

**Minutes
Erie County Fiscal Stability Authority
October 19, 2006**

Note: the following is a draft copy of minutes of a meeting of the Erie County Fiscal Stability Authority (“ECFSA”), which was held October 19, 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 to order the meeting of the Erie County Fiscal Stability Authority (“ECFSA”) at 11:00 am on Thursday, October 19, 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 Keysa, Secretary; Kenneth Kruly, Treasurer; Joseph Goodell; Sheila Kee and John Johnson

Others Present: Kenneth Vetter, Executive Director

Opening Remarks

Chair Baynes welcomed directors, staff and audience by saying: “On behalf of the Fiscal Stability Authority, I’d like to thank you for attending today’s meeting. This has been a rough week for the residents of Erie County due to the storm that rolled in last Thursday. My fellow directors and I are proud to be members of the Erie County community, a community that has shown the rest of the country the true meaning of toughness, caring and compassion in the face of adversity.”

We are holding this meeting today to obtain more information on Erie County’s new four-year plan and 2007 budget. County Executive Joel Giambra is here to make a presentation later in the meeting.

Approval of September 28th Minutes

Chair Baynes continued: “The first order of regular business is to approve the minutes of the last meeting on September 28th. They have been submitted by Secretary Keysa and were circulated to the members in their briefing books prior to this meeting.” Director John Johnson moved to approve the minutes as presented and Director William Joyce seconded. Without further discussion the board voted unanimously to approve the following resolution:

Resolution No. 06-43

APPROVING MINUTES AND RESOLUTIONS FROM SEPTEMBER 28, 2006

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its meeting of September 28, 2006 and ratifies and affirms 2 resolutions numbered 06-41 and 06-42 were approved on September 28, 2006.

This resolution shall take effect immediately.

III. Committee Reports

A. Governance

Chair Baynes noted: “Secretary Keysa, in his role as the governance committee chair, has brought forward revised By-Laws for the Stability Authority. Mr. Keysa, would you like to run through the process for By-Law revisions?”

Director Keysa stated that the process was to first circulate ideas to the governance committee, obtaining comments, and then to circulate drafts to the other directors and Executive Director of the Authority for review and comment. “We hope to have revisions that can be voted on ready for the next meeting.”

B. Finance

Chairman Baynes stated that the next order of business was a report from the finance committee. “Director Goodell, in his role as the finance committee chair, has been leading a process that will enable the Fiscal Stability Authority to issue bonds, if appropriate at some point in the future. Director Goodell’s committee met to finalize its recommendations just before the board meeting today.”

Director Goodell reported that the finance committee had met and recommended candidates for bond counsel, financial advisor, senior and junior underwriter. “The committee recommended approval of Capital Markets Advisors, LLP as the financial advisor.” Director Goodell moved for approval of the resolution, seconded by Director Joyce. The Directors then unanimously approved the following resolution:

Resolution No. 06-45

APPROVING ENGAGEMENT OF CAPITAL MARKETS ADVISORS LLC AS FINANCIAL ADVISOR

WHEREAS, the Erie County Fiscal Stability Authority (“ECFSA”) was formed by Chapter 182 of the Laws of 2005, as amended, 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 require professional assistance in performing its mission; and

WHEREAS, the ECFSA has issued a request for proposals for financial advisory firms to provide necessary financial advisory services to the Authority. Upon receiving such proposals, an evaluation process was done to provide reasonable assurance that the firm chosen would meet the bonding needs of the Authority in an efficient and effective manner;

NOW THEREFORE BE IT RESOLVED, that the ECFSA engage the firm Capital Markets Advisors, LLC to provide such financial advisory services as requested by the Chairman for a period not to exceed one year from the signing of the letter agreement with the firm.

BE IT FURTHER RESOLVED that this resolution shall supersede any previous resolutions of the Authority with regard to contracting for legal services

This resolution shall take effect immediately.

Director Goodell continued by reporting that the finance committee had selected Roosevelt and Cross for senior-underwriter. Chairman Baynes asked for approval of a resolution approving the selection, which was moved by Director Johnson and seconded by Director Kee. The Directors then unanimously approved the following resolution:

Resolution No. 06-46

APPROVING ENGAGEMENT OF CAPITAL ROOSEVELT & CROSS, INC.

WHEREAS, the Erie County Fiscal Stability Authority (“ECFSA”) was formed by Chapter 182 of the Laws of 2005, as amended, 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 require professional assistance in performing its mission; and

WHEREAS, the ECFSA has issued a request for proposals for senior underwriting manager of potential authority financings to provide necessary financial underwriting services to the Authority. Upon receiving such proposals, an evaluation process was done to provide reasonable assurance that the firm chosen would meet the bonding needs of the Authority in an efficient and effective manner;

NOW THEREFORE BE IT RESOLVED, that the ECFSA engage the firm Roosevelt & Cross to provide such senior manager underwriting services as requested by the Chairman for a period not to exceed one year from the signing of the letter agreement with the firm.

BE IT FURTHER RESOLVED that this resolution shall supersede any previous resolutions of the Authority with regard to contracting for legal services

This resolution shall take effect immediately.

Director Goodell reported that the committee selected Keybank Capital Markets as co-manager. Director Goodell moved to approve the selection and Director Kruly seconded. The Directors then unanimously approved the following resolution.

Resolution No. 06-47

APPROVING ENGAGEMENT OF KEYBANC CAPITAL MARKETS

WHEREAS, the Erie County Fiscal Stability Authority (“ECFSA”) was formed by Chapter 182 of the Laws of 2005, as amended, 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 require professional assistance in performing its mission; and

WHEREAS, the ECFSA has issued a request for proposals for co-underwriting manager of potential authority financings to provide necessary financial underwriting services to the Authority. Upon receiving such proposals, an evaluation process was done to provide reasonable assurance that the firm chosen would meet the bonding needs of the Authority in an efficient and effective manner;

NOW THEREFORE BE IT RESOLVED, that the ECFSA engage the firm Keybank Capital Markets to provide such co-manager underwriting services as requested by the Chairman for a period not to exceed one year from the signing of the letter agreement with the firm.

BE IT FURTHER RESOLVED that this resolution shall supersede any previous resolutions of the Authority with regard to contracting for legal services

This resolution shall take effect immediately.

Director Goodell continued by stating that the committee selected Phillips Lyttle, LLP for bond counsel and moved to have the board approve. Director Johnson seconded. The Directors then unanimously approved the following resolution:

Resolution No. 06-44

APPROVING ENGAGEMENT OF PHILLIPS LYTLE LLP AS BOND
COUNSEL

WHEREAS, the Erie County Fiscal Stability Authority (“ECFSA”) was formed by Chapter 182 of the Laws of 2005, as amended, 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 require professional assistance in performing its mission; and

WHEREAS, the ECFSA has issued a request for proposals for law firms to provide necessary bond counsel services to the Authority. Upon receiving such proposals, an evaluation process was done to provide reasonable assurance that the firm chosen would meet the bonding needs of the Authority in an efficient and effective manner;

NOW THEREFORE BE IT RESOLVED, that the ECFSA engage the firm Phillips Lytle LLP to provide such bond counsel services as requested by the Chairman for a period not to exceed one year from the signing of the letter agreement with the firm.

BE IT FURTHER RESOLVED that this resolution shall supersede any previous resolutions of the Authority with regard to contracting for legal services

This resolution shall take effect immediately.

Director Johnson thanked Director Goodell and the rest of the finance committee for all their hard work. He continued by noting that the solicitation process was under New York State procurement practices, including those regarding MBE and WBE applicants.

Chairman Baynes stated that the Board received the County’s new four-year plan and 2007 recommended budget yesterday morning and that members of the Authority’s Board are eager to get more information on the proposals. “We have invited the County Executive to give us an overview of the 4-year plan and the 2007 proposed budget.” He invited County Executive Giambra, to step to the podium. .

County Executive Giambra thanked Chairman Baynes for the opportunity to speak at the meeting. He opened by stating: “The 2007 budget presented to the Erie County Legislature yesterday can be summed up in a three words – Continuity, Calm and Community.”

“The 2007 Executive Budget continues my commitment to keep Erie County real property taxes as low as possible. There is no tax increase needed in 2007, 2008, 2009 or 2010. There will be no County-wide increase in the tax rate next year or through 2010.

“The County tax rate in 2007 will be \$4.86 per \$1000 of assessed value. That is two dollars less than it was in 1999 when it was \$6.85 per \$1000 of assessed value. By comparison, the current rate is \$7.91 in Monroe County and \$9.16 in Niagara County.

“This budget presumes the continuation of the three-quarters percent sales tax. The net County revenue from this tax is required in order to fund the increased cost of Medicaid and other State-mandated expenditures. If Medicaid had not risen \$75 million in cost since 1999, we would not need this \$75 million in revenue. It did, so we do. It’s that simple.

“But we must nevertheless maintain continuity in essential County services, and in this budget, essential County services will continue with no major changes.

“Consistent with my commitment, the Erie County Sheriff’s road patrol is fully budgeted in 2007. In this budget, we have not counted on any contribution from those municipalities which utilize the road patrol instead of paying for their own local police force. I made that commitment for 2007 while we undertake a community-wide study on how best to provide regional policing. My 2007 budget provides funding for that study. The last time our community took a real look at this issue was in 1968. It’s long overdue and the money is in my budget to make it happen.

“We are continuing our commitment to Erie Community College. ECC will receive the amount of operational support that the college administration requested. In addition, the Erie County capital budget includes \$15 million for our County commitment toward the construction of a new \$45 million dollar expanded central community college campus in downtown Buffalo.”

Mr. Giambra continued by stating that his budget also includes an important commitment to the continuity of this community. “This administration has invested year after year not only in the restoration of special community assets, but also in the ongoing support of the performing arts, the visual arts, and in the sustenance of our cultural infrastructure. We do this because this is who we are. During the budget disruption of 2005, Erie County’s commitment faltered. Not this year, and if I had my way, it would never happen again. Never again should this community walk away from the very core of its unique identity. Therefore, in my 2007 budget, we are continuing our commitment to developing our unique and valuable cultural assets as a critical tool of the region’s economic development strategy. The 2007 Budget restores cultural funding to its 2004 level of \$5,500,000.

“My proposed budget reflects my conviction that Erie County’s commitment to this community must continue. So we are investing in our community; with bricks and mortar like the Buffalo Zoo’s South American Rain Forest; the internationally- acclaimed

restoration of Frank Lloyd Wright's Darwin Martin House complex; and with the funding necessary for our world-class cultural organizations to put out the welcome mat for residents and tourists alike.

"We are accomplishing all of this as we calmly and methodically restructure County government to work smarter, better and cheaper.

"The 2007 Budget has 861 fewer jobs than were in the 2004 budget. We are accomplishing this through cooperation with local municipalities and through the aggressive use of our new information technology infrastructure.

"Meanwhile, policy innovations of the past few years continue to function. The Olmsted Parks will continue as a national model for public, private and inter-municipal cooperation. The County contract will continue.

"Sewer District consolidation will be continuing, to ensure that adequate resources are available for this vital infrastructure. Our Division of Sewerage Management will move forward with its own self-funded restructuring of its information technology infrastructure."

County Executive Giambra continued: "The development of a regional public safety campus as the spine of an expanded downtown Erie Community College is continued in this budget. Our vision for the role of higher education as a key part of downtown's revitalization is now a key component of the master plans for the City of Buffalo and the University at Buffalo.

"This is the first budget that reflects our consolidation of the Departments of Public Safety and Emergency Management. As we have seen throughout this crisis, it is absolutely imperative for the health and safety of this region that we maintain continuity, and professionalism, and adequate support. This budget meets those needs.

"This budget also reflects a major commitment to a unified regional structure for answering 911 calls. The centerpiece of this effort is in our public safety campus. We will maintain continuity of operations through the use of revenues from the E-911 surcharge. This community can live with this arrangement because it is all about protecting life and protecting property.

"This budget is presented in the context of the four-year plan for 2007-10. This Executive Budget is the first year of that plan and assumptions for the three future years flow from the baseline revenues and expenses in 2007. This four-year plan, which is being presented today to the Erie County Fiscal Stability Authority, indicates that our future year budget gaps are reasonably forecast and within the firm capability of the County to manage.

"Let me summarize the highlights of this plan:

“The incremental growth of the annual budget gaps is smaller than forecast a year ago. We estimate those gaps to be \$9.9 million in 2008, \$11.1 million in 2009, and \$11.2 million in 2010.

- “We propose to close those gaps as follows: 1) extension of the original PFM matrix efficiencies to an annual value of \$42 million by 2010, 2) a three-year program of further headcount reduction by managed attrition, 3) elimination of the County’s cost for Sheriff’s road patrol by 2010, and 4) a collective bargaining strategy that offsets any wage increases with concessions on health care and work rules.
- “Again, there is no increase in the County-wide property tax rate in the four-year plan. Let me repeat: We are not proposing to raise tax rates in the period from 2007 to 2010.

“The 2007 Executive Budget is submitted as an important step in this community’s efforts to recover stability. I believe there is a new spirit of cooperation and I trust that the County Legislature’s review of this document will be undertaken in that spirit.

“Thank you.”

Chairman Baynes asked the Board if anybody had any questions, and there were none. Mr. Hartman stepped to the podium but it was decided that he would go through the budget and four-year plan at the next finance committee meeting that will be held on Monday, October 23rd at 11:00 am.

With no further business, Chairman Baynes asked for a motion to adjourn the meeting. Director Joyce moved to adjourn; Director Johnson seconded, and the motion was unanimously approved at 11:20 am.

Respectfully submitted,

Stanley J. Keysa
Secretary