

Minutes
Erie County Fiscal Stability Authority
June 28, 2006

Note: the following is a draft copy of minutes of a meeting of the Erie County Fiscal Stability Authority (“ECFSA”), which was held June 28,2006. These minutes will not become final until approved at a subsequent meeting of ECFSA directors, and may be amended before approval.)

Chairman Anthony Baynes called the meeting of the Erie County Fiscal Stability Authority (“ECFSA”) to order at 2:00 p.m. on Wednesday June 28, 2006 in 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, Chair; William Joyce, Vice-Chair; Stanley J. Keysa, Secretary; Kenneth Kruly, Treasurer; Joseph Goodell; Shelia Kee and John Johnson

Others Present: Lee Van Riper, Executive Director

Opening Remarks

Chairman Baynes called the meeting of the Erie County Fiscal Stability Authority to order at 2:00pm. He thanked everyone for coming and welcomed his fellow Board members and the other interested members of the public and press and media in attendance.

The first thing Chairman Baynes pointed out was that, as ECFSA members were informed last week and the media has confirmed this week, the final budget agreement in Albany has restored the funding for efficiency grants to this Authority to \$18 million, as the Governor initially proposed in January. He recalled that the Legislative agreement in April sought to equalize the funding between Erie County and the City of Buffalo at \$10 million each by reducing the County funding by \$8 million and diverting that to the City, a diversion which the Governor then vetoed.

The final result has been the restoration to \$18 million for ECFSA and \$10 million to the City of Buffalo in efficiency grants. The law states that the County needs to develop and submit to this Authority a plan to use up to half of the \$18 million in efficiency grants for Authority approval and funding, proposals projected to save money in the long run. The ECFSA may then use the other half to provide budget grants to the County for documented savings achieved by restructuring and reengineering. The Finance Committee will be the initial step in the review and evaluation process.

He asked if other members would care to comment.

Approval of the Minutes

Chairman Baynes next stated that the minutes from the last meeting, June 14th, have been submitted by Secretary Keysa and were circulated to the members in their briefing books prior to the meeting.

Chairman Baynes asked for a motion to approve. Director Joyce moved to approve and Director Goodell seconded. Without further discussion the resolution was unanimously approved.

Resolution No. 06-26

APPROVING MINUTES AND RESOLUTIONS FROM JUNE 14, 2006

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its meeting of June 14, 2006 and ratifies and affirms 4 resolutions numbered 6-22 through 6-25 that were approved on June 14, 2006.

This resolution shall take effect immediately.

Organizational Matters

Chairman Baynes noted that several housekeeping matters need to be addressed. First, as reported in the media last week, the Vice-Chairman and Chair, in communication with the other members and with their approval, have concluded the search for a new Executive Director. The Chair asked the members to formally authorize the hiring of Kenneth J. Vetter to be the new Executive Director on the recommendation of the Chair and the Vice-Chairman. Baynes said “A resolution authorizing the hiring of Ken as Executive Director and formally accepting the resignation of a friend, Lee Van Riper, which was offered when Bill and I were named Chair and Vice-Chair, was circulated to all members in their briefing books for this meeting. Mr. Vetter will assume his new duties effective July 3rd and will be compensated at the Executive Director’s budgeted salary of \$110,000, annually. Lee will stay for a period to help Ken during this transition, at the Chair’s recommendation.”

Chairman Baynes asked for a motion to confirm the recommendations. Director Johnson moved and Director Kruly seconded. The motion was passed unanimously.

Resolution No. 06 - 27

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 requires professional staff to assist in performing its mission; and

WHEREAS, LeRoy Van Riper was recommended as Executive Director by the previous Chairman and Vice Chairman, and thereafter approved by vote of Directors, and

WHEREAS, LeRoy Van Riper has submitted his resignation as Executive Director of the ECFSA so as to permit the new Chairman to recommend someone of his own choosing; and

WHEREAS, LeRoy Van Riper has continued performing the duties of Executive Director until a suitable replacement is appointed; and

WHEREAS, the Chairman and Vice Chairman have determined that Kenneth J. Vetter is well qualified for the position of Executive Director, possessing training and experience that will allow him to rapidly commence the duties of Executive Director; and have recommended his appointment as Executive Director;

NOW THEREFORE, BE IT RESOLVED, that the ECFSA accepts the resignation of **LeRoy Van Riper**, effective on such date as the Chairman shall deem appropriate; and further,

BE IT RESOLVED, that the ECFSA authorizes the Chairman to offer the position of Executive Director to **Kenneth J. Vetter** subject to terms and conditions of employment as determined by the Chairman of this Authority; and further,

BE IT RESOLVED, that the Chairman is hereby authorized to continue the employment of LeRoy Van Riper through a brief transition period, and to approve the use by LeRoy Van Riper of accrued time and benefits in accordance with standard state guidelines as shall be calculated by the new Executive Director and approved by the Chairman.

This resolution shall take effect immediately.

Chairman Baynes then offered his congratulations to Ken Vetter, noting that he was not in attendance at the meeting but was at Legislative budget hearings.

Director Keysa extended his thanks to Lee Van Riper.

Chairman Baynes also thanked Mr. Van Riper, stating that Lee had moved to Buffalo from Albany and had done a tremendous job helping to establish the ECFSA.

Legal Counsel Update

Chairman Baynes stated that the Authority is waiting for responses to RFP's for General Counsel, to be received by July 5th.

Treasurer's Report

Director Kruly stated the Authority participated in setting up a Revenue Anticipation Notes (RAN) withholding account for 2005 notes. It was for the County's second RAN sale for \$80

million last July. The RAN comes due in a couple of weeks. He stated he would like to formally authorize the repayment of the RAN.

Chairman Baynes stated that Director Kruly had submitted a resolution for the Board to formally authorize the repayment of the County's 2005 RAN of \$80 million, plus interest, and it was previously distributed to the members for review.

Chairman Baynes asked for a motion to approve. Director Goodell so moved and Director Keysa seconded. Without further discussion the resolution was unanimously approved.

Resolution No. 06 - 28

WHEREAS, The Erie County Fiscal Stability Authority ("ECFSA") was created by Chapter 182 of the Laws of 2005, as amended (the "ECFSA Act"), 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 Act specified in subdivision 8 of Section 3965 that a county of Erie revenue anticipation note withholding fund be established by the Authority, at the request of the comptroller, for any revenue anticipation notes issued by Erie County in 2005, which fund shall constitute a special bank account for purposes of paragraph g of section 25.00 of the local finance law; and

WHEREAS, such fund was established with JPMorgan Chase Bank, N.A., as the paying agent, by the comptroller at the issuance of eighty million dollars (\$80,000,000) in revenue anticipation notes by Erie County on July 14, 2005, having a maturity date of July 13, 2006, and that such fund was transferred to the ECFSA on December 23, 2005; and

WHEREAS, the comptroller has been depositing repayment funds into such withholding fund according to the schedule provided in the 2006 monthly cash flow projections; and

WHEREAS, subdivision 8 of Section 3965 of such Act requires that, commencing on the date not less than five days prior to the payment date, the Authority shall pay to such paying agent from county tax revenues transferred and credited by the authority to the revenue anticipation withholding fund, the amount required to pay in full the principal and/or interest due on such payment date.

THEREFORE, BE IT RESOLVED that the ECFSA approves the payment from the revenue anticipation withholding account to the paying agent, JPMorgan Chase Bank, N.A., on July 7, 2006, the amount of eighty two million nine hundred ninety-one thousand six hundred sixty-six dollars and sixty-seven cents (\$82,991,666.67) for payment in full of the principal and interest due on such revenue anticipation notes.

This resolution shall take effect immediately.

Chairman Baynes stated copies will be transmitted to the County Executive, County Legislature and Comptroller Poloncarz.

Committee Reports

Audit Committee

Chairman Baynes stated that Vice Chairman Joyce chairs the Audit Committee and that the Committee met last Friday.

Vice-Chair Joyce stated the Audit Committee had met on June 23rd and reviewed the 2005 financial statement and management letters of ECFSA in draft form with the accounting firm of Toski and Shaeffer.

Director Joyce then read a quote from the independent audit report. "In our opinion the financial statements referred to above represent fairly and in all material respects, the financial positions of the governmental activities and general fund of the Authority, as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America."

Director Joyce continued by quoting more information from the audit. In regards to internal controls "we noted no matters involving the internal controls over financial reporting and its operation that we consider to be material weakness. The results of our test disclose no instance of non-compliance or other matters that would be required to be reported under Government auditing standards."

He continued by stating that the Audit Committee approved the financial statements and management letter as presented and a resolution had been circulated for the Authority to approve. Also, there is a second resolution proposed by the Audit Committee which voted to authorize a limited engagement audit by Toski and Schaefer, because the ECFSA is changing its Executive Director. It is estimated that the cost will be \$1,800-\$2,200 and that the audit will be performed in the month of July.

Chairman Baynes stated that resolutions to accept the independent financial audit for the 2005 ECFSA fiscal year and the interim audit had been proposed and asked, first, for a motion to approve the acceptance of the 2005 audit. Director Johnson so moved and Director Goodell seconded. The resolution was then unanimously approved.

Resolution No. 06 - 29

WHEREAS, The Erie County Fiscal Stability Authority ("ECFSA") was created by Chapter 182 of the Laws of 2005, as amended (the "ECFSA Act"), 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, Section 3971 of the ECFSA Act requires an annual financial audit to be performed by an independent certified accountant selected by the Authority, and, on approval, that such audit report be submitted to the county executive, the presiding officer, the comptroller, the governor, the state comptroller, the chair and ranking minority member of the state senate finance committee and the chair and ranking minority member of the state assembly ways and means committee; and

WHEREAS, the ECFSA engaged the firm of Toski, Schaeffer & Company, P.C., certified public accountants and an approved vendor for statewide auditing and accounting services by the New York State Office of General Services, to perform the annual independent financial audit for the Authority’s 2005 fiscal year as approved by the Directors of the ECFSA and authorized in Resolution 06-12; and

WHEREAS, such audit was reviewed and approved by the Audit Committee at a public meeting on June 23, 2006, and is recommended for approval by the ECFSA by that committee.

THEREFORE, BE IT RESOLVED that the ECFSA approves the independent audit for the 2005 fiscal year received from the firm of Toski, Schaeffer & Company, P.C., and approves its submission to the officials specified by Section 3971 of the ECFSA Act.

This resolution shall take effect immediately.

Chairman Baynes stated that the audit would be transmitted to the County Comptroller and State officials as required in the ECFSA Act.

Chairman Baynes asked for a motion accepting the recommendation of the Audit Committee to authorize the Toski firm to conduct an interim, limited engagement audit to coincide with the change in Authority management, at a projected price of \$1800 to \$2200.00.

Director Johnson so moved the following resolution and Director Joyce seconded.

Under discussion, Director Goodell stated he would like to make it clear that this resolution has nothing to do with the confidence the Board has in Mr. Van Riper. It is something that is routinely done when a change in upper management occurs.

The resolution was then unanimously approved.

Resolution No. 06 - 30

WHEREAS, The Erie County Fiscal Stability Authority (“ECFSA”) was created by Chapter 182 of the Laws of 2005, as amended (the “ECFSA Act”), 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 engaged the firm of Toski, Schaeffer & Company, P.C., certified public accountants and an approved vendor for statewide auditing and accounting services by the New York State Office of General Services, to perform the annual independent financial audit for the Authority’s 2005, 2006 and 2007 fiscal years as approved by the Directors of the ECFSA and authorized in Resolution 06-12; and

WHEREAS the Authority has authorized changing the Executive Director of this Authority by Resolution; and

WHEREAS it is always good practice to conduct an audit on a change of executive officers; and

WHEREAS, it is the recommendation of the Audit Committee, approved at a public meeting of June 23, 2006, to engage the firm of Toski, Schaeffer & Company, P.C., to perform an additional interim, limited engagement audit to cover the period from January 1, 2006 to mid-July 2006, or such date as specified in an engagement agreement with the independent audit firm, within an estimated cost of \$1,800 to \$2,200.

THEREFORE, BE IT RESOLVED that the ECFSA approves the recommendation of the Audit Committee and authorizes the Executive Director to procure the engagement of the independent audit firm of Toski, Schaeffer & Company, P.C., for an additional interim, limited engagement audit as specified by and with the approval of the Audit Committee.

This resolution shall take effect immediately.

Finance Committee

Chairman Baynes stated that Director Goodell chairs the Finance Committee and they also met last Friday. They have a recommendation for the Board to approve.

Director Goodell stated that there were two items on the agenda. First is a charter for the Finance Committee and that is still in draft form. Secondly, the Finance Committee requested that certain data on personnel head counts be formally requested from the County Administration so it can be used for monitoring progress toward cost objectives. The result is Resolution 06-31. Director Goodell moved the resolution be approved and Director Kruly seconded the motion. The following resolution was unanimously approved.

Resolution No. 06 -31

WHEREAS, The Erie County Fiscal Stability Authority (“ECFSA”) was created by Chapter 182 of the Laws of 2005, as amended (the “ECFSA Act”), 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 has a statutory responsibility to obtain from the County, and the covered organizations all information, financial statements and projections, budgetary data and information as the authority deems necessary or desirable; and

WHEREAS, the ECFSA has statutory authority to review the operation, management, efficiency and productivity of county operations and of any covered organization’s operations as the authority may determine, and make reports and recommendations thereon; and

WHEREAS, the Finance Committee of the ECFSA is seeking to review the public employee staffing requirements, positions and procedures in Erie County and recommends that the Chairman, or the Executive Director at the Chairman’s direction, formally request the necessary employee information from the Erie County Administration.

THEREFORE, BE IT RESOLVED that the ECFSA approves the recommendation of the Finance Committee and authorizes the Chairman, or the Executive Director at the Chairman’s direction, to formally request from the County Executive a spreadsheet listing budgeted positions by department, arrayed by appropriate employment categories of employment (i.e., full time, part time, regular part time, seasonal, per diem, etc.) and specifying, where appropriate, any dedicated source of funding (i.e., federal or state funding, grants, etc.) by position, a listing of individually contracted employees, by department, and a listing of the number of employees available to Erie County through contracts with outside vendors, and such other county employee data as may be appropriate and specified in such written request, to be delivered at least seven (7) days prior to the ECFSA’s next scheduled meeting, and updates to be provided as a matter of course and delivered at least seven (7) days prior to all subsequent ECFSA meetings.

This resolution shall take effect immediately.

Director Goodell noted that a letter would be going to the County Executive following the meeting requesting the information.

Human Resources

Chairman Baynes asked Director Kee, who is the Chair of the Human Resource Committee, if she had a Human Resources Committee report and she responded she did not at this time.

Governance Committee

Chairman Baynes asked Director Keysa, who is the Chair of the Governance Committee, if he had any update for the Governance Committee. Director Keysa responded that they are in the process of drafting different charters for each committee and seeking to modify the language to

reflect various responses to his requests for comment. He continued that the latest versions were as follows: Governance is in draft one, Human Resources is draft 2, Finance is draft 3, and Audit is draft 4.

Director Keysa asked the members to look at the most recent set of drafts and get back to him so that the Governance Committee can finish the By-Laws amendments.

County Leases

Chairman Baynes asked for County Attorney Laurence Rubin to come forward to the microphone in the audience. Baynes also stated that he was in receipt of the County Attorney's letter on leased office space.

Chairman Baynes continued: "You were sent a letter on May 18th from this Authority requesting all available information regarding current real property leases. You were informed in that letter that this Authority has raised questions on these leases on May 3rd and again on May 17th. On May 18th, Mr. Giambra sent me a letter indicating that he was aware that the Authority was seeking the information. He stated in his letter that he learned of our requests for all the leases from all the media reports. In that letter, dated May 18th, Mr. Giambra said, and I quote 'I would ask the ECFSA to allow us a minimum of 10 business days to respond most requests. You have my assurance that we will strive to respond in five business days when reasonably possible.' That was dated May 18th. In light of this and the Authority's request for County leases since May 3rd, Mr. Rubin has decided to deliver the leases at five minutes to five last evening. Why this is taking so long and why this is such a battle is unknown to me."

He continued by stating that this Authority has identified a reduction of office space as an opportunity for cost savings. "Mr. Rubin," he continued, "your unwillingness to help us does not speak well with for reducing cost in County government. Mr. Rubin, we have no reason to speak with you until we have more opportunity to review the leases we had just been presented. Our intentions are to save the taxpayers of this county millions of dollars. We take our responsibility, with which the Governor has entrusted us, very seriously. Mr. Rubin, we expect you to attend our next scheduled meeting which is July 26th, 2006 to discuss the long overdue leases."

Mr. Rubin objected to the portrayal of his response as late. Chairman Baynes said he expected Mr. Rubin's presences at the July 26th meeting and moved on to the next item on the agenda.

Social Services

Director Kruly stated that he received a summary of Social Service caseloads from the Administration and they were circulated in the briefing books. He continued that in the future he would like the Commissioner of Social Services and some of his staff to be invited to talk about the report.

Director Johnson added that it would be helpful if the Authority formally invited Commissioner of Social Services. He stated that, in the request, it should state that the Authority would like him to discuss the overall reengineering of the Department of Social Services, which takes up a large amount of the County budget.

Chairman Baynes agreed that the ECFSA should invite the Commissioner and stated the Authority will send the Commissioner a letter for his presence at a later meeting.

Director Kruly suggested, so the record is clear with Administration, that the Board approve a resolution authorizing the Chair to send a letter to the Commissioner of Social Services.

Director Keysa stated that such a resolution would be number 06-32 and would authorize the Chair to invite the Commissioner of the Social Services to make a presentation. He then composed the resolved clause of the following resolution which was moved by Director Kruly, seconded by Director Johnson, and unanimously approved by the Board.

Resolution No. 06 - 32

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 has a statutory responsibility to obtain from the County, and the covered organizations all information, financial statements and projections, budgetary data and information as the authority deems necessary or desirable; and

WHEREAS, the ECFSA has statutory authority to review the operation, management, efficiency and productivity of county operations and of any covered organization’s operations as the authority may determine, and make reports and recommendations thereon; and

WHEREAS, from time to time it will be necessary to request the presence of county administrators, or officers or administrators of covered organizations, to appear before the ECFSA to present data or explanations of certain policy and procedures.

THEREFORE, BE IT RESOLVED that the ECFSA supports the stated intent of the Chairman to request the presence of the County Commissioner of Social Services, Michael Weiner, at a future ECFSA meeting to discuss the potential for re-engineering of the Department of Social Services.

This resolution shall take effect immediately.

Erie Community College

Chairman Baynes stated that at the last meeting the Board indicated a desire to request President Mariani to appear and discuss the Erie Community College budget submission for 2006 – 2007. A resolution was approved at that meeting which asked the President to attend today’s meeting. The ECC receives an annual subsidy from the County and is a covered organization under the

ECFSA Act, since it has a direct financial impact on Erie County. Both the Buffalo Niagara Partnership Report and the original PFM four- year financial plan initiatives included proposals to phase out the County subsidy to the ECC, and to eventually have the College become financially independent. In the January modification to the four-year plan, the County Executive deleted that initiative and has since indicated that the County and the College may become more financially intertwined through a City campus expansion with County funding for capital expenses, if necessary.

“President Mariani, would you please provide the Board with your thoughts on your budget request and the County subsidy and capital funding proposals?” asked Chairman Baynes.

Mr. Mariani introduced the ECC trustees in attendance: “Trustee Lauren Lendway-Student Trustee, Trustee Nancy Gaglione, Trustee Patricia Krzesinski, Trustee Raymond Gallagher, and Trustee Adam Perry.” He continued by stating he would be discussing capital projects relative to the downtown education plan. There is nothing currently in the ECC budget, there is not a specific capital project request that was submitted by the ECC to the Legislature or the Executive branch for the upcoming year. The project is being managed and the resources are being accessed by the executive branch of government.

“We had our board meeting today and I have received correspondence from the Department of Environment and Planning. They have no firm commitments from the state and I have not heard of any communication from the Legislature relative to funds being approved for the downtown project.”

“There is a resolution in the Legislature in the Community Enrichment Committee that does support the downtown project and they are waiting for a capital projects submission from the County.” He continued by stating that he believed the County Executive was waiting to hear from the Governor’s Office to see if they are going to provide some resources in the area of economic development.

Mr. Mariani stated that he had spoken to the State University, the Deputy Chancellor Bob Brown and also to Phil Wood of the Dormitory Authority. “We have about \$10.7 million in capital project funds that are available through the state budget, to access those funds they have to be matched. They don’t necessarily have to be matched by the county. They can be matched by the private sector or a private donor.”

He stated that they would have a dialogue as to how much of that funding would be available for the downtown project. “The Governor’s Office was trying to determine how much could be accessed from the Economic Development fund. The Senate and Assembly voted on Friday on the State budget and there were some additions for SUNY campuses. There were no additions for ECC. To date we have not received any communication stating we have a funding source to match the revenue available in the State proposal.”

Mr. Mariani also stated that the County Executive had spoken to President Simpson from the University at Buffalo in regards to bringing the Educational Opportunity Project together with ECC.

Director Keysa stated that he had attended a presentation made by EC DEP Commissioner Drew Eszak earlier that morning that went into greater detail as to the downtown project. He indicated that they were looking at a facility that could include other colleges, as well to have space in the downtown area. Mr. Mariani responded that the concept is known as a “Communiversities.” He continued by stating it is a private structure that a variety of institutions could utilize. He stated that, as the President of the Western New York Higher Association which represents about 22 colleges in the area, he was aware that some of the colleges and universities have expressed interest in playing a role should a facility become available in the city.

Mr. Mariani stated that, if you look at the City Of Buffalo, you have finance institutions, hospital services and architecture. You bring the programs downtown to emulate. Law firms are looking for MBA’s, so let’s have an MBA program in the city. Hospitals are looking for advanced training for health sciences, so we can offer those services downtown.

Director Keysa stated that at the meeting this morning he learned they have drawn up a draft master plan for ECC and there is also a multi-year plan that ECFSA will need to review, to approve or disapprove the plan.

Mr. Mariani stated he is not sure what the role of the ECFSA is in regard to the college. He continued by stating that they wish to be cooperative and to help Western New York. He stated he had no problem providing the master plan information to the Board. “The Master Plan for our institution, there was an EIS study done and it was done over a two-three year period. We looked at how we could enhance our educational facility downtown.”

He continued by stating that the Board of Trustees of the college gave the County Executive and his staff the ability go forward with the initiative, with two requirements. “One being that no hiring be done on a consultant to design a master plan for our facility until funding was approved and it can be brought back to our board for approval. The second is there would be no demolition of the present site that is owned by the County and which is next to our Flickenger Center, until final approvals.”

Director Keysa asked if they were talking about the Great Lakes Building and Mr. Mariani stated yes. Director Keysa recalled that in his discussion with Drew earlier that morning the building is currently scheduled for demolition in September or October. Mr. Mariani stated that that was true, but they have not come back to our Board of Trustees yet to identify the actual funding sources. There are a lot of issues still being discussed.

Director Keysa stated that, in regards to the presentation, it should be repeated for the Authority so that the Board has an understanding of the relationship between the County Executive and operations at ECC. He continued by stating it would be helpful to know who the partners are that are being solicited to help the process.

Mr. Mariani stated that he would appreciate it if he himself, being President of ECC, and his Board of Trustees are notified if there are presentations being made by the County in regards to ECC. He did not mean to indicate there was no communication going on, but they have found that academic initiatives have been presented without ECC’s knowledge.

Director Keysa stated that in the ECFSA Act, Section 3957, Subdivisions d and e describes the relationship with the four -year plan of the college and promised to provide that statute to President Mariani.

Director Johnson asked if there was a connection with ECC to the Health Science program he is hoping to bring downtown to the Bio Medical campus.

Mr. Mariani stated that most of the activity that is going on at the Bio Medics center is at a higher level educationally, than at ECC, and included much research. Mariani continued that ECC had partnered with ECMC and Kalieda Health in the past. “We put together a committee with the three hospitals, the Catholics, ECMC and Kalieda, and we met over a period of three months. We met with the senior nursing staff and other administration officials and we put together a package that we presented to Kalieda and ECMC in regards to assisting ECC in developing its Health Science program in opening up slots in our nursing programs and health science area.” He stated that the Kalieda project is a \$350,000 dollar per year partnership. ECMC is not as aggressive but has a similar project.

Mr. Mariani added that “ECC is providing educational opportunities for their CNA’s and LPN’s, bringing them into our nursing program. We are upgrading their skills while they’re working and still getting paid their salary. In return, the students are signing an agreement to stay with the facility for three years after they graduate.” He continued by stating they are developing two more programs with the hospital, those being radiology technicians and pharmacy technicians with the hospitals.

Director Johnson noted that there were many proactive and faith-based organizations in the Ellicott community and asked if any collaboration was going on with that community.

Mr. Mariani stated they have met with the ministers from the community, and have set up educational programs for the community at their locations. They will transition them to the campus from this program, to develop a degree program. He continued by stating he believes there are currently 12 locations.

Director Joyce commended Mr. Mariani and stated that, in reviewing the budget, he noted that, for the last four years they have been “flat” in terms of county contributions. He continued, “with respect to your budget, in the next five years the County allocations are increasing about \$500,000 a year and it indicates a request that you will be asking the County for another \$90 million in capital projects.” He asked if that was the best estimate of what they will be asking the County for over the next five years.

Mr. Mariani stated that it was a projection. He stated there is an equitable share that the County needs to support in its educational institutions. “The State has set up a formula to determine what the partners in the process should bring to the table. Our students pay the most, the lowest component is Erie County. That is why we presented those figures. We can’t continue to operate without a partnership you can engage in and at some point we are going to need more support and that is why we projected what we projected.”

He continued that as far as the capital projects are concerned, “that projection is there because, if we were able to access it, fine. We were directed by the County Legislature to make sure what

we needed was asked for. We know the \$90 million is aggressive, but it is what the college needs over that period of time.”

Mr. Mariani stated that, while from a capital project standpoint the figure is aggressive, from a funding aspect they are wondering when it is their turn. He explained that, over the past three years the ECC Board of Trustees had received written promises that ECC would receive the County’s share of our salary, contractually negotiated increases. We were told we were going to get one-third...\$18 million dollars that we never received. He continued by stating that to make up for it, they had to make cuts as well.

Director Kee asked what type of fund balance the community college currently has.

Mr. Mariani responded that it was about \$4.7 million, 4.9 percent as a reserve fund balance. As far as the plan with the money which had been promised, “our Board of Trustees passed a resolution two years ago to address items we are going to be using the money for. One was security at the campuses for the students and faculty.”

Director Keysa stated “There is anticipated to be a drop in the population in Erie County from 960,000 in the year 2000 to 800,000 in the 2015. You have indicated a growth of 30 to 40 percent in student population. How do you anticipate more growth?”

Mr. Mariani responded that they engaged with economic development agencies, corporations and other businesses around Western New York. He stated that ECC is a major provider for training to businesses in Western New York.

“Secondly, we have engaged the people who have made past referrals to our institution. People who understand that we are providing training on a personal basis. Those people are figuring out they can send their child to a community college for \$2,800 a year versus \$22,000 a year.”

“The third area is our partnership with the health care facilities and the other partnership is our automotive relationships. Our auto center in the south towns was just expanded by General Motors and they also moved their technical training from Rochester to Buffalo for General Motors dealerships. Ford is closing their district office and moving it to the south campus also. Community colleges are economic tools.”

“Lastly,” stated Mr. Mariani, “we are very aggressive with our grant money. We just received a grant for training in real time court reporting and close captioning. “

Director Kee stated it was a good marketing tool with regards to students taking courses at community colleges and they can then use those credits at larger universities.

Chairman Baynes thanked Mr. Mariani for attending the meeting.

County Borrowings

Chairman Baynes stated the Legislature received the County Executive’s resolution for \$22 million in capital borrowing authorization last week and that the County Executive had essentially challenged the Legislature to amend it themselves if they were only willing to

authorize \$12 million. The Chair continued: “Everyone knows this Board resolved at its last meeting to publicly support the Legislative position to cap further capital borrowings at \$12 million for 2006.” He noted Comptroller Poloncarz was in attendance and asked if he wished to address the Authority.

Comptroller Poloncarz stated that the resolution was technically from his office and it was \$19.9 million, not \$22 million. There were some last night reductions because the County did not have SEQRA approval. They removed \$2 million dollars from what was sent over to the Legislature. He continued by stating that he had asked the Legislature to make their decision within the next three weeks because he will have to prepare an RFP, his office needs time for the responses and time to prepare an offering statement.

Director Keysa and Kee both stated their belief that the Board has the authority to make comments on the amount of the borrowing.

Chairman Baynes thanked Mr. Poloncarz for his participation and explanation.

Director Keysa stated that he believes that the Board has the authority to approve or disapprove ECC’s four-year plan and recommended that the Finance Committee should look at the plan.

2006 Financial Plan Discussion

Chairman Baynes stated that the Authority would next continue with the process started last month to review all initiatives, beginning with those with the most projected impact in 2006. He did note that Mr. Hartman was not in attendance to discuss them and surmised that he was at the County Legislative hearings.

Director Kruly started with initiative 51, which is increasing Medicaid and private insurance collection for early intervention program. “The document that Mr. Hartman gave us dated at the end of March indicates there is nothing in the budget for this item. For 2007, the four year plan assumes \$467,000 from this initiative but Mr. Hartman’s document only anticipates \$56,000. We have a lost opportunity.”

Initiative 19 concerns maximizing revenue potential of the secure youth detention facility. “Zero is projected in the budget for 2006, even though the four-year plan anticipated \$341,000 in savings. Initiative 128 concerned the reduction of the fleet for the County. “The four-plan was projecting a potential savings of \$333, 000 in the year 2006; again nothing is contained in the budget.” Item number 23 concerned realignment of the workforce at correctional facilities. “\$271,000 of savings was projected. Mr. Hartman has stated that it was contained in the budget.” Initiative number 1 in the four-year plan concerned increased green fees for County golf courses, \$329,000. “It is approved by the Legislature and contained in the budget.”

Director Kruly then addressed initiative 111, consolidating the 911 dispatching for emergency services and stated that it is contained in the budget. He continued with initiative 12, establishing supervision fee for probationers, \$252,000 anticipated in the budget, and pointed out that State legislation did not approve this proposal so we do not have further status on this.

Director Kruly stated initiative 60, increasing third-party health insurance collections which is \$250,000 in projected savings in the four-year plan, was assumed to be zero in the budget. Mr. Hartman noted previously that the proposal is not feasible. Continuing with initiative 108, expanding centralized human resources functions in the library system, \$250,000 is contained in the library budget, which is separate from the general budget of the County.

Director Kruly stated his last initiative for discussion at this meeting was 22, reducing inmate medical expenditures through various cost containment measures, a projected savings of \$230,000 and according to Mr. Hartman's notes that is in the budget.

He summarized that there are 85 recommendations in the Four-Year Financial Plan that have a dollar value in 2006. Of the 25 we have gone through so far, including the increase of property tax which occurred in November, ten of the 24 are not contained in the budget and the value of those ten in terms of the Four-Year Plan is \$8,423,000. Director Kruly stated that he considers this a lost opportunity. "This is a serious issue to consider."

"Two other initiatives out of the top 25 are in the budget but at a considerably reduced value, they are depreciated by almost \$1.5 million. When you add up the 12 items, 10 that are not contained in the budget and 2 that are in for reduced amounts, you have approximately \$10 million in lost saving opportunities." Kruly continued by stating he believes the four-year plan is falling apart and the ECFSA needs to address that.

Director Kee stated that what Director Kruly pointed out was very serious and the Authority needs to get clear information on the projects that were budgeted and where we are at with savings. She questioned how we resolve this. "For example, the initiative that would reduce pharmaceutical costs for inmates, which is the 340b program, this is a great opportunity to reduce costs by 40 percent. Are they doing it and to what extent?" She stated that we need to bring people in from the County departments that have jurisdiction over the initiatives.

Director Johnson stated that this is a major issue with us and the County is not trying hard enough to reduce the budget and bring about savings to the taxpayers. He spoke about initiative 19, contacting any other jurisdictions in regards to put the youth in these jurisdictions. He does not believe the Administration has explored community-based opportunities to bring about the savings. He continued by stating he sees nothing but stalling tactics coming from the Administration.

Chairman Baynes stated this Authority made it clear we want all information in a timely fashion and we will not tolerate this delay any longer. "We will demand the information and we hope it is provided."

Director Joyce suggested they get updated information on the initiatives before our next meeting which is July 26th so we can further discuss the information.

Director Goodell stated that, in regard to the Task Force that was formed to address the initiatives, at its last meeting there was very little response to the questions asked but he felt they needed to focus the questions on specific areas, so the County can bring the commissioner that is identifiable and responsible.

Director Kee suggested to the Chairman that the committees work on the items and then at the next Authority meeting they can have a strategic plan on how to deal with the initiatives and that we need to begin to look at initiatives for 2007. Director Kee continued by suggesting that a couple of the Committees might work together and put together a game plan for presentation at the next Board meeting.

Chairman Baynes stated he will make sure the Board will follow through with that suggestion.

Director Kruly observed that he did not see anybody in attendance at today's meeting from the Administration and stated that he thought that was absolutely terrible. Chairman Baynes noted that several Legislators had joined the audience and asked if they knew whether Mr. Hartman was on way. The response was that he was probably still at the legislative budget hearing.

Chairman Baynes stated that the lack of cooperation from the Administration is frustrating and sad and the taxpayers are getting short-changed. He continued by stating again that it won't be tolerated. He stated that it should be noted Comptroller Poloncarz has been to every meeting and we appreciate that and recognize that he is not part of the Administration.

Chairman Baynes then asked if there was any new business for the Board.

Director Joyce stated he had the occasion to sit in on the Erie County Legislature's budget hearings, the semi-annual budget hearings, and he stated that it was very informative and a heartening process. He felt it was also very prudent and a fiscally responsible process. He applauded Chairwoman Lynn Marinelli and all those who helped organized the process and hoped it will continue as a legislative process in years to come, regardless of the financial circumstance.

At 3:19 p.m., Chairman Baynes asked if there was any other business. Upon hearing none, he asked for a motion to adjourn. The motion was made by Director Johnson, seconded by Director Goodell, and unanimously approved.

Respectfully submitted,

Stanley Jay Keysa
ECFSA Secretary