond market had trouble in that this board had not officially taken earlier action on the October 15<sup>th</sup> report. “They, specifically the rating agencies, like to know that we have our books in order and it is very important since we may not meet for some time and that we accept this plan. We are just receiving, we are not commenting on it at this time. It is important to do housekeeping matters.”

Director Kee made a note for the record that the ECMCC agreement is a negotiated settlement to avoid a court-imposed ruling that would have been more costly. “They amended the four-year plan recognizing that it is because the agreement is costing approximately \$121 million over the next few years. We should recognize that it adds a major investment in County funds – we could buy health insurance for 39,400 people for one year for that amount of money - and we should make sure the people get better health care.” She would like to make sure the public knows how much it costs and why this four-year financial plan is being amended, and hopefully look for better outcomes with these invested dollars.

*Chairman Regan thanked her for comments and asked Director Campbell to look at this expenditure and outcomes. Director Campbell stated that the ECMCC numbers are in the power point presentation. "If they had not made it a public benefit corporation, it would have been more difficult. Zero contribution was planned for this year in the four-year plan. We have accepted the modification and as a result it needs to be recognized that this has a price tag." Director Campbell said he had spoken with Mike Young, President of ECMCC, to get a detailed strategy on the capital budget. He also mentioned that he would like to have Mr. Young present his ideas to this board.*

*Mr. Stamm stated that he agreed that we should pass a resolution encouraging elected officials of the County to do extraordinary things to improve health care, to get initiatives implemented so that the sales tax can go away sooner rather than later. "However, this resolution is just a mechanical acceptance of the fact that the County has complied with the letter of the law; they have met the charter requirements and state law."*

*Director Keysa made a motion, seconded by Director Kee, which passed unanimously. Director-nominee Kruly abstained, observing "I would if I could."*

## **Resolution No. 06-01**

### ACCEPTING FY 2006 BUDGET AND MODIFIED FOUR-YEAR FINANCIAL PLAN

WHEREAS, The Erie County Fiscal Stability Authority ("ECFSA") was created by Chapter 182 of the Laws of 2005, as amended, to be a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation to "oversee the County's budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings and to finance short-term cash flow or capital needs; and, if necessary, to develop financial plans on behalf of the County if the County is unwilling or unable to take the required steps toward fiscal stability"; and

WHEREAS, as required by Chapter 182 of the Laws of 2005, the County Executive submitted to the Erie County Legislature on October 14, 2005, a four-year Financial Plan in conjunction with presenting the FY 2006 Executive Budget Proposal to the ECFSA and the Erie County Legislature in accordance with the provisions and dates as provided in the Erie Co. Charter; and

WHEREAS, the Erie County Legislature adopted the 2006 Erie County Budget on November 15, 2005 and passed resolutions authorizing revenue increases, additional sales tax and fees by the necessary two-thirds majority and also passed home rule requests and local law changes to implement an 0.5% sales tax increase, and

WHEREAS, the New York State Assembly and Senate passed legislation authorizing the implementation of such increase which was duly signed by the Governor to take effect on January 15, 2006, and

WHEREAS, the ECFSA requested a modification of the four-year Financial Plan by January 13, 2006 to reflect the 2006 adopted budget and all material changes having a effect on the Plan

since its submission on October 14, 2005, along with quarterly projections of cash flow, revenues and expenditures for FY 2006, as required by Chapter 182, and

WHEREAS, such modification and projections were submitted by the County Executive on January 13, 2006 and reviewed by the Erie County Fiscal Stability Authority in a public meeting on January 17, 2006 and found to be in compliance with the ECFSA Act;

NOW THEREFORE, BE IT RESOLVED that the ECFSA accepts the submission of the adopted FY 2006 budget and the Modified Four-Year Financial Plan for FY 2006, and the quarterly projections submitted therewith.

This resolution shall take effect immediately.

### **Approval of Minutes**

*Director Johnson moved to approve minutes from the November 16, 2005 meeting. Director Baynes seconded and the motion was unanimously approved, with Director-nominee Kruly abstaining.*

### **Resolution No. 06-02**

#### **APPROVING MINUTES AND RESOLUTIONS FROM NOVEMBER 16, 2005**

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its meeting of November 16, 2005 and ratifies and affirms one (1) resolution numbered 05-37 that was approved on November 16, 2005.

This resolution shall take effect immediately.

### **Treasurer/Finance Chair**

*Mr. VanRiper informed the board that Chairman Regan and Vice Chairman Campbell had made Anthony Baynes acting Treasurer and Finance Chair with the resignation of Janet Penksa, but noted that a permanent Treasurer is required to be approved by the Board. Director Kee made a motion, seconded by Director Johnson, and the motion was unanimously approved, with Director-nominee Kruly abstaining.*

### **Resolution No. 06-03**

#### **APPOINTING TREASURER**

WHEREAS Chapter 182 of the Laws of 2005 that created the Erie County Fiscal Stability Authority (“ECFSA”) provides that the Directors shall appoint a Treasurer, and

WHEREAS ECFSA had previously appointed Director Janet Penksa as Treasurer, and

WHEREAS Janet Penksa has resigned as a Director of ECFSA,

NOW THEREFORE BE IT RESOLVED that the ECFSA appoints Anthony Baynes as Treasurer to serve until the earlier of the expiration of his term as a Director, his resignation, removal or death.

This resolution shall take effect immediately.

### **ECFSA Budget**

*Director Baynes thanked the Chair, Vice Chair and Directors. He then noted that he had been acting chair of the Finance Committee as well, and spoke about ECFSA needing an adopted operating budget for 2006, about the \$1.4 million that was included in the adopted Erie County 2006 Budget and of the intent that the proposed budget will not exceed this number.*

*The \$400,000 shown separately for the Office of Management and Productivity is appropriated from State grants in the Governor's budget. The full \$1.4 million would only be necessary if we need to go to a "hard" control board. "Requests for proposals will be issued with board approval if we use outside sources. The purpose of the proposed budget is to allow ECFSA the ability to fulfill its duties and obligations in the event we do go into a control period."*

*The preliminary 2005 operating budget results by month thru November 2005 are included in the board book and have been posted on the website. They are consistent with the projected budget adopted in August.*

*Director Johnson asked about the salaries for analytical positions in this budget, observing that they are not needed if the board remains advisory. Director Baynes stated that not all of these positions need to be filled and that there is no active recruitment to fill these positions, but that they are budgeted in the event that ECFSA suddenly needed to become a "hard" board.*

*Director Kee commented on the 38% figure for benefits other than health. Mr. Van Riper explained that this is probably high but did not yet have enough detail to figure out the exact number. "We used the standard basis which was estimated by the Buffalo FSA in August."*

*Mr. Stamm replied that we have to understand fully about what we are NOT about. "We have been careful not spending money in the last six months. Start up bills were large, with "sickeningly high" attorney fees for New York counsel. "We don't have to use those again." He is recommending that we act on the RFP's for bond counsel and corporate counsel. His recommendation would be to hire Hodgson Russ as the firm for our corporate matters, and Harris Beach for bond counsel matters. He said he personally would not be billing over \$25,000, and that these other services may not be needed. "These are people who would be used only if we need them or in a dire emergency brought on by the actions of others."*

*Director Johnson spoke about our needs and it would be helpful for each director to review those RFP's since they are not before us tonight, and asked if they could be distributed before the next meeting. Mr. Stamm asked that the Board directors go down to the office and review the*

*RFP's, as they voluminous. Director Keysa asked that counsel and executive director review the RFP's and make recommendations to this body in writing.*

*Director Johnson then moved to adopt the budget, adding that: "It would be very productive for us as an authority if, when there is a need to hire staff, the pattern be established that there be some representative of diversity." Director Keysa reported that Legislator Smith had asked at the luncheon meeting earlier in the day if the board would be following Erie County's minority and woman's business enterprise (MBE/WBE) requirements. Keysa said he reminded the County Legislators that ECFSA is a State authority and would be following the State's requirements on that, and that Chair Regan had committed that this would be the case with future contracts. Mr. Stamm commented that MBE/WBE requirements are in our procurement guidelines. The motion was then seconded by Director Kee, and unanimously approved, with Director-nominee Kruly abstaining.*

#### **Resolution No. 06-04**

#### **ADOPTING ECFSA OPERATING BUDGET FOR THE 2006 FISCAL YEAR**

WHEREAS, the Erie County Fiscal Stability Authority ("ECFSA") was created by Chapter 182 of the Laws of 2005, as amended, to be a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation to "oversee the county's budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings and to finance short-term cash flow or capital needs; and if necessary, to develop financial plans on behalf of the county if the county is unwilling or unable to take the required steps toward fiscal stability"; and

WHEREAS, the ECFSA will have costs and expenses to operate and carry out its functions, including but not limited to paying the costs and expenses of its agents, employees and facilities hereof, reimbursement of costs incurred by Directors for actual and necessary expenses incurred in the performance of such Director's official duties, and otherwise to carry on and effectively carry out the obligations required by Chapter 182 of the Laws of 20005, as amended; and

WHEREAS, staff has carefully reviewed costs and expenses anticipated to be incurred in carrying out the duties and functions of the ECFSA and has prepared an operating budget for the 2006 Fiscal Year based upon reasonable assumptions of costs and expenses, a copy of which is appended hereto.

NOW THEREFORE BE IT RESOLVED, that the Directors of the ECFSA approve the budget for the 2006 Fiscal Year covering operating expenses from January 1, 2006 through December 31, 2006.

This resolution shall take effect immediately.



## **Governance Committee**

*Mr. VanRiper reported that by statute we need a governance committee. This committee will keep track of the by-laws and make recommendations as they are needed. At a previous meeting, Director Keysa was appointed to deal with local governance and he has expressed a willingness to chair this committee.*

*Motion was made by Director Campbell, seconded by Director Johnson, and duly approved, with Director Keysa and Director-nominee Kruly abstaining.*

### **Resolution No. 06-05**

#### **APPOINTING CHAIR OF GOVERNANCE COMMITTEE**

WHEREAS Chapter 182 of the Laws of 2005 that created the Erie County Fiscal Stability Authority (“ECFSA”) provides that the Directors shall appoint a Chair of the Governance Committee.

NOW THEREFORE BE IT RESOLVED that the ECFSA appoints Stanley Jay Keysa as Chair of the Governance Committee to serve until the earlier of the expiration of his term as a Director, his resignation, removal or death.

This resolution shall take effect immediately.

### **Other**

*Director Campbell reminded members that there are a few more items in your packet to review, more detail on the Financial Plan Modification and the requested updates on ECC, the Power Authority’s proposal and ECMCC figures.*

### **Public Comments**

*The Chairman then opened the floor to the public*

*Mark Poloncarz, the newly-elected Erie County Comptroller, stated that he looks forward to working collaboratively not only with the County Executive and the County Legislature but with this body to move Erie County forward. He concurred with Mr. Stamm as to the acceptance of the plan. One of the questions he received from Wall Street was whether this was going to be accepted because that provides certainty to Wall Street.*

*“We are trying to increase and better Erie County’s credit rating. What was done today to modify this plan and your acceptance of the plan goes to show a lot to Wall Street that Erie County’s house is getting in order. At the luncheon today, Mr. Van Riper and I discussed the oversight of ECFSA. Mr. Van Riper stated he was unsure if the only official body that could provide oversight of the FSA was the State Comptroller. I took a look at the enabling legislation*

*and just to confirm so everyone is aware, under section 3971, it does state that the accounts of the Authority shall be subject to the audit of the Comptroller and the State Comptroller. The Comptroller is defined in the enabling legislation as the County Comptroller and I wanted to confirm for the record that not only the State Comptroller has the right to audit the accounts, the County Comptroller as well. That being said, I don't anticipate having to audit them frequently." If the opportunity arises, he said his office will be available, not only to confirm numbers from this authority but also to assist Legislators who had questions and would like to see some county oversight.*

*Chairman Regan welcomed the help and said "We are glad the Comptroller checked that and we appreciate his interest, your coming here and establishing a formal relationship with us."*

*Glen Rudolf, a student at ECC North, said he thinks this a great thing having the meeting at his school. "History is being made and I challenge other students to come out and participate."*

*At 9:15 p.m., Director Campbell moved to adjourn, seconded by Director Kee, and the motion was unanimously approved, with Director-nominee Kruly again abstaining.*

Respectfully submitted,

---

Stanley Jay Keysa,  
ECFSA Secretary