

**Erie County Fiscal Stability Authority  
Minutes of Finance Committee Meeting held October 22, 2007**

*(Note: the following is a draft copy of minutes of a meeting of the Finance Committee of the Erie County Fiscal Stability Authority ("ECFSA"), which was called for October 22, 2007 at 12:15 p.m. in the Auditorium of the Erie County and Buffalo Public Library. These minutes will not become final until approved at a subsequent meeting of the ECFSA Finance Committee, and may be amended before approval)*

Present: Chair Joseph Goodell, Director Kenneth Kruly and Executive Director Kenneth Vetter. Director Glaser joined the meeting while in progress.

Chair Goodell: "Good Afternoon. It is currently 12:15 p.m. We would like to call the meeting of the ECFSA finance committee to order. The minutes have been distributed prior to the meeting. Could I get a motion to approve Mr. Kruly?"

Director Kruly moved to approve the minutes, Chair Goodell seconded and the resolution was unanimously approved.

Chair Goodell: "Next on our agenda, there are three RFP's that have been issued by the ECFSA. The contracts were distributed and reviewed prior to this meeting. Mr. Vetter, if you could, take us through them."

Executive Director Vetter: "Thank you Mr. Chairman. Last year at around this time, the ECFSA solicited RFPs for financial advisor, bond counsel and underwriters. They were for one year and the financial advisors' contract was extended for a 60 day period at our last meeting. The agencies that we went through included a list of solicited potential financial advisors, MWBE agencies, the Contract Reporter and Business First. We feel we had a thorough process."

"For financial advisors, there is a significant cost differential between Capital Markets and PRAG, Public Resources Advisory Group. We have an advantage in staying with Capital Market. For a principal, it costs \$200.00 with Capital Market and \$350.00 with PRAG. For an analyst, it costs \$100.00 with Capital Market and \$200.00 for PRAG. From a staff standpoint, they are both excellent firms. What services have been provided the ECFSA could be provided by PRAG but I would not put a significant weight on the difference in the service that is being provided, that it would be better than the current provider. It would be the suggestion of staff at this point, based on our experience with Capital Markets Advisors, that it does provide us the service that we are looking for and that the cost differential between the two, the staff recommends to the finance committee to consider

approving Capital Markets Advisors to be the financial advisors for the Authority.”

Chair Goodell “Director Kruly do you have any questions?”

Director Kruly: “I have only one question Mr. Vetter. Capital Markets has performed these services for other firms?”

Executive Director Vetter: “Yes.”

Chair Goodell: “We are not getting amateurs?”

Executive Director Vetter: “No, the principal we work with, Mr. Neumeister, has worked with the Division or Budget in the City of Buffalo and also with Erie County, I believe, as the Deputy Budget Director at one time. If we were to look at the market right now, in the City of Niagara Falls, which has a similar bond rating as the County, Mr. Neumeister has been helping them in their efforts. We have been working with Capital Markets Advisors for a considerable amount of time and have a good working relationship.”

Chair Goodell: “I would then recommend to the board to engage Capital Markets Advisors as our financial advisors.”

Director Kruly moves and Chair Goodell seconds and the Committee votes unanimously to make the recommendation to the Board.

Director Glaser joins the table

Chair Goodell: “I’d like to welcome Mr. Glaser to the meeting.”

Executive Director Vetter: “Mr. Chairman, if I could, we have received two proposals for our bond counsel. We received one from Philips Lytle and another from Harris Beach and as you look at page three the costs are for partner \$365.00 and \$325.00 for Phillips Lytle. For an associate these are averages and vary in the proposal for specific dollar amounts. For associates the cost for Phillips Lytle is 217.50 versus the \$240.00-\$300.00 for Harris Beach. There are the costs for a paralegal. Not knowing because we haven’t had to use Bond Counsel yet, or made any kind of payments. Not knowing the exact configuration of the services that paralegals do is extremely difficult to determine what the actual costs would be in two out of the three categories. There is no guarantee that they could change costs so from a staff point of view, our dealings with Phillips Lytle have been very satisfactory and it would be the recommendation of

staff that we stay with our current bond counsel. They have been very responsive and their costs are reasonable.”

Chair Goodell: “Okay, are you going to recommend this for one year or three?”

Executive Director Vetter: “Staff would recommend that we engage Phillips Lytle for one year and get back to the committee about extending the contract for bond counsel when this contract is up.”

Chair Goodell: “Okay, Mr. Kruly any comments?”

Director Kruly: “We have had an adequate working relationship with Phillips Lytle. I would recommend that we chose them and recommend this to the full board, with that I make a motion.”

Chair Goodell seconded Director Kruly’s motion and the committee unanimously voted in favor to recommend Phillips Lytle as bond counsel to the full board.

Executive Director Vetter: “The last one is with regards to underwriters. We are looking at senior and co-managing underwriters. There are six that responded. They are Roosevelt Cross, Key Banc, Loop Capital, Merrill Lynch, Raymond James and Alexandra & James. All of them are good firms and each one of them, if you look at the second line underneath the name of the firm, some of them sent in a proposal to be senior manager, some co-manager and others both. Out of the six who actually responded, there is one firm, at the determination of the staff, that we would not recommend for consideration. If you look at the data, Raymond James did not submit the required cost proposals. I spoke with a representative and he has indicated to me that it was an oversight on their part. Unfortunately, I indicated to him that the deadline was over. Given that, as staff, we would suggest that remaining five organizations by this finance committee to be used as a pool for potential borrowing procedures, much like is done by NIFA. What they do is prequalify underwriters and then get specific pricing on the underwriters as the deal approaches and they save a great deal on pricing that way. With all that being said, and that being so, we as staff think that this is in the best interest of the board, that approval of these five firms and that with a specific transaction that the bids will come in and that the authorization will be given based on what this board determines is that best deal.”

Chair Goodell: “That doesn’t mean we are locked into these certain rates?”

Executive Director Vetter: “No. Each of these rates is different for each firm and those could change. In these kinds of markets, there are different

firms that bring different strengths. For instance, even though Merrill Lynch does have the management fee there are pieces that Merrill Lynch could bring to the table that could be less costly.”

Chair Goodell: “Okay, Director Kruly do you have any questions?”

Director Kruly: “Mr. Vetter, based on the research that you have done on Nassau County, they have received requests successfully and even in their advisory status they have saved Nassau County a lot of money. Based on your suggestion of using a pool of underwriters, I suggest that we accept the staff’s suggestion. I will make a motion.”

Chair Goodell seconded and the committee voted unanimously to recommend a pool of five underwriters: Roosevelt Cross, Key Banc, Loop Capital, Merrill Lynch and Alexandra & James, to the full board.

Chair Goodell: “Do you have any suggestions that we should consider here?”

Executive Director Vetter: “No, Mr. Chairman, I am assuming that, at the full board meeting, these recommendations be made and at this committee meeting all items have been raised.”

Chair Goodell: “Okay, if there is no further business, I would entertain a motion to adjourn.”

Director Kruly moved to adjourn the meeting of the finance committee, Director Glaser seconded and the committee voted unanimously to adjourn.

Respectfully submitted,

Stanley J. Keysa  
Secretary