

Minutes  
Erie County Fiscal Stability Authority  
June 15, 2007

*(Note: the following is a draft copy of minutes of a meeting of the Erie County Fiscal Stability Authority (“ECFSA”), which was held June 15, 2007. These minutes will not become final until approved at a subsequent meeting of ECFSA Directors, and may be amended before approval)*

Chairman Anthony Baynes called the meeting of the Erie County Fiscal Stability Authority (“ECFSA”) into session at 2 p.m. on Friday, June 15, 2007 in the Auditorium of the Buffalo and Erie County Library in downtown Buffalo. Notice of the meeting had previously been distributed to all Directors by courier and announced to the public and press.

Directors Present: Anthony J. Baynes, Chair; Stanley J. Keysa, Secretary; Kenneth Kruly; John Johnson and Joseph Goodell

Executive Director Kenneth Vetter and Legal Counsel David McNamara

Chairman Baynes: “I’d like to call this meeting of the Erie County Fiscal Stability Authority to order. I welcome my fellow Board members and the public officials, interested members of the public and press and media in attendance. Thank you for coming.”

“We have scheduled this meeting to consider Erie County’s request to issue a \$100 million Revenue Anticipation Note and to amend a contract approval previously submitted to this Authority.”

“Our first order of business is to approve the minutes of the June 8, 2007 meeting. They have been submitted by Secretary Keysa, and were circulated to the members in their briefing books prior to this meeting. Do I have a motion to approve?”

Director Goodell moved to approved, Director Johnson seconded, and the Directors voted unanimously to approve the following resolution:

**Resolution No. 07-56**

**APPROVING MINUTES AND RESOLUTIONS FROM JUNE 8, 2007 MEETING**

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its June 8, 2007 meeting and ratifies and affirms four resolutions numbered 07-52, 07-53, 07-54 and 07-55 that were approved on June 8, 2007.

This resolution shall take effect immediately.

Chairman Baynes: “At our May 18, 2007 meeting a series of Mental Health contracts were approved by this Board. Due to a clerical error on the transmittal form from the County it had been requested that we amend the approval. I would ask Mr. Vetter to explain this.”

Executive Director Vetter: “Yes Mr. Chairman, at our meeting on May 18, 2007 the board approved a series of mental health contracts for community services including a retroactive rate increase that the state has mandated that is 100% state reimbursable. Of course, the amount of \$7,044,033 was a clerical error on the transmittal that came here. The true amount should have been \$8,486,307. There is no change in the agencies. The money is still going to the same seven agencies that were listed there before. The amounts have been corrected. This is still 100% reimbursable but appears to require re-approval given the amount correction on the form. So I would suggest given the consideration by the board to pas this series of contracts to amend the amount.”

Chairman Baynes: “Do we have any questions for Mr. Vetter? May I have a motion to approve the contract with the revised contract figure?”

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

**Resolution No. 07-57**

**APPROVING CERTAIN CONTRACT SUBMITTED BY  
ERIE COUNTY DEPARTMENT OF MENTAL HEALTH**

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, duly submitted a request for review of the contract listed on the attached document; and

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

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA approves the contract submitted by the Erie County Department of Mental Health for receiving grant funds to enter into service contracts with multiple agencies.

Item	Description	Amount
EC Department of Mental Health	Service Contracts – Multiple Agencies – NYS Office of Mental Health	\$8,486,307 - \$0 Local Share

This resolution shall take effect immediately

Chairman Baynes: “At our last meeting, we received testimony on the issuing of a \$100 million RAN for Erie County. We had provided the County with information showing a savings of up to \$146,000 for this single, one-year transaction if the ECFSA would borrow on the county’s behalf. We have had no takers on this offer to save the taxpayers money. If that is the choice of County elected officials, with the alternative they’ve set-up of shutting the County down, we have no choice but to consider this issue now.”

“We received the request for approval only 36 hours before our last meeting and we have given it thorough and thoughtful consideration before bringing this matter to a vote.”

“Is there anyone who would want to make a motion to approve the RAN borrowing?”

Director Keysa moved to approve and Director Kruly seconded.

Chairman Baynes: “Any amendments or discussion?”

Director Goodell: “I would like to make some observations here. The County Executive and other members of the Administration, certain newspaper reporters and others have been asking the question why the Administration and the control board cannot work together, saying that they are always having fights, they can’t agree on anything. So I am prepared today to vote to allow the County to do this borrowing as a way of showing that we are willing to work together. However I would expect that from now on the County would reciprocate and we will find the County willing to work together on a wide range of issues including re-engineering and certainly the funding of bonds that will have to be issued in a few months for capital projects. I expect that we will get early notification and requests for timely approval of that and that we will have a rational discussion of the terms of such borrowing. If we do not have that then I will believe once again that the County in all its divisions and pieces, Legislature, Executive, etc. They are not willing to work together. I am willing to stand up at this meeting and say “OK, we will take the first step, but we want steps from you.”

Chairman Baynes: “Any further comments?”

Director Kruly: “Mr. Chairman, I just want to make a couple of observations. When we went into a hard control period, we identified that there was a deficit in the 2007 budget and it was out of balance. That has now been confirmed by various County officials. We welcomed the opportunity to save some money to refinance that but that has been rejected, which I interpret as trying to maintain the status quo. We offered an opportunity today for us issuing the short-term borrowing and that has been rejected. I interpret that as reaffirming the status quo. All that being said given the legal requirements of the borrowing, there is nothing further that we can do and we are not about to shut down the County because of this and so I will reluctantly vote for this thing today but I am doing so with the feeling that tax payers are losing \$146,000 in the process and the concern for me, going forward, is that of the staff function that they are going through is just the tip of the iceberg. There are a lot of issues out there that are being punted in the next administration, the potential for returning to hospital subsidies, a very large increase in the community college subsidy which the next County Executive is going to have to pay for. Late contracts will all have to be settled and bond payments that have been manipulated and pushed back due dates for some time in the future. I am hoping that we

can get passed all of that and I echo what Director Goodell just said about the need to work together. We need a positive sign and I have not seen one lately so I will vote for this but I am hoping that I will see something better.”

Director Johnson: “Like my colleagues who spoke earlier, Mr. Kruly, as well as Director Goodell. I too will vote today to have the government move forward on this borrowing. However, I find it rather incredulous that we sit here today and think that there is not that much interest outside of the Erie County Fiscal Stability Authority to do business outside of the status quo; doing business where it is not so expensive for the taxpayers; doing business where we can move forward with the government that is going to entice business investors to come in and invest in this community and not look at this community as one in which they will tax you to death. They will dump long-term borrowing on your grandchildren in the future and I just believe if we are going to be the only voice between the establishments within the government; Legislature, Executive branch, I think that we have to make sure that the Erie County Fiscal Stability Authority is one that is strong and will articulate at all times the concerns of the taxpayers. What I am getting from many individuals in this community is that we are becoming more and more a community that is saturated with geriatrics and the fact of the matter is peoples’ pocket books can not afford to continue to spend, spend, spend and not look at ways of trying to bring about some saving within the operations of this government.”

Chairman Baynes: “Thank you, well said. Mr. Keysa, please.”

Director Keysa: “I have moved this resolution, but I do so with the same reluctance that the others have expressed, because I don’t see a serious effort being made to change the way we are doing business. At the same time I move this because I understand that thousands of County workers are not at fault here, this is a problem with management. I would also like to recognize that tens of thousands of people who rely on the County in one fashion or another, whether it be social services, medical services or simply the highways, need to have those services continued and should not be penalized because the management is not doing all that could be done.”

Chairman Baynes: “Any further comments? All in favor?”

Without further discussion, the Directors voted unanimously to approve the following resolution:

**Resolution No. 07-58**

**COMMENTING ON AND APPROVING THE ISSUANCE OF  
REVENUE ANTICIPATION NOTES BY ERIE COUNTY**

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, by adopting Resolution 07-23 on March 26, 2007, the ECFSA urged the County Executive, the County Comptroller, and the County Legislature to seek opportunities for Erie County (the “County”) to issue new debt through the ECFSA, upon considering the fiscal benefits that will result;

WHEREAS, certified copies of Resolution 07-23 were sent to County Executive, the County Comptroller, and the Chair of the County Legislature;

WHEREAS, Resolution 07-23 stated that, on account of its high bond rating, the ECFSA can issue new debt at a lower cost than the County can;

WHEREAS, Resolution 07-23 stated that, by issuing new debt through the ECFSA at lower interest rates, the County can reduce its cost of borrowing, and thereby save taxpayer dollars;

WHEREAS, Resolution 07-23 stated that, by issuing new debt through the ECFSA, the County will not affect the longevity of the ECFSA, which shall periodically intercept a portion of County tax revenues and New York State aid through December 31, 2039, pursuant to Section 3964 of New York Public Authorities Law; and

WHEREAS, Resolution 07-23 stated that, the issuance of new debt by the County through the ECFSA will not predetermine the status of the ECFSA as an advisory board or as a control board; and

WHEREAS, based on County cash flow projections, the County Comptroller’s Office identified a need for the County to issue \$100,000,000 in Revenue Anticipation Notes before the end of June 2007;

WHEREAS, on June 7, 2007, pursuant to New York Local Finance Law, the County Legislature delegated to the County Comptroller the powers to authorize the issuance of and to prescribe the terms, form and contents for the sale and credit enhancement of Revenue Anticipation Notes through approval of Resolution No. 158-2007;

WHEREAS, regardless, on May 1, 2007, the Comptroller issued a Request for Proposals to financial institutions to serve as purchase, placement agent and/or underwriter for an amount not to exceed \$100,000,000 in Revenue Anticipation Notes to finance the County's short-term cash flow needs;

WHEREAS, based upon First Southwest Company's evaluation of proposals the County received from investment and commercial banks, the County Comptroller's Office selected Bank of America, N.A.'s ("BOA") proposal calling for direct placement of \$100,000,000 in Revenue Anticipation Notes with BOA;

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 renewed and continued a control period by adopting Resolution 07-04 on January 11, 2007; and

WHEREAS, Section 3959(2)(i) of New York Public Authorities Law requires that, during a control period, the ECFSA review the terms of each proposed issuance of bonds or notes, comment on the prudence of each issuance and indicate approval or disapproval of the proposed borrowing within thirty days after notification;

WHEREAS, Section 3959(2)(i) of New York Public Authorities Law also requires that, during a control period, no such borrowing shall be made by the County unless first reviewed, commented upon and approved by the authority;

WHEREAS, on June 6, 2007, the County Comptroller's Office provided the ECFSA with the County's proposed contract terms for borrowing \$100,000,000 of Revenue Anticipation Notes through Bank of America, N.A., and requested that the ECFSA approve the borrowing and related contract at its June 8, 2007 Board meeting;

WHEREAS, on June 8, 2007, the County Comptroller presented on and answered a number questions posed by the ECFSA board on the proposed issuance of \$100,000,000 in Revenue Anticipation Notes;

WHEREAS, after considerable discussion, the ECFSA board tabled action on the proposed borrowing to allow for time to comment on the terms of the borrowing as required by New York Public Authorities Law;

WHEREAS, it has become apparent after discussion with the County Comptroller, that the ECFSA can borrow \$100,000,000 of 2007 Revenue Anticipation Notes at a savings to County taxpayers of \$146,000;

WHEREAS, the County Executive has yet to request County Legislature approval of an ECFSA borrowing on behalf of the County, as required by Section 3961 of New York Public Authorities Law, to enable the ECFSA to realize savings for County taxpayers;

WHEREAS, the County Comptroller has stated that, without a short-term borrowing of at least \$50,000,000 by the end of June 2007, the County will not have sufficient cash to meet its payroll or other obligations;

NOW, THEREFORE, BE IT RESOLVED, that, absent a request from the County Executive and approval by the County Legislature pursuant to Section 3961 of the New York Public Authorities Law, the ECFSA does hereby approve and authorize the issuance of Revenue Anticipation Notes, Series 2007, in an amount not to exceed \$100,000,000, in order to allow the County to meet its short-term obligations; and

BE IT FURTHER RESOLVED, that the ECFSA reiterates its previous recommendations and advice that the County refinance pre-existing debt and issue new debt through the ECFSA given the cost savings that it will achieve for County taxpayers;

BE IT FURTHER RESOLVED, that the Executive Director of the ECFSA be hereby authorized and directed to execute and deliver any agreements, certificates, documents, papers or other written instrument, to make any changes, modifications or amendments as may be necessary, to do all other things and to take all other actions necessary and appropriate to consummate the transactions contemplated by this resolution; and

BE IT FURTHER RESOLVED, that this resolution be provided to the County Executive, the County Comptroller, the County Legislature, the Director of the State Division of the Budget, the Chair of the State Senate Finance Committee, the Chair of the State Assembly Ways and Means Committee and the State Comptroller.

This resolution shall take effect immediately.

Chairman Baynes: “May I have a motion to adjourn?”

Director Goodell: “May I make another statement? We have been confronted with this RAN that will be for capital projects and as we’ve all said we look forward to working together but I would like to point out, some of us are losing our patience here with the way the County and all its divisions are treating us



and the way they are basically trying to work around us and there is a section in the law and I am paraphrasing here that says that the board can sanction individuals who are uncooperative with the board in terms of supplying information on a timely basis. Now I am sure your attorney will tell you that is a bunch of baloney, but if we continue to see this intransigence on the part of the County, I, for one, will bring up that clause to other members of the board because this wasting of time has got to stop. Thank you Mr. Chairman.”

Chairman Baynes: “Before we adjourn, Mr. Vetter informed me we have to approve a contract for the \$100 million dollars for Bank of America.

Executive Director Vetter: “I have been informed by the Comptroller and the Chief of Staff of the Legislature that the second piece of this is that the Comptroller will be doing this with Bank of America and since that is a contract, the Authority has approval authority of contracts over \$50,000.00, that, in addition to vote for the borrowing, there would have to be a second vote to approve the actual contract. I would suggest we ask for a motion to approve the contract.

Chairman Baynes: “Do I have a motion to approve the contract with Bank of America for \$100,000,000?”

Director Johnson moved to approve, Director Goodell seconded, and the Directors thereupon unanimously approved the following resolution:

Resolution No. 07-59

APPROVING CERTAIN CONTRACT SUBMITTED BY THE  
OFFICE OF THE COUNTY COMPTROLLER

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, by 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 contract listed on the attached document; and

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

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA approves the contract submitted by the Office of the County Comptroller as listed on the attached document for issuance of Revenue Anticipation Notes, Series 2007 in an amount not to exceed \$100,000,000 plus related interest costs; and

BE IT FURTHER RESOLVED that the ECFSA requires the Office of the County Comptroller to submit to this Authority the final interest rate calculation subsequent to the interest rate calculation date for said Revenue Anticipation Notes.

Department	Description	Amount
County Comptroller	Borrowing Contract – Direct placement of Revenue Anticipation Notes, Series 2007 with Bank of America, N.A.	Not to exceed \$100,000,000 plus related interest costs.

This resolution shall take effect immediately.

Chairman Baynes: “May I have a motion to adjourn.”

Director Goodell moved to adjourn and Director Johnson seconded. Without further discussion, the board voted unanimously to adjourn.

Respectfully submitted,

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Stanley J. Keysa  
Secretary