

**Minutes
Erie County Fiscal Stability Authority
March 26, 2007**

The meeting was called to order at 2:00 p.m. in the auditorium of the Buffalo & Erie County Main Library in downtown Buffalo. Present were Directors Anthony Baynes, Joseph Goodell, John Johnson, Shelia Kee, Stanley Keysa and Kenneth Kruly.

Opening Remarks

Chairman Baynes: “I call this meeting of the Erie County Fiscal Stability Authority to order. I welcome my fellow Board members. We have a full agenda today including a presentation from Marcy Block of Capital Market Advisors and some internal business items including our annual report, investment guidelines and audited financial statements, as well as a series of contract approval items. Our first order of business is to approve the minutes of the March 2, 2007 full board meeting. They have been submitted by Director Keysa as Secretary and submitted to the board members in their briefing book prior to the meeting. Do I have a motion to approve?”

Director Kruly moved to approve the minutes as presented and Director Johnson seconded. Without further discussion the board voted unanimously to approve the following resolution:

Resolution No. 07-14

APPROVING MINUTES AND RESOLUTIONS FROM MARCH 2, 2007

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its March 2, 2007 meeting and ratifies and affirms eight resolutions numbered 07-06, 07-07, 07-08, 07-09, 07-10, 07-11, 07-12 and 07-13 which were approved on March 2, 2007.

This resolution shall take effect immediately.

Chairman Baynes: “Thank you Stan. I have asked Executive Director Ken Vetter and Director Joseph Goodell to provide information regarding the 2006 Erie County Fiscal Stability Authority’s audited financial statements that were reviewed by the audit committee prior to this meeting. I believe Director Keysa is now the chairperson of that committee.”

Director Keysa: “It occurred that way by default. We realized as we went into the meeting that Bill Joyce had been the Chair of that committee previously. I must have turned my back, but the other members decided that I was to be the new chair. We had a good meeting this afternoon with Joseph Klimek of the auditing firm Toski & Schaffer and reviewed at length the materials that have been provided to us. We had an opportunity to discuss those with him in executive session and to ask additional questions that we felt were appropriate at that time and came back out in open session. Based upon that, the committee elected to recommend to the full board acceptance and approval of the audited financial statements for 2006. I might add we also discussed with Klimek a number of procedural questions, some things that need to be done as standard operating procedures. It is clear that we had a transfer of staff, we had three quarters of the staff turn over during that time-frame and, in the process, a few things became clear that we need to

have a new set of operating procedures or more detailed if you will. Our understanding is that those changes in fact have already been made. The Executive Director will follow up with a written report in the next several weeks detailing what those internal procedures are. We also asked that there be suggestions made to the governance committee of changes to the Bylaws of the Authority, specifics in the Bylaws so as to make sure that we have covered all the questions that came up during the audit. With that, the committee recommends to the full board that the audited financial statements be accepted.”

Chairman Baynes: “Great. Any questions?”

Director Kee: “Just a comment Mr. Chairman. I am delighted that the Authority’s total spending for last year was substantially reduced compared to the previous year. Total operating expenses were just under \$485,000, which was a 57% decrease from the prior year. Spending last year was \$631,000 less than the prior year and for that investment we have accomplished a tremendous amount. I congratulate my colleagues and the staff for their hard work.”

Chairman Baynes: “Thank you and very well said.”

Director Keysa: “I would like to note that there are provisions in the budget that from time to time there may be the need to hire more staff. We may not get cooperation on a number of issues at some point. The expenditures from last year were down 31% from the prior year.”

Chairman Baynes: “I would like to congratulate everyone also. There have been reports that we spend up to two million dollars each year and this is just not the case. Since this board has been together, which is just a little over a year now, you will see that we spent \$480,000. We are a long way from \$2 million, and it is not our intention to waste taxpayer’s money. May I have a motion to approve the 2006 audited financial statements?”

Director Goodell moved to approve the 2006 audited financial statements as presented and Director Johnson seconded. Without further discussion the board voted unanimously to approve the following resolution:

Resolution No. 07-15

APPROVING THE 2006 ANNUAL FINANCIAL AUDIT

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority (“ECFSA”), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie] 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 is a public authority of the State of New York and, as such, section 3971(1) of the New York Public Authorities Law (“Public Authorities Law”) requires the ECFSA to select an independent certified accountant to perform its annual financial audit; and

WHEREAS, in adopting Resolution 06-12 on May 3, 2006, the ECFSA selected Toski, Schaefer & Co., P.C., which the New York State Office of General Services has approved as a statewide vendor of auditing and accounting services, to perform its annual financial audit for fiscal years 2005 through 2007; and

WHEREAS, Toski, Schaefer & Co., P.C., has completed the ECFSA 2006 annual financial audit (the "2006 Audit"), and presented it to the Audit Committee during an open meeting on March 26, 2007; and

WHEREAS, section 2800(3) of the Public Authorities Law further requires the ECFSA to approve a financial audit for fiscal year 2006; and

WHEREAS, the Audit Committee has recommended approval of the 2006 Audit;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA hereby approves the 2006 Audit, a copy of which is attached to this resolution; and

BE IT FURTHER RESOLVED that the 2006 Audit be submitted to the Erie County Executive, the Presiding Officer of the Erie County Legislature, the Erie County 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, as required by section 3971(1) of Public Authorities Law.

This resolution shall take effect immediately.

Chairman Baynes: "Executive Director Vetter would like to continue with the investment guideline resolution."

Executive Director Vetter: "Mr. Chairman, if I could, among the technical issues this board approved on May 17, 2006 investment guidelines that the Authority had been following for the last year under Public Authorities Law section 2925. The Authority is required to review those on an annual basis, make any necessary and appropriate changes, or adopt "as is". We have reviewed the investment guidelines and are indicating to the board that the guidelines that are in place are appropriate, have been followed and are in compliance with state authorities law and really asking that the board approve to the investment guidelines to be in compliance with state authorities law."

Chairman Baynes: "Any questions concerning that? May I have a motion to approve the investment guidelines?"

Director Kee moved to approve the investment guidelines as presented and Director Kruly seconded. Without further discussion the board voted unanimously to approve the following resolution:

Resolution No. 07-16

APPROVING INVESTMENT GUIDELINES

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority ("ECFSA"), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to "oversee [Erie] 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 is a public authority of the State of New York and, as such, is governed by certain state laws that require the adoption of investment guidelines; and

WHEREAS, in order to comply with state law, it was necessary for the ECFSA to adopt investment guidelines, as required by sections 2925 and 3954 of the New York Public Authorities Law; and

WHEREAS, the ECFSA adopted such investment guidelines in Resolution 06-16 on May 17, 2006; and

WHEREAS, in order further to comply with state law, it is necessary for the ECFSA to review and approve its investment guidelines at least annually; and

WHEREAS, the Board of Directors of the ECFSA has reviewed the investment guidelines currently in effect; and

WHEREAS, the Board of Directors has reviewed and approved the 2006 independent auditors' report on compliance with investment guidelines ("the report on compliance"), which found that the ECFSA complied, in all material respects, with the provisions of the "Investment Guidelines for Public Authorities;"

WHEREAS, upon review of those guidelines and the report on compliance, the ECFSA finds that the investment guidelines do not need to be amended at this time;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA hereby approves for use the investment guidelines attached to this resolution.

This resolution shall take effect immediately.

Chairman Baynes: "Mr. Vetter, one more thing; could you report on the Annual Report?"

Executive Director Vetter: "Mr. Chair, in compliance with the audited financial statements and the investment guidelines, there really is a reason for the sequence of the agenda: the financial statements, then the investment guidelines. Those are two components of the annual report that we are required under state Public Authorities Law sections 2879 and 2935.6 to have approved by the board and forwarded to the appropriate state officials by the last day of March 2007. The annual report has been circulated. It was initially circulated via e-mail two weeks ago for review of the board and subsequent to that with recent and at this point in being in compliance with Public Authorities Law, the staff is suggesting that this annual report be passed by the board to be sent to the appropriate officials as required by the state.

Chairman Baynes: "Any questions or comments. Could I get a motion to approve the 2006 annual report?"

Director Goodell moved to approve the annual report and certain reports contained therein as presented and Director Johnson seconded. Without further discussion, the board voted unanimously to approve the following resolution:

Resolution No. 07-17

APPROVING THE 2006 ANNUAL REPORT AND CERTAIN REPORTS CONTAINED THEREIN

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority ("ECFSA"), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to "oversee [Erie] 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 is a public authority of the State of New York and, as such, is governed by certain state laws that require preparation, certification, and approval of a complete and detailed annual report for fiscal years beginning on or after January 1, 2006; and

WHEREAS, section 2800 of the New York Public Authorities Law ("Public Authorities Law") requires the ECFSA to prepare, certify, and approve a complete and detailed annual report; and

WHEREAS, Public Authorities Law sections 2879(7) and 2925(6), respectively, also require the ECFSA to prepare and approve an annual report on procurement contracts and an annual investment report; and

WHEREAS, the ECFSA may include an annual report on procurement contracts and an annual investment report as part of its annual report for 2006;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA hereby approves its 2006 Annual Report, a copy of which is attached to this resolution, and the annual report on procurement contracts and the annual investment report contained therein; and

BE IT FURTHER RESOLVED that, on or before March 30, 2007, the ECFSA 2006 Annual Report be submitted to the governor; the state comptroller; the state senate finance committee; the chair and ranking minority member of the state senate finance committee; the state assembly ways and means committee; the chair and ranking minority member of the state assembly ways and means committee; the state division of the budget; and the department of economic development, pursuant to sections 2800(1)(a), 2879(8)(a), and 2925(7)(a) of Public Authorities Law; and

This resolution shall take effect immediately.

Chairman Baynes: "Office staff has circulated contracts requiring approval and a matrix with the highlights of those contracts. I am looking to follow the same process we initiated at our last meeting in approving the agreements. Mr. Vetter, would you like to go through the slate?"

Executive Director Vetter: "Yes, Mr. Chairman. In being consistent with our previous meeting, the first in which this process had taken place, staff has circulated all of the contracts received from the County that would require approval of the full board in a timely fashion. The first four pages of matrix that is in your encompass twenty contracts for approval where there have been no questions or members of the board have raised question that have been adequately answered, so the staff suggests that these be approved that as a slate. That is, that the twenty items on the first four pages be considered and approved by the board. There are five items on page five, three of which there are significant questions and two which came in very late. We had established a working period, but items that fell

through the cracks of the County system that needed immediate consideration. Staff did not have a tremendous amount of time to review them. There are people here from Erie County who can speak on behalf of those items to give more detail. Mr. Chairman at this point I would suggest that these 20 items on the first four pages be voted on as a group and then individually go over the items on page five that have been handed out to the board.”

Chairman Baynes: “Does anyone have any questions?”

Director Johnson: “Yes, a question to the Executive Director. Do we have with us today or could we get it quickly a break down of the source of funding for each of the contracts; in other words, how much is coming from a local tax base and how much may be supported by other levels of governments like the state or federal governments?”

Executive Director Vetter: “Yes, Mr. Chairman that is indicated on the spreadsheet in front of you, and if you look at the third column on the report, there is an indication of the contract amount and any sort of funding that the contract is eligible for and the Erie County general fund share of that contract, for example, the sewer contract, which indicates \$750,000 is the county’s portion and other funds come from either the state government or the federal government. For instance on the first contract, 10% of this is local share being split between the sewer district and the County.”

Chairman Baynes: “Are there any other questions? Mrs. Director Kee?”

Director Kee: “Yes. I just have a question on one of the contracts for the family law court. Is this for the new family court building?”

Executive Director Vetter: “Yes it is.”

Director Kee: “They already have this issue?”

Executive Director Vetter: “Yes.”

Director Kee: “Is it a construction-related issue or is it just wear and tear after how many years?”

Executive Director Vetter: “It is my understanding from Commissioner Loffredo that it is a necessary repair. I am not sure if Commissioner Lofredo is in the audience or someone from the County. This was an item in which there was an initial question on the source of funding and there were no other questions for the Board. This was for a construction related issue.”

Chairman Baynes: “Are there any further questions with regard to this item? Mr. Director Kruly?”

Director Kruly: “Mr. Chairman, I don’t have a question but I would like to pay a compliment to the administration for the work that is in here on the first page about studying sewer consolidations. I think that is a great idea and I would like to see more of it moving forward.”

Chairman Baynes: “Could I have a motion to approve the initial slate of contracts?”

Director Goodell moved to approve the contracts, settlements and other obligations binding the County, as presented and Director Kruly seconded. Without further discussion the board voted unanimously to approve the following resolution:

Resolution No. 07-18

**APPROVING CERTAIN CONTRACTS, SETTLEMENTS, AND OTHER OBLIGATIONS
BINDING THE COUNTY OF ERIE**

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority (“ECFSA”), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie] 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 first imposed a control period upon the County of Erie (the “County”) by adopting Resolution 06-49 on November 3, 2006; and

WHEREAS, incident to and in furtherance of the imposition of the control period, the ECFSA adopted Resolution 06-51, which authorized a process for approving contracts, settlements, or other obligations binding or purporting to bind the County (“contract approval process”), on November 3, 2006; and

WHEREAS, in adopting Resolution 07-04 on January 11, 2007, the ECFSA renewed and continued the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA has adopted Resolution 07-10, which replaces and supersedes the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA must review and approve any contract, settlement, or other obligation, valued at greater than \$50,000, that binds or purports to bind the County or a covered organization, before it takes effect; and

WHEREAS, the County Executive or a “Responsible Official,” as defined in Resolution 07-10, has duly submitted a request for review of the contracts, settlements, and other obligations listed on the attached document; and

WHEREAS, the ECFSA Executive Director, after consultation with the ECFSA Staff, has recommended approval of each contract, settlement, or other obligation via written correspondence to each ECFSA Director;

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA approves the contracts, settlements, and other obligations listed on the attached document.

Item	Description	Amount
EC Sewer Districts Contract - CRA Infrastructure & Engineering	Perform engineering, environmental, financial & regulatory analysis associated with ECSD #6 treatment plant & transmission to Buffalo Sewer Authority System	\$150,000 max. - \$7,500 EC share & \$7,500 EC Sewer Share
EC Sewer Districts Contract - Red Oak Consulting	Perform engineering, environmental, financial & regulatory analysis associated with mergers of ECSD #5 with Cheektowaga, W. Seneca & Sloan & ECSD #4 with Lancaster Village.	\$60,000 max. - \$6,000 ECSD #1 share & \$1,000 ECSD #4Share
EC Sewer Districts Contract - CRA Infrastructure & Engineering	Perform engineering, environmental, financial & regulatory analysis associated with mergers of ECSD #1 with Amherst, Clarence & Williamsville	\$80,000 max. - \$4,000 EC share & \$4,000 EC Sewer Share
ECC Purchase Contract – Miller Wall In	“3 Lite SL15 doors, 6 Von Duprin Doors, 54 Pieces	\$51,400

	of tempered glass for entryways	
ECC Purchase Contract - CIR	Electrical construction to replace medium Voltage Transformer & Switchboard at ECC North	\$189,900
ECC Purchase Contract – Veraview LLC	Comprehensive Educational Technology System (CETS) at 3 ECC campuses.	\$663,622.72
EC Public Works Purchase Contract - Morris Masonry	Family court North Wall Sealant Repair	\$56,995
EC Public Works – Change Order - Cloverbank construction	Boiler Room Steel Demolition & Repairs	\$219,852
EC Public Works Purchase Contract - Siemens Building Technologies	Maintenance of Building Management System at Public Safety Campus – includes Fire Alarm System & Lab Hoods	\$50,560
EC Public Works – Construction Award & Inspection – Accadia Site Contracting	Construction agreement for the pavement rehab. Of North French Road.	\$2,458,955.71 – 127,150 local share max.
EC Environment & Planning – Cultural Services contract - Vive	Culturals disbursement	\$75,000
EC Youth Detention – Services Contract - Refuge Temple	Juvenile Non-secure detention	\$1,301,030.62
EC Libraries – Purchase Contract – Hewlett Packard	211 replacement computers at locations throughout the system @ avg. cost of 655.71/unit	\$138,355
EC Senior Services – Service Contract – Catholic Charities	Title XX housing & supportive services to low & moderate income seniors 60 and over.	\$195,917 – \$0 local share
EC Senior Services – Service Contract – Salvation Army	III-C1 contract for congregate dining at the Salvation Army Senior Center on Main St. in Buffalo	\$51,712 - \$0 local share
EC Senior Services – Service Contract – Town of Amherst	III-C1 contract for congregate dining at the town of Amherst Senior Center	\$92,069 - \$0 local share
EC Senior Services – Service Contract – 36 separate entities (per attachment)	Contracts for congregate dining at sites sponsored by municipalities and not-for-profits in Erie County	\$59,830 - \$5,983 local share
EC – Environment & Planning – CBDG (Block Grant) – Cambria Contracting	Spaulding Fibre – Matching funds for NYSDEC env. Restoration program. Bid alternate to perform demolition to remove 2 hazardous buildings.	\$400,000
EC – Environment & Planning – CBDG (Block Grant) – 11 separate municipalities (per attached)	CBDG – allocation to municipalities	\$1,200,433
EC – Department of Social Services – Workforce Development program, Buffalo Schools and Ken-ton schools – service contract	Education for Gainful Employment (EDGE) - TANF clients participation in work activities of up to 35 hrs/week.	297,192 – BECWDC – 64,887 Buffalo Schools – 177,480 Ken-ton – 54,825 No local share

This resolution shall take effect immediately.

Chairman Baynes: “Executive Director Vetter would you like to walk us through the remaining individual items on the least page of the matrix?”

Executive Director Vetter: “Yes, Mr. Chairman. On the Central Police Services, the CAD program, a request for \$4.4 Million. The CAD platform can be used by all police agencies in Erie County. I believe Commissioner Comerford is here in the audience to speak to that and give us a little better understanding of the contract. “

Commissioner Comerford: “Good afternoon. We are looking for approval to enter into a contract with MAYCOM. We have been working on this partnership with NYS wireless to rebuild the communications center. Through this, MAYCOM is the vendor that was elected about two years ago. What it basically does is let us complete the rebuilding of our computerized dispatch and our reference platform that goes back about ten years ago. There were probably thirteen different CAD platforms and nobody spoke with one another. Over the last eight years, we have been working together but would like to work together under one single platform so that we can talk with one another and this will let us finish that. The cost is \$4.4 million; \$3.4 million comes from New York State; the remainder comes from the federal government and as far as the out-years, because we are buying the package that the state is supporting, in the out-years the New York State Police are going to pick up the maintenance contract for us. I will answer any questions if you have them.”

Chairman Baynes: “Are there any questions for the Commissioner?”

Director Kee: “Just a question, how is this going to improve services for Erie County residents?”

Commissioner Comerford: “You know what it does and I go back to the time when we had thirteen different outlets. If you could afford it, you had it, but it was stand alone. There was no ability to share information across jurisdictions. What this does is give us an integrated platform. You can see for instance with the Bike Path Rapist where we able to communicate because we were building this. We went back through the databases we had to pull information. What will happen with this is that it won’t be an exception that that is done. Information will be available to all investigators. You have read about COMSTAT in NYC. The key component of COMSTAT to put timely accurate information in the hands of first responders. This will do the same thing. It wouldn’t be the exception; it will be a chief coming in at 8 o’clock on a Monday morning knowing not just what happened in his jurisdiction but adjoining jurisdictions but it will also be an officer at 2AM who will know all the incidents on their mobile data terminals.”

Chairman Baynes: “Any questions for the Commissioner? Commissioner, thank you very much.”

Commissioner Comerford: “Thank you.”

Chairman Baynes: “Why don’t we vote on the items on page five one at a time? Do we have any further question for Mr. Executive Director Vetter concerning this item? If not could I have a motion to approve the Central Police Services?”

Director Keysa moved to approve the contract for the CAD Platform as presented and Director Kruly seconded. Without further discussion the board voted unanimously to approve the following resolution:

Resolution No. 07-19

APPROVING CERTAIN CONTRACT SUBMITTED BY THE ERIE COUNTY CENTRAL POLICE SERVICES

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority (“ECFSA”), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie] 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 first imposed a control period upon the County of Erie (the “County”) by adopting Resolution 06-49 on November 3, 2006; and

WHEREAS, incident to and in furtherance of the imposition of the control period, the ECFSA adopted Resolution 06-51, which authorized a process for approving contracts, settlements, or other obligations binding or purporting to bind the County (“contract approval process”), on November 3, 2006; and

WHEREAS, in adopting Resolution 07-04 on January 11, 2007, the ECFSA renewed and continued the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA has adopted Resolution 07-10, which replaces and supersedes the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA must review and approve any contract, settlement, or other obligation, valued at greater than \$50,000, that binds or purports to bind the County or a covered organization, before it takes effect; and

WHEREAS, the Erie County Central Police Services, a “Responsible Party” as defined in Resolution 07-10, has duly submitted a request for review of two contracts listed on the attached document; and

WHEREAS, the ECFSA Executive Director, after consultation with the ECFSA Staff, has recommended approval of each contract;

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA approves the contract submitted by the Erie County Central Police Services on the CAD Platform to be used by all police agencies in Erie County listed on the attached document.

Item	Description	Amount
EC – Central Police Services	CAD Platform to be used by all police agencies in Erie County	\$4,093,000

This resolution shall take effect immediately.

Chairman Baynes: “On to the second contract from the Erie County Division of Budget. Mr. Vetter would you give us a summary?”

Executive Director Vetter: “Thank you, Mr. Chairman. The second item is for annual dues to the NYS Association of Counties (NYSAC) in the amount of \$50,623. I know there has been some concern among the members of the board on the value of this contract. There has been a description distributed of what NYSAC performs for the County and does for the County. I am not quite sure in the value judgment of the board that is something that board would want to agree to or not at this point.

Chairman Baynes: “Mrs. Director Kee.”

Director Kee: "Personally, I feel that there is a lot of value that the County can receive by maintaining a membership with NYSAC. In my former position as budget director, I worked very closely with NYSAC and I think they should be congratulated for the work they did on the Medicaid camp. It was a tremendous effort and I am very supportive of the membership and I hope my colleagues would render their support for the item."

Chairman Baynes: "Mr. Director Kruly."

Director Kruly: "I also have experience working in the budget office and with NYSAC. I think that there is value in this contract and the County participating. I have a lot of respect for the position of my good friend Sheila, but I don't think it is worth \$50,000 and I can't support this item as it is presented at this time."

Chairman Baynes: "Any other questions or comments? May I have a motion to approve the contract?"

Director Kee moved to approve the contract. Director Goodell seconded. Directors Kee, Goodell and Keysa voted "aye." Chairman Baynes, Director Johnson and Director Kruly disapproved

Chairman Baynes: "There is a tie vote."

Director Keysa: "In that case, the motion fails."

Chairman Baynes: "This is the first time since we have been together that it has not been unanimous. It is tie, so it fails and the contract does not get approved."

Executive Director Vetter: "Mr. Chairman, the third item is for a renewal of the lease for the Hens & Kelly building on Main Street in which there are a significant number of employees for the Department of Social Services. There was an item previously that came to the Authority regarding extending a lease through 3/31 of this year. Negotiations have been on going for the past couple of months between the County and the owners of the building. The owners have extended that lease while the County considers some alternative in their space saving study. The questions that members originally had were related to the space study itself and why we have a lease through 2012. I think maybe Patrick Henry could speak to this for a moment on behalf of the County. There is an outstanding lease and this could be invoked assuming that there is some kind of change in space allocations if the department were able to relocate."

Patrick Henry: "If you look at the lease terms, the landlord is offering us great flexibility terms as to when we can leave. At any point that the County identify property or space, the lessee can leave the premises during the course of the lease at any point where we can identify County properties that are available to which we can move the operations into. We have "out" clauses that allow us to leave the lease up to 18 months and can vacate the whole building according to the lease. We think they are being very flexible with the terms they are offering us. So that if, in fact, the space study to be completed by the end of this year identifies County-owned space that comes available, we will have the ability to start moving staff out of the building."

Chairman Baynes: "So Mr. Henry, you are saying that we can vacate the lease with 18 months notice?"

Patrick Henry: "It depends on what floors we want to vacate. We do have an agreement that we cannot vacate a partial floor but we can vacate the building from the bottom up"

which is very reasonable for a landlord who owns a building. We can leave the first two with six months notice. Floors 3-6 we would have to give them 18 months notice.”

- Chairman Baynes: “It sounds like a good deal. Does anyone have any questions or comments?”
- Director Goodell: “I would like to see this lease because it is very important as it relates to our efficiency grants. I would like our attorney take a look and for the board’s sake, see if it does fit into the space-saving study that is being done.”
- Chairman Baynes: “Director Johnson.”
- Director Johnson: “Like my colleague, Director Goodell, I would also be interested in seeing what part of this lease is a part of this study that is being conducted right now by the Erie County Department of Public Works. Some time ago we approved a contract to hire an architectural consultant to look at space and there was a significant amount of space in the Rath building that we used and wonder if we could come back to the Rath building instead of take on big leases of this nature.”
- Chairman Baynes: If we don’t approve this today, is it true that it will be \$65,000 a month more going forward to maintain?”
- Patrick Henry: “In fact, as Mr. Vetter noted, we had a no-cost extension that got us through the end of March. The landlord has a given us the right to stay but the rent immediately increases by 50% a month so the cost is the range of \$60,000 - \$70,000 a month in additional rent for every month we stay after until we sign an agreement. I want to note also that this had been approved by the Legislature. The kick-off meeting for the space-savings initiative has not been scheduled yet and will not see the result of that study for at least months.
- Chairman Baynes: “We still have 18 months to escape this lease?”
- Patrick Henry: “We have six months for the two floors and 18 months for the upper floors. So, considering how long it has taken to identify space, even if it was County-owned space was found tomorrow, it would easily take us between 6 -18 months to renovate space and move our staff. So we are real comfortable with those time frames.”
- Director Goodell: “I don’t like landlords that threaten to escalate rent if we don’t sign a contract today. The makes it even more certain that we should be leery of this. I think the situation here is that we sit down and negotiate with the landlord but it seems to me that we should postpone this until we can get a better understanding of what this is. Additionally, are you telling me that the County hasn’t even had a kick-off meeting for the space-saving initiative?”
- Patrick Henry: “We have had some informal discussion with the architect we had hired but there had been no formal meeting. I think the kick-off meeting is a week for Friday.”
- Director Goodell: “When did we approve that item, two or three months ago?”
- Executive Director Vetter: “Yes.”
- Director Goodell: “The County has waited for three months to pursue something as big as this?”

Patrick Henry: "I can't speak to the timing of the meeting but I would say, with all due respect, the increase in rent we had already agreed as a provision in our current lease and is an automatic agreement with our landlord and we must meet those terms if this is not approved."

Chairman Baynes: "The lease expires at the end of the month?"

Patrick Henry: "It expired December 31, 2006 and we had a three month negotiation period. The landlord could have charged us an additional fee as of January 1 and they chose not to."

Director Goodell: "Everything is negotiable with a landlord."

Chairman Baynes: "Director Kruly?"

Director Kruly: "I think that the problem is not so much the landlord but on the Counties delaying getting this to us. This should have been taken care of in January but this lease ran for five years, and because the space-study did not come through, it didn't perform as expected, Mr. Goodell. This is a mistake but because of the period of time that has been allotted the County to vacate I would venture to say that, because nothing is going to be decided on tomorrow, that we not hold this up. I am comfortable with going along with this but hope that in the future the County comes up with these things on a more timely matter and not at the last minute. It is very unfortunate that we are not given more time to consider different options and that we are forced to make decisions like this."

Director Keysa: "I would also note that when we took a look at space in the Rath building and County-owned property, it was clear that the space available was often poorly kept and in most cases there would need for renovations to make that area useful for people to work in. I would not imagine that they could move right into that and there might be a slight delay. In any event once space has been identified and some renovations are made, they should move immediately. I would move for the approval of the lease."

Director Goodell: "Director Kruly, are you confident this 6-18 month issues is reasonable?"

Director Kruly: "I think that this is a reasonable period. Perhaps what we ought to do is amend this resolution in some way to say that we want a status report on that well in advance and not days before its expiration. The six months items I don't think will matter much with the space-savings study going on; the 18 month thing, I think we should be notified of what is going on so if there is any space available we have time to make a decision."

Director Keysa: "Seeing that I have already moved this, we will have to amend it. Do you have a specific date that you would like to suggest that contracts come in?"

Director Kruly: "I would suggest that, for sake of argument, the County get back to us on that by March 1, 2008."

Director Keysa: "What do you think, maybe, at the beginning of the year?"

Director Kruly: "January 1, 2008."

Director Johnson: "Mr. Chairman I would like to second Director Keysa's amendment, and the friendly input from Director Kruly."

Chairman Baynes: "Are there any amendments or further discussion?"

Director Kee: "I am also interested in the local share of the contract. For example, if we do not have to spend that money on rent and the local share is \$412,330. Can that be used to increase the total non-local share portion of that was based in the budget. How does that work?"

Patrick Henry: "I would refer to my colleague Dr. Paulson on that one."

Rich Paulson: "We have a couple of concerns there. First of all we are cutting a check to a landlord to an external firm and are incurring a local share cost. If we could vacate the entire building, which I think is doubtful for reasons that I will mention in a minute, at least not in the short term, if we were able to vacate and move those functions into County owned space, then we could get Social Services reimbursement through maintenance in lieu rent for County space that now is 100% of the County cost because there is no reimbursement. However, maintenance in lieu of rent is tied to the indirect cost plan and there is roughly a two year lag between the time you put the space officially on the books and the time that it appears in the indirect cost plan for our purposes. So that is possibly an option down the road. The other consideration is that H&K is almost exclusively our operations services divisions; there are more than 400 staff there and if I were to look at the possibility of vacating space in that building, it is kind of all or nothing. It is not we can move a unit here a unit there, a team here, a team there? We really need to come up with 150,000 square feet of replacement space before there is a total vacation of that building. There is space available in the Rath building it tends to be an office here, an office there, a corner office here and so you really need the results of that space study to try and figure out how to break the log jams and tip over the dominos; who moves where and when to free up significant chunks of space so that you can move whole operations rather than piece meal."

Director Johnson: "Dr. Paulson due to the fact that the space we are taking about is currently occupied by Eire County Department of Social Services, a division which carries large reimbursement from the State government, are we not getting any reimbursements on the payment of this space?"

Rich Paulson: "Oh yes we are, our local share for the space because HEAP is also in the building. HEAP is 100% federal. Our weighted average local share for the building is just a hair under 33% local and 67% reimbursed through the services funding stream and through HEAP."

Executive Director Vetter: "Director Johnson, I think on that local share it is on the list as \$412,330."

Director Kruly: "There was something in the back that indicated that there an area that was vacated, maybe 14,000 feet."

Rich Paulson: "It was 13,000. Right now we have our HEAP operation in the lower level and moving them up to the first floor so we are able to vacate a 13,000 square feet of space and that is primarily how we save on the lease. We are currently paying for that space \$12.25 a square foot. The other thing that I would say is that over the term of the lease the landlord has agreed to fixed rent 4-5 year lease term which is unusual. Most rents you enter into at least the possibility of an escalator in the base rent so there is an additional agreeable term."

Chairman Baynes: "Any other questions or comments?"

Director Keysa: "There is a motion on the ground with the amendment of Director Kruly."

Director Keysa again moved to approve the contract for the H&K building lease through 3/31/2012. Director Johnson seconded. Without further discussion the board voted unanimously to approve the following contract:

Resolution No. 07-20

APPROVING CERTAIN CONTRACT SUBMITTED BY ERIE COUNTY DEPARTMENT OF SOCIAL SERVICES

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority (“ECFSA”), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie] 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 first imposed a control period upon the County of Erie (the “County”) by adopting Resolution 06-49 on November 3, 2006; and

WHEREAS, incident to and in furtherance of the imposition of the control period, the ECFSA adopted Resolution 06-51, which authorized a process for approving contracts, settlements, or other obligations binding or purporting to bind the County (“contract approval process”), on November 3, 2006; and

WHEREAS, in adopting Resolution 07-04 on January 11, 2007, the ECFSA renewed and continued the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA has adopted Resolution 07-10, which replaces and supersedes the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA must review and approve any contract, settlement, or other obligation, valued at greater than \$50,000, that binds or purports to bind the County or a covered organization, before it takes effect; and

WHEREAS, the Erie County Central Police Services, a “Responsible Party” as defined in Resolution 07-10, has duly submitted a request for review of two contracts listed on the attached document; and

WHEREAS, the ECFSA Executive Director, after consultation with the ECFSA Staff, has recommended approval of each contract;

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA approves the contract submitted by the Erie County Department of Social Services on the Building Lease Renewal with Ellicott Development on the attached document, and

BE IT FURTHER RESOLVED, that the ECFSA requires that Erie County submit to this Authority a report on the status of its space study by January 1, 2008.

Item	Description	Amount
EC – Department of Social Services – Building Lease Renewal Ellicott Development	H&K building lease through 3/31/2012	\$1,249,864 Local share \$412,330

This resolution shall take effect immediately.

Executive Director Vetter: "Since we have esteemed Social Services representatives here at the podium there are two agreements that came Friday morning from the County for urgent consideration because they have significant short-term consequences and almost immediate short-term consequences if these agreements are not agreed upon today or not approved. So they are items that made it on this list even though they came in after the required approval time period that we have established. Maybe Dr. Paulson can speak about these contracts, the first of which is in regard to service contract and software that came in on Friday morning.

Rich Paulson: "Highland Software is a software hardware maintenance contract. We operate on a document imaging system that we have had for nine years. This is the annual maintenance on that software. We have somewhere in the neighborhood of 70 million documents that are currently imaged and in the system for retrieval in lieu of paper copies or microfiche copies of documents. We image an additional roughly 6 million documents a year and this is everything that needs to go into client case records as far as their documentation of income, identity and all relevant information. The previous maintenance contract expired at the end of February and through a whole series of reasons; things fell through the cracks. We didn't realize that we didn't have our replacement contract fully in place and the vendor is now refusing service for maintenance problems so we need to get this renewed as quickly as possible. There are significant consequences if we don't have this support and consequences in terms of access to records, consequences in terms of hundreds of people lined up at Xerox machines making paper copies if they don't have electronic copies. If the system is down it means that there are eligibility functions that are significantly impaired."

Chairman Baynes: "Okay Doc, one quick question. Is it conceivable that we could receive these contracts on a more timely basis? Take for example the leases. That expired in December and I'm certain you knew several months before that the lease would expire?"

Director Keysa: "I suggest that the County computerize the due dates to be more timely."

Rich Paulson: "In terms of this particular item, it is really a blanket purchase order."

Chairman Baynes: "We understand. That's not a problem."

Rich Paulson: "We apologize and will get this information to you as much in advance as possible."

Chairman Baynes: "We certainly would appreciate it."

Rich Paulson: "In fact, on the lease, we just got legislative approval to enter into the lease renewal on March 15th, so we were operating within those time frames."

Chairman Baynes: "So the contract for that lease expired December 31, 2006?"

Rich Paulson: "It expired December 31, 2006."

Chairman Baynes: "And you had a 90 day grace period?"

Rich Paulson: “We had a 90 day renewal period that was approved by the Legislature and during those 90 days we were negotiating the terms of the renewal of the lease.”

Chairman Baynes: “Any questions or comments for the doctor at this item? If not may I have a motion to approve this item?”

Director Johnson moved to approve the Service Contract for Hyland Software for the Department of Social Services. Director Kruly seconded. Without further discussion the board voted unanimously to approve the following contract:

Resolution No. 07-21

APPROVING CERTAIN CONTRACT SUBMITTED BY ERIE COUNTY DEPARTMENT OF SOCIAL SERVICES

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority (“ECFSA”), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie] 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 first imposed a control period upon the County of Erie (the “County”) by adopting Resolution 06-49 on November 3, 2006; and

WHEREAS, incident to and in furtherance of the imposition of the control period, the ECFSA adopted Resolution 06-51, which authorized a process for approving contracts, settlements, or other obligations binding or purporting to bind the County (“contract approval process”), on November 3, 2006; and

WHEREAS, in adopting Resolution 07-04 on January 11, 2007, the ECFSA renewed and continued the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA has adopted Resolution 07-10, which replaces and supersedes the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA must review and approve any contract, settlement, or other obligation, valued at greater than \$50,000, that binds or purports to bind the County or a covered organization, before it takes effect; and

WHEREAS, the Erie County Central Police Services, a “Responsible Party” as defined in Resolution 07-10, has duly submitted a request for review of a contract listed on the attached document; and

WHEREAS, the ECFSA Executive Director, after consultation with the ECFSA Staff, has recommended approval of each contract;

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA approves the contract submitted by the Erie County Department of Social Services on the Service Contract with Hyland Software Development on the attached document.

Item	Description	Amount
EC – Department of Social Services – Service contract – Hyland Software	Annual maintenance of OnBase software. Critical to DSS operations – document repository for more than 6.5 million critical documents	\$100,603.23

This resolution shall take effect immediately

- Executive Director Vetter: “Mr. Chairman, the last item on the list received simultaneously with the Highland software contract is for Oracle software that was received from the County Division of Informational and Support Services. I believe Mr. Beam is here, or Commissioner Gervase.”
- Commissioner Gervase: “Good afternoon, the County Department of Information Support Services is a centralized department that brings to life all of the County IT supports and one of the things we do there is manage software maintenance matrix. This is one of those contracts, and it includes the Department of Central Police Services, ISS, ECMC, Sheriff’s Department and a couple of other departments, so we manage all that centrally and then we bill each department separately for their appropriate share.”
- Director Kruly: “The documents that we have received indicated that the County received this proposal from Oracle at the end of August which is about six months ago. Why did it take this long to get to us?”
- Commissioner Gervase: “I don’t think that it was received then. We did receive their bill and then we negotiated the bill down.”
- Director Kruly: “For six months?”
- Commissioner Gervase: “Well it takes a lot of time with Oracle. We were just talking back there. What we will do is get a list of all the upcoming contracts so that you have them well enough in advance. I apologize for any lateness on these.”
- Chairman Baynes: “We would really appreciate that.”
- Director Goodell: “I am curious about being held hostage, either by On-base or this one. It seems to me that no alternative but it also seems to me that the departments involved should have some sort of back-up so that all this data isn’t just locked up. There has got to be. Ideally, we would like to go out and take a look at other vendors every one or two years but the way we are managing things we can’t.”
- Commissioner Gervase: “Well on certain things you can but on things like Oracle and On-base they are proprietary software. At one point in time, the County made its decision to switch from another operating system to use this particular software and this is what they have now. With Oracle we are looking at alternative data-base solutions, but we have a heavy investment in Oracle right now that you can’t just turn the page and say you are going to go with something else. So we are looking for alternatives, Sequel is one of the databases that we are looking at and this is much less expensive than Oracle. We are trying to move some of that now but there are some applications that are still running and we need the Oracle software for that.”
- Chairman Baynes: “Any further questions for Mr. Gervase? Thank you very much. I think next meeting we should prepare a resolution to receive contracts three months prior to their due date so that this board has the

opportunity to review and consider alternative. May I have a motion to approve this contract?"

Director Goodell moved to approve the service contract for Oracle Software License & Support for the Department of Social Services. Director Kruly seconded. Without further discussion, the board voted unanimously to approve the following contract:

Resolution No. 07-22

**APPROVING CERTAIN CONTRACT SUBMITTED BY THE ERIE COUNTY
DEPARTMENT OF SOCIAL SERVICES**

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority ("ECFSA"), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to "oversee [Erie] 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 first imposed a control period upon the County of Erie (the "County") by adopting Resolution 06-49 on November 3, 2006; and

WHEREAS, incident to and in furtherance of the imposition of the control period, the ECFSA adopted Resolution 06-51, which authorized a process for approving contracts, settlements, or other obligations binding or purporting to bind the County ("contract approval process"), on November 3, 2006; and

WHEREAS, in adopting Resolution 07-04 on January 11, 2007, the ECFSA renewed and continued the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA has adopted Resolution 07-10, which replaces and supersedes the contract approval process authorized by Resolution 06-51; and

WHEREAS, the ECFSA must review and approve any contract, settlement, or other obligation, valued at greater than \$50,000, that binds or purports to bind the County or a covered organization, before it takes effect; and

WHEREAS, the Erie County Central Police Services, a "Responsible Party" as defined in Resolution 07-10, has duly submitted a request for review of a contract listed on the attached document; and

WHEREAS, the ECFSA Executive Director, after consultation with the ECFSA Staff, has recommended approval of each contract;

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA approves the contract submitted by the Erie County Department of Social Services on the Service Contract with Oracle Software License and Support on the attached document.

Item	Description	Amount
DISS – Purchase Contract – Oracle software license & support	Oracle software is critical to issuing payroll and civil service exams throughout Erie County	\$171,246.12

This resolution shall take effect immediately

Director Keysa: “Mr. Chairman, if I could note at this point, there has been much discussion over the Xspand contract and in my discussions with Executive Director Vetter earlier, I find that we still do not have the contracts that the County was suppose to submit for our review. I would like to recall also that the Association for Erie County Governments had a meeting last month and asked that action not be taken until the they were able to comment on this contract because they felt that there were certain implications to the local governments; that, from their understanding of what was expected from the Xspand contract, it could have serious consequences to those governments. As a result of that we have two representatives here today to speak. One will be Mary Holtz, Town Clerk and Receiver for the Town of Cheektowaga, and the Mayor of the Village of Angola, Howard “Hub” Frawley. If we all agree, I would like to invite those representatives to come up to the podium and speak before the board.”

Chairman Baynes: “Could you please step forward and speak before the Board. Now this is exactly what we have been speaking about when we discuss contracts and the lack of contracts; this is the reason why we need contracts before we approve the program. There have been a lot of media reports saying that the control board has been dragging its feet on approving this contract. I have sent numerous letters to the Mr. Polancarz, Mr. Giambra and the Legislature requesting a copy of this so-called contract. They told me back in January it was a great deal, it was in the newspaper and on television yet nobody can produce this so-called contract. Every time we speak and ask for it, it will be tomorrow, tomorrow. For some reason, the elected officials failed to present a contract which they already approved. So nobody knows what is in the contract but I can clearly tell you the last time that I spoke to them they said it was eighty cents on a dollar and now it is a dollar five on a dollar; however no one could show where this was approved. So these are reasons why we need to see this contract before we can approve it.”

Mayor Frawley: Thank you and good afternoon. I would also like introduce our Trustee Bill Houston who is also from the Village of Angola. To start out, Laurie Sustek our economic developer and coordinator for development and growth in the town of Angola sent a letter to Director Keysa, I believe everyone received a copy of it.

Director Keysa: “Everyone on the Board has a copy of that; yes.”

Mayor Frawley: “We know that this is a complex issue; we know the County certainly needs some additional money to help them out in their budget situation, but it is a problem going on throughout all of the villages and towns of Erie County. As far as the Village of Angola is concerned, we have 49 properties that have problems with Xspand. About 6 of them are major problems. Joel Giambra back when he first got elected gave the Village of Angola \$250,000 to spruce up our sidewalks, streetlights and things of that nature, as we are one of the gateway communities of the South towns. There were ourselves and two other villages that were given money in the amount of one million dollars. We spent a lot of money. We got the sidewalks, the street lights, and then we got additional money from Senator Volker, Assemblyman Dick Smith and now Assemblyman Jack Quinn, who have but in additional money for sidewalks on the other side of Main Street, and now we have additional money form Senator Volker and Jack Quinn for another street in the village. So our whole area is being covered now. The problem we have is that we have buildings which are still, relatively, in half-way decent shape located on Main Street. We have potential buyers or potential renters for these building but they have such high tax liens on them dated back many many years that it is almost impossible that someone is going to come in and purchase a building such as one of major buildings at around

\$500,000 or so or \$250,000, an extreme amount of money on tax liens, so buyers have to pay the liens off and bring the building up to code to occupy it. These buildings are going to sit there forever. Another piece on our South Main Street, property where we want to relocate a railroad depot for tourism in Erie County to the south towns of Angola and Evans. There is a tax lien in the amount of \$105,000 on that property. There is nothing on that property, that building was taken down a few years back, the County helped us in the Village of Angola, paid the cost of demolition and now there is \$105,000 tacked on to that. The money that we received from Senator Volker in order to move our depot which is an 1882 depot for the Nickel Plate Railroad to put on that site, well we can't do it because we certainly don't have \$105,000 to pay for the purchase of that property or to give it to Erie County. So these are the problems that we are having and of course everyone is having these problems. In our case, all this money is being poured in to the Village of Angola and used to make everything look beautiful, residents love it and encourage tourism and other programs but we have all these empty buildings. We received \$319,000 from the State of New York to tear down one of our major buildings. The problem with that is that once we get the building down we don't own the property. That means we are going to have weeds growing up and everything else. We have this beautiful landscaping and beautiful sidewalks, streetlights, but what are we going to do? We are stuck, so that is what I basically mentioned at the Erie County Association of Governments along with Richard Tobe of the City of Buffalo. They have some major problems also. So we know that County is in need of money, we know that but there has to be a way that we can work together to come to a solution on this problem so that we can get those building occupied. Otherwise the buildings will get worse and then we will have to take them down and I will be calling the County up asking them for money to help us pay for demolition of those buildings so either way the taxpayer loses. That is my point here."

Chairman Baynes: "Mayor when we receive the contract, which is now 90 days past due, I would love to have you come back and we could discuss this further. "

Mayor Frawley: "Absolutely, I would love to come back and discuss this item further."

Chairman Baynes: "My concern is that it is not just coming from you but we are getting these arguments from several other towns and villages around the community. Wonder why someone would enter into a deal that is not favorable to the towns and villages of the County."

Mayor Frawley: "We also have a couple of residential homes and in a small community we probably could have gotten of in the auction block and they could have been occupied by now. We need to get those properties on the auction block."

Director Keysa: "This is the key point and that is that they are not taking those properties to auction."

Chairman Baynes: "You are not taking those buildings to auction, am I correct?"

Mayor Frawley: "No, we are not taking them to auction but we are not just sitting on it. Xspannd promised to bring them to the auction block. They have not done that yet. Now they say it may happen in April but if it doesn't go to auction what are we going to do?"

Chairman Baynes: “Like I said, the Xspand deal may be the greatest deal on earth but we don’t know that without looking at numbers. Our elected officials have approved it already. Obviously they know something that we don’t know.”

Mayor Frawley: “Well I understand that the County Legislature said this is a great deal for 105% and plus the 18% interest rate to get that money.”

Director Keysa: “Off course the interest on that goes to Xspand.”

Mayor Frawley: “That’s right; that 18% goes to Xspand.”

Director Keysa: “All the interest on those taxpayers’ dollars goes to Xspand and there is a tremendous potential profit to Xspand to do this. The profit over a number of years could be as much as 50% over what they put out.”

Mayor Frawley: “I am not here to do anything negative to the County Legislature. I am just here representing the Village of Angola and of course the Town of Evans has 516 properties total out of 10,000 parcels in the Town of Evans. Our 49 properties and our problems with Xspand in the Village of Angola are part of those 516 properties in the Town of Evans. That is only one township out of the 25 in Erie County; a county consisting of 25 townships.”

Chairman Baynes: “We are not here to pick on the Legislature either. The Legislators received that from the County Executive and the Comptroller first”

Mayor Frawley: “Neither am I here to pick on the County Comptroller or the Executive. However, if we could get the tax liens reduced to some degree and then get them out on public auction we could get some folks in there and get those building to be fully operational.”

Director Kruly: “Mr. Mayor just one question. Has the property that you are talking about been maintained?”

Mayor Frawley: “No it has not been maintained and we have talked with Xspand through our economic coordinator on that. Roofs are starting to leak, water is coming in the buildings and basements are getting flooded. We have safety problems and have some concern about children getting into those buildings, etc.”

Chairman Baynes: “These are buildings that are owned by Xspand?”

Mayor Frawley: “That is correct. They have been unoccupied for many many years and three of these buildings are right on our Main Street development area so we would love to see something happen.”

Director Keysa: “Xspand is not doing anything to maintain those buildings, is that correct?”

Mayor Frawley: “That is correct.”

Director Kee: “Actually Xspand doesn’t really own the properties; they own the lien on the property. Who ever holds the mortgage owns the property.”

Mayor Frawley: “These are the problems we are having, so I can only imagine that they are occurring all over the place. If you can go back, it has been so long for some of those properties. Back in 2003 when the County did the Xspand deal, that is when this whole thing started.”

Chairman Baynes: “The contract in 2003 was around eighty cents on the dollar and now they are taking advantage of us by 25% but we still give them a deal.”

Mayor Frawley: “You’re right, absolutely.”

Chairman Baynes: “I know, in our business, we wouldn’t do business with someone who took 25%.”

Director Keysa: “That is not counting again the interest that they make on the deal. You add several years of interest on something and you could be talking 150% of the tax rate after three years and the County gets eighty cents out of a dollar fifty..”

Mayor Frawley: “To give you an example, one of our biggest liens on Main Street, there is \$280,000 worth of liens on that property. The fire was 12/2/2004 and that is a big building.”

Chairman Baynes: “How much is it valued at?”

Mayor Frawley: “I have no clue but it certainly is not \$280,000. It needs a new roof; it needs to be brought up to code. So whoever acquires this property has to pay \$280,000 and in addition bring it up to code. It will sit there forever.”

Chairman Baynes: “That is just a shame.”

Director Goodell: “Is this a problem that every village/town has?”

Mayor Frawley: “I am sure it is. The villages have main streets like us, Orchard Park, East Aurora, etc. We each have Main Streets into which we are pouring all this money and they have all the parades, etc.”

Director Goodell: “If all the member of this group were here they would all stand up and say yes we agree with you?”

Mayor Frawley: “That is what they told me at the Erie County Association of Governments meeting. Is that right, Stan?”

Director Keysa: “Yes.”

Mary Holtz: “Just to speak on the situation in larger towns. Our situation deals with housing situations instead of commercial buildings. We have over 500 homes that have been sitting there and have been vacated for four or five years since we went into this program. So what is happening is that you have a house similar to what the mayor is speaking, where you have taxes come compounded on this house plus you have costs that go into cleaning which could be up to \$2,000 a year at times. So this multiplied on top of that. So you have a home that are in lower income areas and no one would buy a home there for more than \$80,000. Taxes alone are \$80,000 on this place. So we have these homes standing vacant, they are not kept up and it is even happening in nicer areas of town where property values are a little better. We are not against the County collecting the money, the towns are made whole, and they give us our money. The County needs to collect their taxes, I understand that, but if they could do something with Xspan that allows the townships to take back control of their own properties. That is the biggest concern with most of the townships that I have spoken with this far and are concerned with.”

Chairman Baynes: “Ms. Holtz we have your same concern. You are from Cheektowaga which is probably one of the largest and first rate suburbs.”

Mary Holtz: “It doesn’t matter what size you are, we are all having the same problems that everyone else has. Village or town, large or small, we are all having similar problems.”

Chairman Baynes: “Again this is sad because they have entered into agreement without an agreement. We want to help you but we can’t at this point without an agreement. We would love to have you back here and discuss what we can do to help.”

Mayor Frawley: “As you were saying, it will really hurt the neighborhoods. The Village of Angola is just a small neighborhood and it’s a dead end street with all the pieces they have; it’s just too bad.”

Mary Holtz: “They are all over. Here is a perfect example; there was a gentleman who died in a street off of William Street. The house was not estate; it has been vacant for five years and goes to Xspand. A house that was probably decent five years ago, what are you going to sell it for now? It has just been sitting there for five years with no maintenance. These are our concerns. We are not telling the County what to do; we would just like it if there was something they could add to the contract to make it so we can take back control of properties like this or put something in there in which there is a time period in which action must occur.”

Mayor Frawley: “If there was just something that we could all sit down and work something out, I think that is what we are after.”

Chairman Baynes: “We are on board with that. Does anyone have anymore questions or comments? Thank you very much.”

Chairman Baynes: “Our next order of business is to discuss debt financing. Marcy Block is here from Capital Market Advisors to make a presentation on bonding and debt refinancing for Erie County. Ms. Marcy Block has an impressive background in municipal finance. Ms. Block, could you step to the podium?”

Executive Director Vetter: Mr. Chairman, while Ms. Marcy Block is approaching the podium, I would like to read a little bio on her. She acts as Capital Market Advisor’s lead in providing credit rating services to the firm’s clients. Prior to joining the firm, Ms. Block was the manager of Northeast Rating Group of Moody’s Investor Service, the folks who rate municipalities and private company. In her role at Moody’s, Ms. Block was responsible for overseeing a team of analysts that were performing day-to-day analysis of proposed long- and short-term financing. Prior to joining Moody’s, she worked in the New York State Assembly as a legislative financial analyst and research associate. Marcy has authored numerous papers on the credit-rating process and municipal credit-rating criteria. She has also been a regular speaker on local, state and national panel of Association of School Business Officials, Government Finance Officer’s Association, New York Conference of Mayors and New York State Association of Counties. Marcy received degrees from Rutgers University undergraduate and her Masters of Public Administration from Maxwell School of Citizenship and Public Affairs of Syracuse University. It is a pleasure to have her here to speak on this issue.

Marcy Block:

“Thank you very much. It is my pleasure to be here. Capital Market Advisors are the financial advisors for the Erie County Fiscal Stability Authority and we worked closely with you to obtain your initial bond rating that you got from Moody’s Financial Service and also from Fitch Rating; we received those at the end of last year, the beginning of this year. What am here to do today and it is my pleasure to do it is to walk you through a little bit about municipal bond ratings and putting it in light of where the Authorities rating fell and comparing it to Erie Counties rating. Just so you all are clear as to what your rating means to you. I have some slides prepared and I will walk you through them.”

“The first scale that you see shows where the Authorities bond rating came out from Moody’s Financial Service and Fitch Bond rating. These are the two rating agency’s that we have selected to obtain your rating by. There is a third which is Standard and Poor’s but we thought that these two rating agencies would work best for you and they actually happen to rate the County as well. So it is a nice comparison. What this slide basically shows you are the rating scales. The best rating is a triple A which implies that everything is perfect, what this slide shows is all the gradations that you go through from all the way to below investment grade rating category starts at, so there are different steps within each of the rating categories. There is AAA, AA1 and then you fall into the Baa category and then you add on 1, 2 and 3 to designate whether you are at the top of the category at the middle of the category or the lower tier of that category. What this shows you is that when the Authority went for its bond rating you came straight out at the AA level; Aa2 for Moody’s and a AA from Fitch and basically Fitch is rating work identical to Moody’s. They do a plus they do a plain and then they do a minus designating again your 1, 2, 3 top middle bottom. This shows you in comparative where Erie County is currently rated at and I have a slide a little further on that will show you history so that you have an idea as to how they reach that rating. So Moody’s rating of the County is currently a Baa3 and from the Fitch they are at a BBB-. These ratings are the lowest above investment grade category that you can have. Below the BBB- and the Baa3 than would fall into the below investment grade category which present a whole host of problems. There are a number of investment banks that will not purchase your paper. It is very difficult to go into the bond market with a below investment grade rating. It is also difficult to move back up to investment grade once you have gone below. “

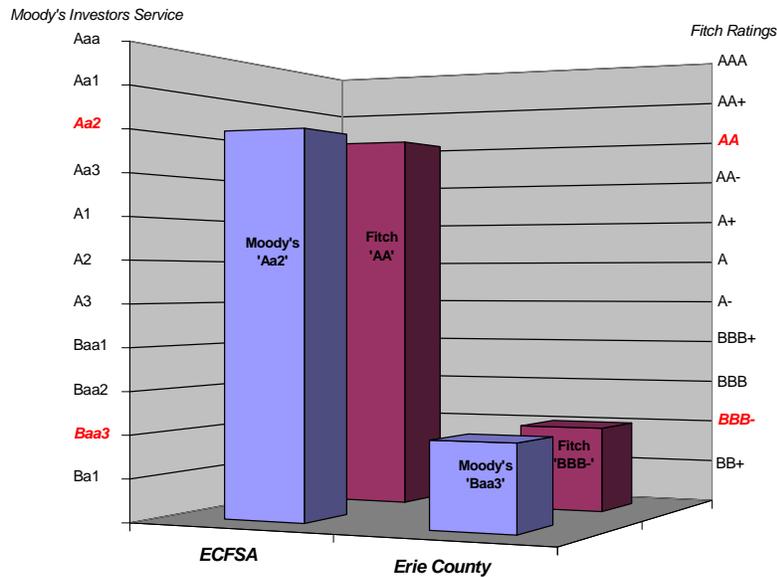
Municipal Bond Ratings Scale

SLIDE 1

	<u><i>Moody's Investors Service</i></u>	<u><i>Fitch Ratings</i></u>
	Aaa	AAA
	Aa1	AA+
ECFSA	Aa2	AA
	Aa3	AA-
	A1	A+
	A2	A
	A3	A-
	Baa1	BBB+
	Baa2	BBB
Erie County	Baa3	BBB-
Below Investment Grade	Ba1	BB+

“The next slide that I have here, just gives you a better picture of how those ratings compare and where they fall out. You can see that the Moody’s and Fitch rating coming out of the Aa2 and then comparing it to the County’s current ratings. So you can basically see it by scale. There is a large difference between the two. Also by way of clarification in terms of the Authorities rating, it is based on the security that you can provide from your pledge of sales tax revenues and any amounts of very specific category state aid that compared to Erie County’s rating which is a general obligation bond rating which generally is there levying of property tax with an unlimited degree to pay there debt obligations

SLIDE 2



“Our next slide indicates that Moody’s is better saturated in its ratings in New York state and that is why we are using this as a comparative. Fitch has excellent rating and terrific analysis but they are a relative new comer so in terms of their saturation in the market it is not as great so that is why we are showing Moody’s here for you. This shows you by group the highset ratings of counties in New York State. At the the top you see Westchester, Orange County, Dutchess County, etc. You are seeing high wealth levels, very strong socio-economic levels and generally very good fianncial condition. Then you have your lower tiers which is basically your BAA categories. There are currently no counties in New York State that are rated below investment grade, so we go down to Baa3 and unfortunately, that is where you see Erie County, which has the lowest county rating in New York State right now.

SLIDE #3

Highest Moody's Rated New York State Counties

Aaa Westchester
Aa1 Orange
Aa2 Dutchess, Onondaga, Ontario, Saratoga, Schenectady, Tompkins
Aa3 Putnam and Suffolk

Lowest Moody's Rated New York State Counties

Baa1 Cayuga, Cortland, Lewis, Monroe, Montgomery, Niagara, St. Lawrence
Baa2 Allegany and Chemung
Baa3 Erie

“The next Slide we have here is shows you how Erie compares to other Baa3 rated counties across the nation and sort of where they fall out. It is somewhat of a broad range although I can tell you from my experience being at Moody’s a lot of these counties that you see on this list generally have lower socio-economic characteristics meaning income levels, things like that. Also those which tend to fall in this category are experiencing some kind of financial distress. That generally is one of the reasons that you would fall into a Baa category because generally counties tend to be strongly rated. They can draw from a larger tax base to fund their services and you tend to have fairly highly-educated people who are in the administration and that bolsters ratings for counties generally in comparison to other municipalities as well. Yes.”

SLIDE #4

Moody’s Baa3 Rated Counties
(Lowest Credit Rating in the Nation)

Erie County, NY
Baraga County, MI
Bledsoe County, TN
Colusa County, CA
Haskell County, OK
Jefferson County, OH
Jones County, MS
Lewis County, TN
Luna County, NM
McKinley County, NM
Pointe Coupee Parish, LA
Scott County, TN
Van Buren County, TN
Williamsburg County, SC

Chairman Baynes:

“So it is safe to say that we are officially the largest county on that list. In comparison to the other 13 counties on that list, which have a total of 318,000 people, we have 950,000 in our county. Some of these counties have 5,000 people, some have 8,000, some have 11,000; the highest one on that list is Jefferson County, Ohio, which has 73,000. So we are the largest county in the country and the lowest bond rated county in America. Is that safe to say?”

Marcy Block:

“I don’t know all of the counties that are listed on here. Some of the ones listed on here, you are absolutely correct. I know personally there are a number of

them on there that have smaller population bases, absolutely. I am most familiar with, I started with Moody's in the Southwest so I am very familiar with the New Mexico counties that are listed up there but I know also looking at this briefly that Tennessee counties are very small population bases. So I can concur on the ones that I do know."

Chairman Baynes: "And it should be noted that here is not one single county that is listed in the northeast United States. So when an elected official is saying that we are hyping a story, the record speaks for itself, but when an elected official states that we shouldn't be borrowing money to help the County when our bond rating is up here and the County's is so low, basically, one level above nobody wanting to give them credit, it's just a rhetorical question, I don't need an answer."

Marcy Block: "Then I will continue on with the next slide."

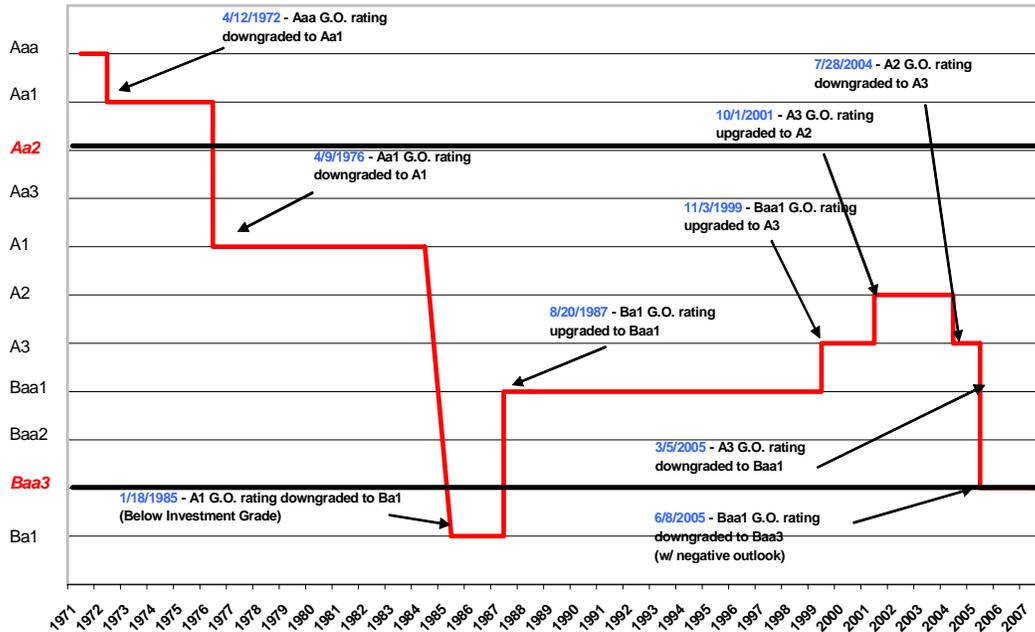
Executive Director Vetter: "In order of magnitude, we are talking about 14 counties total so the order of magnitude is that the lowest-rated general obligation counties in the United States according to Moody's of approximately 3,100 counties, we are among the lowest 13 out of 3,100."

Marcy Block: "That's right. Generally Moody's puts out a fair number of research report and generally what they say in terms of general obligations bond ratings is that it's a bell curve and most of the ratings that you see for general organizations tend to fall right on that A. That tends to be the center of it. Then for counties for the most part, I would argue that they tend to be on the higher part of that A curve so within the A, I think is a reasonable guess-timation on my part. I have not seen one of the recent reports but I don't think much has changes. Most counties tend not to be rated in the Baa category for a lot of the reasons that I mentioned previously."

"This chart here what it goes through is a rating history, it may be a little difficult to see but I think that you might have it as a handout. This basically traces Erie County's bond rating from 1971 until where it stands currently. Just to give you a couple of highlights on the chart. This starts back in 1971. The County was rated AAA. From my experience what I can pass on is that you can look at Erie County, Buffalo, a lot of those rating where within the Aaa but when they initially received their rating reflecting the manufacturing base that was predominate here many, many years ago, strong socio-economics, that's why the rating started out so high. The trend that has followed in terms of the rating going down somewhat echoes what has happened to the economy here in Erie County. A lot of the manufacturing companies that were here have left and Moody's watched the population shift in the City of Buffalo into the loop towns surrounding Buffalo and what we have seen in the last couple of census reports that have come out is that has been pushed on outside the County as well. So the County is losing its population as well and following that path."

Erie County - Moody's Bond Rating History 1971 - 2007

Slide #5



Also what this follows, although I cannot give you specific details on each of the bumps is that it is also from the financial condition of the County as well particularly as you go down to 1985 when it was rated BA1 which is that below grade category that I had mentioned earlier. The path back up has reflected improved financial operations within the County as they steadily moved along. An interesting point in 1995 is the rating that was done by myself and another analyst when I was at Moody's and then it continues up until the A2 and then basically has sharply declined since that point. A lot of the issues that the County faces with this decline that took place in the early 2000's they were faced by a lot of the pressures that a lot of municipalities in NYS were facing in terms of employee benefits, health care cost and things of that like and basically what you see here is the response to issues.

Chairman Baynes: "Ms. Marcy Block is it fair to say that in 1985, when it first spiked below Baa3, it took almost 16 years to recover?"

Marcy Block: "Actually it was two years."

Chairman Baynes: "Two years to get to BAA1 but not anything nice. So when an elected official says that we can clean up this mess overnight, they are either playing politics or they are saying that they misunderstand or they can't read graphs?"

Marcy Block: "What I can speak to is that the rating agencies do not like to do multiple bumps in ratings. That is not something that you will typically see."

Chairman Baynes: "For example, there is no way to go from the lowest that we are this year to a double A next year."

Marcy Block: "It is very rare."

Chairman Baynes: "And in Erie County there is no exception to that rule?"

Marcy Block: "Right. Usually, while you might see a calendar upgrade in time periods generally you would be spacing it every six months apart just to see if they are holding to plan or whether change is taking place."

Chairman Baynes: "In previous slides, the rating as a control period that is seven level above theirs, that could take years."

Marcy Block: "Well, Erie County hasn't had a rating in the double A for many, many years, not to say that they couldn't, but it would take a significant effort I believe"

Director Goodell: "Roughly what is the difference in interest rate from one step to another?"

Marcy Block: "The way the market is currently going, there is a not an awful lot of spread in basis points, that is, how basis points determine the interest rate that you are paying. There are 100 basis points in each percentage point...

One of the scales that we look at is called MMD which is a municipal interest rate scale. There are two ways to look at it. First, you have to understand that an awful lot of bonds go insured now a days from bond insurers but if you assume that the Authority would issue its bonds, and even someone at the double Q2 level would seek out bond insurance because that is the saturation of the insurance market at this time, and you compare that to the County with a Baa3, also spread is only four bases points it is on an awful lot but you would also have to factor in to that is the cost, the premium that you pay compared to an entity that is rated a lot less. It is an additional cost that you have to pay in terms of the premium. The thing that I looked at is that if you issues AA2 or double A category with no bond insurance and then look at an issuance in the Baa category with no bond insurance. Those scenarios are not necessarily likely but just to give you an absolute case there is a 22 point difference base but again most things tend to sell with insurance but a Baa3 rating level it can be difficult to get bond insurance particularly if there is a negative outlook on which there is, because people are concerned that it will go below investment grade. The likelihood of the ECFSA going through the bond insurance, as your financial advisor, we would figure it out if it was cost worthy or not"

Director Keysa: "Let say you have a \$10,000,000 bond, your rating is Baa3, you buy a term what exactly is that term going to cost you, is it one time or annually."

Marcy Block: "It is one time."

Director Keysa: "What does it cost for something like that?"

Marcy Block: "It depends on what you're rated on. For example I was just working with a group in the A range and pretty much was taking a guesstimate that it might be somewhere around 20 basis points although some of my colleagues did some other work some other A rated entities they came out more in the teens. The market changes continuously, I don't know if you have any more you would like."

Director Keysa: "Regarding the cost."

Marcy Block: "This is Mike Neumeister who is one of the Principals of our Firm and Senior Vice President."

Michael Neumeister: "What we are hearing is that a BAA3 would cost something like 80 basis points to acquire insurance. This is what we have been advised where as the Authority in of itself can borrow with a AA2 at about 18 basis points so there is huge spread in the cost of the debt from day one."

Director Johnson: "What are some of the negative outcomes that cause the spread to be so high; what causes it to be so high? You made a statement that some of the difficulty that compounds the insurance rate are some negative outcomes could you give us some examples of what they are those?"

Michael Neumeister: "Essentially is a risk issue. The risk is the ability to repay your debt as interpreted by the rating agencies who have assigned you a BAA as opposed to the significantly less risk when they are investing or loaning money to an authority that is rated AA2. That is a risk of judgment and insurance companies charge for that risk."

Marcy Block: "Just to move on to the next slide, this slide goes through, if the Authority has certain powers that were granted to it when it as formed. Two of those powers are the expectation that the Authority can refinance existing County debt that is out there for debt saving service savings and a lot of that debt service savings comes about not specifically because the market has changed but because the ratings are so much different. The top portion of this slide shows that the County debt that is eligible to be refinanced would bring to the County about \$4.1 million in aggregate budgetary savings, if the Authority was to issue its bonds to take out the existing County debt. The other power granted to the Authority is the ability to issue bonds for new money. Based on an estimate if the Authority were to issues its bonds of about \$62 million to cover a capital program of the County the aggregate budgetary savings would be about \$850,000. So this shows you that your difference in the ratings; where it really comes out is how much you save in the budgets."

Chairman Baynes: "So what you are saying is that there are 10 bonds of County debt which we could save \$4.1 million tomorrow if the Authority could refinance. It would be like if you had a mortgage at home that was 15% and it dropped to 10% why wouldn't you refinance it; it would lower costs and this would do that. Most citizens would do that but we need the government to get on board and do the same thing. The Authority could save up to \$4.1 in refinancing and \$850,000 in new capital borrowing."

SLIDE #6



Estimated Budgetary Savings



Refinancing of Eligible County Debt
\$4.1 million in Aggregate Budgetary Savings
(\$185,000 - \$445,000 per year over the next 13 years)

New Capital Borrowing ~ \$62 million
\$850,000 in Aggregate Budgetary Savings

Michael Neumeister: "That is absolutely correct."

Chairman Baynes: "So that would be \$5 million we could help the County save and we are being told by the elected officials that they don't want us to do that. Again a rhetorical question. \$5 million that we could save for this community tomorrow and we are being told that we don't want you to do this. One of the reasons, you heard earlier is that several statements made by elected officials stating that it costs us \$2 million to operate is false, I believe I have an article where Mr. Polancarz, the "fiscal watchdog" states that it cost the taxpayers \$2 million dollars to operate. It cost us \$485,000 last year to be in operation last year. No where near the \$2 million. There are also reports that we would be hard forever, another fallacy. Mr. Director Keysa knows the rules of the law and the law is very clear; we are here to help the community. We can save the taxpayers \$5 million for this community and for the elected officials to tell us we shouldn't help them save \$5 million is unacceptable and I hope the citizens get that."

Director Keysa: "I would just like to add that it is quite conceivable that we not have a hard control period. If the County was itself functioning in appropriate fashion, and the only existence was for the purpose of making these payments and so forth, the control board could very well operate with limited personnel and for under \$100,000 or less a year. I think I sense right now that, because we are in a hard control status, we are running at much less expense than the Buffalo Fiscal Stability Authority but the County Attorney has indicated to the Legislature that if we issue bonds than we are a hard control board forever and that is simply not the case. Whether bonds are issued or not does not determine if we are in a hard control status. It is determined by other factors, such as the prowess with which the County administration has presented its budget and how they operate the County. We hope to review that by January of next year and that will determine if we will continue with our "hard" status. There are, however, savings that can be brought to the County."

Director Kruly: "Just to piggy-back on what Stan was saying, as you know there are five triggers in the law for us becoming a hard control board. Whether or not we can maintain this status is not dependent on the bonds. I think our counsel pointed out to us that the law sets us up until 2039 that is because the law says that we will intercept state revenues coming to the County. I expect and hope that some time before 2039 things change so that we don't have those problems. That is the 2039 item and it does not relate to bonds."

Chairman Baynes: "I would just like to add that if the elected officials sit down and work with us after you have seen this presentation. We can save the County \$5 million that is on just 10 bonds by the way. There are several more bonds that can be refinanced through us and we picked ten. If they would just sit down and work together; we will give you all the credit in the world, but don't play politics any longer this community cannot afford it."

Director Kruly: "Question for CMA. The bonds that you looked at are we looking to extend the term or are we looking to continue the terms that we currently have?"

Michael Neumeister: "No, Mr. Director Kruly, what we have done is to match the same terms of the current bonds that are standing, so we will not run the debt any longer. It will not cost you anymore; you will be getting the benefit as an issuing agency to issue debt cheaper than the County can otherwise afford to do. Again to refund all of your prior debt that we have identified is something the County could not do prior to your arrival. You get the benefit of a lower interest rate because of a

higher bond rating that allows it to be done. You are the conduit that allows the County's recovery to be quicker than it otherwise could have."

Chairman Baynes: "We are able to do this because of our bond rating."

Michael Neumeister: "On our refunding estimate that is for sure."

Chairman Baynes: "But we can't do it without the County asking. These are there reasons that this should be done. There should be no argument. This debt could have been refinance six months ago but again because we are play politics in this community things aren't being done and this has to stop. I have spoken to members of this community and everyone responded with the same response: "What are you waiting for?" I say we are waiting for two politicians to say "yes" go ahead and do this. It is not up to us; they have to ask. We have asked them numerous times and their response is no."

Director Kee: "Mr. Chair, would it be appropriate for this Board to create a formal resolution requesting the County to take advantage of the savings here and have all of us on record today."

Chairman Baynes: "Yes, I think that would be a great idea. We should do that today."

Director Kee moved that the County Executive and the County Comptroller be urgently requested to submit to the Authority a plan to allow the ECFSA to refinance County debt and to also be responsible for the issuance of new debt in order to achieve very substantial savings for our tax payers. Chairman Baynes seconded. Without further discussion the board voted unanimously to approve the following resolution:

Resolution No. 07-23

CALLING UPON THE COUNTY TO REFINANCE ELIGIBLE BONDS THROUGH THE ECFSA

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority ("ECFSA"), to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to "oversee [Erie] 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 3961 of the New York Public Authorities Law ("Public Authorities Law") permits Erie County (the "County"), upon the request of the County Executive after approval by the County Legislature, to "undertake a financing of costs" through the ECFSA; and

WHEREAS, Public Authorities Law section 3962 empowers the ECFSA "to issue bonds, notes or other obligations . . . to pay any [such] financeable costs;" and

WHEREAS, Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") have assigned the ECFSA bond ratings of Aa2 and AA, respectively; and

WHEREAS, in contrast, Moody's and Fitch have respectively assigned the County bond ratings of Baa3 and BBB-; and

WHEREAS, no other county in the United States of America has received a lower bond rating from Moody's than Erie County has; and

WHEREAS, both Moody's and Fitch have assigned the ECFSA a bond rating seven grades higher than that of the County; and

WHEREAS, on account of its high bond rating, the ECFSA can issue new debt at a lower cost, and can refinance pre-existing debt at lower rates, than the County can; and

WHEREAS, Capital Markets Advisors, LLC ("Capital Markets"), reported to the ECFSA Board of Directors at their meeting on March 26, 2007, the fiscal savings that the County would realize by refinancing its eligible debt through the ECFSA; and

WHEREAS, pursuant to Capital Markets' estimate, the County would save \$4.1 million over thirteen (13) years by refinancing ten (10) eligible bonds (the "eligible bonds") through the ECFSA; and

WHEREAS, Capital Markets also forecasts that the County could save an additional \$850,000 by pursuing new capital borrowing through the ECFSA; and

WHEREAS, by refinancing pre-existing debt and issuing new debt through the ECFSA, the County can follow the examples of Nassau County, which saved \$146 million in debt-related expenditures through 2005 by refinancing and borrowing through the Nassau County Interim Finance Authority; and of the City of Buffalo, which has saved over \$3 million in debt-related expenditures by refinancing and borrowing through the Buffalo Fiscal Stability Authority; and

WHEREAS, by refinancing pre-existing debt and issuing new debt through the ECFSA, the County will not affect the longevity of the ECFSA, which shall regardless periodically intercept a portion of County tax revenues and New York State aid through December 31, 2039, pursuant to Public Authorities Law section 3964; and

WHEREAS, neither the refinance of pre-existing debt nor the issuance of new debt by the County through the ECFSA predetermines the status of the ECFSA as an advisory board or as a control board; and

WHEREAS, by refinancing pre-existing debt and issuing new debt through the ECFSA at lower interest rates, the County can reduce future debt service costs, and thereby save taxpayer dollars;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA calls upon the County Legislature and the County Executive to refinance the eligible bonds through the ECFSA, given the cost savings that it will achieve for County taxpayers; and

BE IT FURTHER RESOLVED that the ECFSA urges the County Executive, the County Comptroller, and the County Legislature to seek opportunities for the County to refinance pre-existing debt and to issue new debt through the ECFSA, upon considering the fiscal benefits that will result; and

BE IT FURTHER RESOLVED that certified copies of this resolution be forwarded to the Governor, the New York State Comptroller, each member of the New York State Assembly and the New York State Senate who represents a portion of the County, the County Executive, the County Comptroller, and the Chair of the County Legislature.

This resolution shall take effect immediately.

Chairman Baynes: "Not that we needed a resolution but I think it should be very clearly stated that we don't cost \$2 million; its \$485,000, and I think that \$100,000 of that goes to legal fees because we were sued by the County itself three times and had to

defend ourselves, if not we would have found ourselves working with \$100,000 less. As far as us being here forever, that is a fallacy, so don't let them tell you that. Hold your elected officials accountable."

Marcy Block: "If you have any other questions we would be happy to answer them. Thank you very much."

Director Keysa made a motion to adjourn. Director Kruly seconded. Without further discussion the board, voted unanimously to adjourn.

Respectfully submitted,

Stanley J. Keysa, Secretary
April 19, 2007