Erie County Fiscal Stability Authority
Minutes of the August 30, 2007 Directors' Meeting

(Note: the following is a draft copy of minutes of a meeting of the Directors of the Erie County Fiscal Stability Authority ("ECFSA"), which was held August 30, 2007 at 2 p.m. in the Auditorium of the Erie County and Buffalo Public Library. These minutes will not become final until approved at a subsequent meeting of ECFSA Directors, and may be amended before approval)

Present: Robert M. Glaser, Vice Chairman, Stanley Keysa, Secretary, Director John Johnson, Director Kenneth Kruly, Director Joseph Goodell, Executive Director Kenneth Vetter

Vice Chair Glaser: "We have a very full agenda today, including a review of the ECC budget, summary strategy of the Authority, some issues on capital borrowing and a report on our latest efficiency grants. So let's get right to it. The first order of business is to approve the August 14th minutes. Do I have a motion?"

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

Resolution No. 07-75

APPROVING MINUTES AND RESOLUTIONS FROM AUGUST 14, 2007 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its August 14, 2007 meeting and ratifies and affirms seven resolutions numbered 07-67, 07-69, 07-70, 07-71, 07-72, 07-73 and 07-74 that were approved on August 14, 2007.

This resolution shall take effect immediately.

Vice Chair Glaser: "We are going to take something out of order until William Reuter gets here to talk about the ECC Budget. So I think we will move right to the contracts, Mr. Vetter?"

Executive Director Vetter: "Again Mr. Vice Chairman, I just spoke with Mr. Reuter yesterday. He is coming back into town and he had indicated that he might be a little late but he will be here."

"In terms of the contracts themselves, a contracts matrix was previously distributed to the Board. There are 17 contracts there. What I would like to focus on first are the first two pages, of which there are 6 contracts on each. Originally staff had recommended that those 12 contracts be considered as a slate however based on some subsequent discussion from the staff level, we propose that two contracts be pulled for individual consideration because there is a member who would like to abstain on these contracts. So I would put forward on page one, items 1-5 be considered as part of a slate, that item number 1-6, NYS Multi-modal monies for the Evans Multi-Use Pathway be considered as a separate issue. Then add to those five on page two, items 1-5 to also be also considered as a part of the slate. There appear to be no significant issues with those contracts. The last item on page two, item 2-6, for the NYS Office of Mental Health 2006 retroactive increase for vendor services is considered as a separate issue. So, Mr. Vice Chairman, I would suggest a motion for consideration for 1- 5 on page one and 1-5 on page two as a slate for approval."

Secretary Keysa: "Just a question from my stand point; this is the revised list?"

Kenneth Vetter: "Yes"

Director Goodell moved to approve, Secretary Keysa seconded and the Directors voted unanimously to approve the following resolution.

<u>Resolution No. 07-76</u>

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.

Department	Description	Amount
Erie Community College	Lease Renewal – Cricket Communications Renewal of Cell Tower lease with Cricket Communications for 4 years	$102,000 in revenue over 5 years – all to ECC general fund
EC Environment & Planning	Grant contract – NYS Department of Health – State Indoor Radon Grant Program through NYS DOH	$131,300 – local share – in-kind match
EC Environment & Planning	Grant contract – NYS Department of State – Framework for Regional Growth, through Quality Communities program – develop policy manual and GIS system	$65,000 - $13,000 local share
EC Environment & Planning, Sewer Agency	Purchase contract – S&W Contracting of WNY, Inc. – Roof Replacement Phase II for various Sewer District Buildings	$117,310 – All in capital budget
EC Environment & Planning, Sewer Agency	Modification of Plan – various approved vendors – Sewer District #5 improvements. Reauthorization of bond funds	$1.86 million - All in capital budget
EC Public Works	NYSDOT Federal aid Project – NYSDOT, TVGA Engineers – NYSDOT project for the design of replacement traffic signals at 3 separate intersections in Tn.. of Tona. & change order with project engineers	$488,000 - $97,600 local share
EC Public Works	Purchase Contract – Various Approved Vendors – Phase III of the EC DPW annual road, culvert & bridge repair program	$971,368.28 – in capital budget
EC Public Works	Change Order, Professional Services – URS Corporation – Professional services change order for environmental impact Statement	$214,000 – in capital budget
EC Public Works	Purchase Contract – ECC Technologies – Furnish & install microwave system for connection between Rath Bldg. & Harlem Rd. for monitoring & security purposes	$95,130 – all local share
EC Public Works	Service Contract – Designated Towns & Villages – Extension of County contract with Towns & Villages for Snow & Ice removal on County roads	$3,355,312.72 – '07-08 $3,523,078.35 – '08-09 $3,699,232.27 – '09-10

*EC- Erie County

This resolution shall take effect immediately.

Executive Director Vetter: "If I could put forward contract 1-6 on page one of the matrix; it is a receipt of grant funds for the Multi–Use Pathway for the cost of $130,000 it is included in the appropriate capital budget of the County. There appear to be no questions but I believe there is a board member who would like to abstain from this vote and has asked that it be considered for separate consideration."

Director Johnson moved to approve, Director Kruly seconded, Director Goodell abstained and the remaining Directors duly voted to approve the following resolution:

Resolution No. 07-77

APPROVING CERTAIN CONTRACT SUBMITTED BY THE ERIE COUNTY DEPARTMENT OF ENVIRONMENT AND PLANNING

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

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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 contract listed on the attached document; and

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

NOW, THEREFORE, BE IT RESOLVED that the ECFSA approves the contract submitted by the Erie County Department of Environment and Planning for a multi-use pathway in the Town of Evans along Old Lakeshore Road.

Department	Description	Amount
EC Environment & Planning	Receipt of Grant Funds – New York State, Town of Evans – NYS Multi-modal monies for the Evans Multi-Use Pathway	$130,000 – No local share

*EC- Erie County

This resolution shall take effect immediately.

Executive Director Vetter: "Mr. Vice Chairman, on the other item that has been pulled from the matrix on page two, item number six. This is a contract with the Department of Mental Health this is a retroactive increase as mandated by the State Office of Mental Health for which the County has no control over. It would be harmless to review this but there are no issues or question. We simply have one Director who would like to abstain from this item."

Secretary Keysa moved, Director Johnson seconded, Director Goodell abstained and the remaining Directors duly voted to approve the following resolution:

<u>Resolution No. 07-78</u>

APPROVING CERTAIN CONTRACT SUBMITTED BY THE 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

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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 said contract via written correspondence to each ECFSA Director;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA approves the contract submitted by the Erie County Department of Mental Health for retroactive increases for various vendors.

Department	Description	Amount
EC Dept. of Mental Health	Service Contract, Various Designated Vendors – NYS Office of Mental Health 2006 retroactive increase for vendor services	$23,357,476 – no local share

*EC- Erie County

This resolution shall take effect immediately.

Executive Director Vetter: "Mr. Vice Chairman, if I could look to page three of the matrix. Each of these items is for immediate consideration. The first item, page three, item one which is the purchase of office furniture for 45 Oak Street that the College intends to use for its classrooms, district offices, etc. There are three questions, one is with regard to the legal status of the building itself and it relation with the College. Mr. Rubin is here to speak about the legal status of the building and is there anyone here to speak on behalf of the College?"

"Could we have Mr. Rubin come up to speak on the status of the usage and transfer of the building and then, Mr. Danieu, you could speak on the furniture?"

Lawrence Rubin: "Good Afternoon, Lawrence Rubin, Erie County Attorney. We are speaking about 45 Oak Street. 45 Oak Street was acquired in December of 2002, pursuant to resolutions authorized by the ECL to acquire both 45 Oak Street and the related properties which I think is 25 Oak Street which is an associated parking lot. The two properties were purchased for approximately $3.1 million total and was for the specific purpose of developing the public safety campus. It was part of an expanded ECC downtown. The public safety campus building had already been put up in Phase 1 at a cost of approximately $33 million. Subsequent to that, ECC as the lead agency, together with Erie County officials, Erie County Legislature and others undertook to do a Generic Environmental Impact Statement to assess the long term master plans for ECC. That GEIS was recently adopted by ECC and has been endorsed by the County Legislature through the approval of a recent $21 million bond resolution. The master plan calls for maintaining these campuses but focusing on the expansion of ECC downtown campus as the administrative hub for ECC system wide as well as expanding the public safety campus so as to include bringing the police academy into ECC which we had done administratively and than bringing it downtown once a building was put up at either 45 Oak Street or at this point probably looking at the associated parking lot to put up the new building. During the interim period while those plans are being finalized we will seek an additional funding for getting the project started. As many of you are aware, we have to go through the State University capital budget program and the Dormitory Authority to obtain matching funds for that. The County Executive has agreed to allow that property, 45 Oak Street to be used for ECC's expansion of its administrative offices and classroom space downtown, consistent with the master plan that has been approved by all appropriate bodies and to share the use of the parking lot between ECC and Central Polices Services, Public Safety Campus building. This is being done and technically the buildings are under the Authority, but both properties are under the Authority of the Division of Buildings and Grounds of the Department of Public Works and on an interim basis been utilized by ECC and the property has not technically transferred to ECC. It doesn't have to be because all ECC property is held in the name of the County but once it comes into permanent use it is permanently dedicated to that purpose but we are not at that point yet. I think the plans that ECC have are more interim in dedication for that purpose while the much larger long term plan of ECC are fleshed out. I hope that answers your question."

Director Kruly: "Is the College going to pay rent to the County for that building?"

Lawrence Rubin: "No. If we had to pay rent we would just have to pay…."

Director Kruly: "So they wouldn't be getting anything from the State of New York?"

Lawrence Rubin: "They will get operating assistance from the State of New York for the operation of the building. The State frowns on its sponsors charging rent and then getting that money back. The State of New York will give 50% of it back."

Director Kruly: "Wouldn't the State need evidence of a rental contract in order to approve that?"

Lawrence Rubin: "No."

Secretary Keysa: "I take it that they are paying the utilities, the electric, the gas, etc."

Lawrence Rubin: "ECC is and that gets factored into the reimbursement for operating assistance from the State."

Director Goodell: "Is that space occupied right now."

Lawrence Rubin: "It is in the process of being renovated and occupied. I think they have used internal resources to clear the building but I think the contracts you have in front of you are for doing some of the work that did not get done internally."

Director Goodell: "So 45 Oak Street, aside from what you just said is empty; is that correct?"

Lawrence Rubin: "No, I don't know if it is empty per say, they have done some renovations with internal resources."

Director Goodell: "Right but there is nobody occupying or carrying on any business of any kind?"

Lawrence Rubin: "I don't know that that is the case."

Vice Chair Glaser: "Would you know the expenditures for what is going to happen over there? Is the temporary or is this long term? We are not going to spend a lot of money on things that we are going to later rip out?

Lawrence Rubin: "No, I think that given the resources and the situation we have, we are focusing now on a new building that is focused on the parking lot to make the most use out of 45 Oak Street on as long term basis as possible. It would make the most use out of 45 Oak Street on as long term a basis as possible it is hard for me to define long term but I think that it would be several years that it could be utilized for the purposes that ECC is looking at now. In my former position as Commissioner of Environment and Planning, I led the process for the master plan."

Secretary Keysa: "The question I have goes back to the problems with the Rath Building. Is there an asbestos problem in this building?"

Lawrence Rubin: "Not that I am aware of. Whatever they had to do they took care of. The building has had several tenants. This building was built as part of an urban renewal project back in the 70's or early eighties. It is a new build, since the County has applied property the department of Public Works is in their temporarily and now ECC assuming that they didn't have the same kind of construction they had in the eighties that they did in the sixties."

Secretary Keysa: "The only question I had was with regard to the nature of the furniture that is being purchased here; is this furniture specific to the building or is it of the nature that can be versatile?"

Lawrence Rubin: "I am going to have to defer to the Mr. Danieu on that."

Paul Danieu: "I am Paul Danieu, College Business manager. Could you repeat the question?"

Secretary Keysa: "The question was if the furniture was specific to the building or is this the type of furniture that could be used at other locations?

Paul Danieu: "It will be a mix, I don't know the exact breakdown. We anticipated a budget for the furniture for 45 Oak Street is about $125,000. The balance of the anticipated purchase will be used throughout the rest of the College."

Secretary Keysa: "So you are asking for $300,000 but only about half of that is going into 45 Oak Street?"

Paul Danieu: "Approximately."

Vice Chair Glaser: “Maybe you can make a comment on this one. When you saw this in the budget for $300,000, my question would be, do you need $300,000 worth of furniture or we just spending the amount that is in the budget?”

Paul Danieu: I would think since the building is pretty much empty. I know they are anticipating putting in a one stop center for their students that would require new furniture, additional class room space. I would think all of this stuff would be transportable to the College if we leave the building.

Vice Chair Glaser: “Does this represent half of it or the whole thing?”

Paul Danieu: “I’m sorry I don’t understand the question.”

Vice Chair Glaser: “You just said about half of the $300,000 will be used for 45 Oak Street and the other half would be used for the rest of the College. So in that sense it would be used for the rest of the College. Are you expanding, do you need this stuff or are you just using what is in the budget?”

Paul Danieu: “I can’t answer that question Sir. I would anticipate that it be needed furniture.”

Director Goodell: “I have a question and maybe should wait for Mr. Reuter for this one but if this is not approved where will those students go?”

Paul Danieu: “I would anticipate that the use of the building would change if the furniture purchase wasn’t approved.”

Director Goodell: “Well I guess we ought to wait for Mr. Reuter for me to ask that question.”

Vice Chair Glaser: “Will Mr. Reuter be here soon?”

Executive Director Vetter: “He had indicated to me yesterday that he is out of town coming back in and anticipated that he would be late for this meeting and discussed moving the ECC presentation to later in the agenda but he will be here.”

Secretary Keysa: “This is an internal item but I think the pre-filed resolution that States that for 45 Oak Street needs to be amended to show that it is four hundred for that location and other locations of ECC.”

Executive Director Vetter: “So noted, actually the form submitted by the College listed the building as 45 Oak Street, so we will have to look into it. Mr.

Vice Chairman, I would suggest with this and the other two items that Mr. Reuter is probably the most knowledgeable on them, that we defer these until Mr. Reuter's arrival and continue onto the last two items on the contract matrix."

Vice Chair Glaser: "I agree."

Executive Director Vetter: "Mr. Chairman if I could, item numbers 1, 2 and 3 on page three will be deferred until Mr. Reuter arrives.

Secretary Keysa: "So we go to resolution 7-83 next?"

Executive Director Vetter: "Yes. This item is with regard to windows and doors for School 84. I believe to address that we have Mr. Sentz here."

Jeffery Zach "Good afternoon members of the Board, my name is Jeffrey Zach from Public Works. I am here to answer any questions you may have on the window and door replacements at School 84."

Secretary Keysa: "I have a number of questions but I would start with what is the immediacy of the need here?"

Jeffery Zach: "The immediacy of the need is that there are old windows, single paned that are energy inefficient. They are single paned windows. Some of the windows are rotted and in some places you can put your hand right through the frame. The wind and snow blows in during the winter so we would like a contract just to replace the windows and doors."

Secretary Keysa: "Do you have an estimate of the payback in terms of energy savings?"

Jeffery Zach: "We have not done an energy audit on the building. That was part of the plan that was going to be submitted. I don't know what the status is."

Secretary Keysa: "I know you are very experienced with buildings, could you make an estimate on how long this would take?"

Jeffery Zach: "It would be a very short time period."

Secretary Keysa: "Your need to have this done now is important because the building is occupied?"

Jeffery Zach: "Yes, the building is occupied."

Secretary Keysa: “This gives me enough, in my mind, to vote for this today. The second question, is the building eligible for State aid, as most school buildings receive a significant amount of State aid, better than 50% on capital projects?”

Jeffery Zach: “I haven’t been involved in that portion.”

Lawrence Rubin: “Unfortunately because this building is owned by the County it is not subject to the State aid available to the Buffalo Public Schools for renovations. We have been having conversations for the last couple of months with a couple of the public schools about two things. One is getting a lease that would be accepted and you could probably get a State Legislature to change it to allow it to be a leased building, to be subject to, well in this particular building with the same amount of reimbursement that the public schools are generally given. This is an historical anomaly that the County owns a public school. It all dates back to the EJ Meyer’s Memorial Hospital transfer in 1945.”

Stanley Keysa: “This is essentially the school where the handicapped throughout Erie County attend?”

Lawrence Rubin: “It is now referred to as the Old School 84 and it was on the campus of EJ Meyer back in 1945. A condition of the deed was that, agreed upon by the Common Council resolution and the County Legislature resolution both make reference to a continuing obligation of the County to maintain the school.”

Secretary Keysa: “This came about in 1945?”

Lawrence Rubin: “Yes, this transfer occurred in 1945 from EJ Meyer to Erie County.”

Secretary Keysa: “If this were a city school, what is the city receiving generally in terms of construction?”

Lawrence Rubin: “It’s hard to say, people talk about upwards of 95% but that is based upon classroom. If you only do a classroom than you get upwards of 95% of State aid but if you do classroom and a lunchroom because they don’t view the lunchroom as being teaching space. If the cost of renovating each space was of equal cost of renovating, than you would only receive 50% because it is only the classrooms that get aid.”

Secretary Keysa: “So you are probably talking about 80-85%?”

Lawrence Rubin: "The unique problems we are having with the School 84 and the reason we are having this conversation is because of the building's populations. They use every single square foot of space especially with the types of functions including physical therapy. People come over from ECMC to do it there instead of transporting the kids to ECMC. They use lunch rooms, gymnasiums, the pool all this space is used for this particular population and should be viewed as an education space. We are one of the only school districts in the State with a facility dedicated to this specific population. The State Education Department doesn't believe it fits their matrix so we have to talk to them about changing that because frankly this is an educational facility. There is a dialogue going on about whether these students should be mainstreamed. The cost of them retrofitting or adapting all of the public schools to disperse all of those students population across the school system I think would be extremely cost prohibitive and that is the reason why we, in conjunction with the school system, are having these conversations with the State Education Department. This probably will require some considerable movement in Albany from exactly what we are talking about to be achieved."

Secretary Keysa: "The investment here is a fair amount of investment, but nevertheless, it is apparent that there is a fairly short payback time in terms of it. Is that building which was built in 1945?"

Lawrence Rubin: "No, that was the Old School 84 which was then turned into a heart clinic. Then the City gave to the County some additional land which was brought on the campus and that is where New School 84 was developed in the 60's."

Secretary Keysa: "We are still talking about a building that is approaching a half a century."

Lawrence Rubin: "Certainly, and one of the points you brought up, even at looking at 50% reimbursement, if we were able to achieve that, the City of Buffalo certainly doesn't have the 50% back."

Secretary Keysa: "Looking at costs, there is a residual class of students who will never be able to mainstream, but this building should be maintained. I am looking at leveraging the money that Erie County is putting into this and looking at a much bigger bang for our buck. I am aware of discussions that you have had with mainstreaming everybody and with discussions I have had with a number of people and there is a residual class of students who need a facility like this, who will never be able to fully mainstream because of their own particular needs. The likelihood is that this facility is going to be needed for the foreseeable future and if so it should be properly maintained and brought up to standards. Obviously it would make sense to have the maximum State aid for that group. I will make a motion to approve."

Secretary Keysa moved, Director Goodell seconded and the Directors voted unanimously to approve the following resolution:

Resolution No. 07-79

APPROVING CERTAIN CONTRACT SUBMITTED BY THE ERIE COUNTY DEPARTMENT OF PUBLIC WORKS

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

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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 said contract via written correspondence to each ECFSA Director;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA approves the contract submitted by the Erie County Department of Public Works for window and door replacement at Buffalo Public School #84.

Department	Description	Amount
EC Public Works	Purchase contract – Window Specialists – Windows & Doors for School 84 on the ECMCC campus	$202,000 – capital funds

*EC- Erie County

This resolution shall take effect immediately.

Executive Director Vetter: "Mr. Vice Chairman, if I could, the last item on the matrix, 3-5, is a performance contract. I believe Mr. Sentz is here to discuss that and what would occur."

Jerry Sentz: "Good Afternoon, my name is Jerry Sentz from the Department of Public Works. I believe there is a question on the pay back period for this contract. The total contract is for approximately $4.8 million, half of that contract is reimbursed from through the State matching fund that the County normally gets, and when you subtract that off of the NYSERDA money that we will be getting through the NYSERDA program, we will get a payback of slightly longer than seven years."

Director Goodell: "How are these savings guaranteed?"

Jerry Sentz: "Within the contract, various measurement techniques are discussed and in some cases we will actually have meters that will measure the original equipment and the new equipment to see that we are at least making the savings of the original piece of equipment. If we do not see the savings at the end of the year the contractors will physically give us a check for the difference."

Director Goodell: "So the metrics are based on the performance of the equipment but somebody could leave the doors open and negate all of those savings?"

Jerry Sentz: "That is correct; some people leave the lights on longer."

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

Resolution No. 07-80

APPROVING CERTAIN CONTRACT SUBMITTED BY THE ERIE COUNTY DEPARTMENT OF PUBLIC WORKS

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

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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 said contract via written correspondence to each ECFSA Director;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA approves the contract submitted by the Erie County Department of Public Works for energy performance projects at ECC North and South.

Department	**Description**	**Amount**
EC Public Works	Purchase, Service & Performance Contract – Siemens, NYSERDA & others – Guaranteed energy savings project at ECC South & North Campuses	$4,818,630 - $2,409,315 max. local share

*EC- Erie County

This resolution shall take effect immediately.

Vice Chair Glaser: “The next item on our agenda is our summary strategy. Could I have a motion to get this on the floor?”

Director Goodell moved and Director Johnson seconded the draft resolution; discussion:

Vice Chair Glaser: "I would like to indicate that we have gotten together as a Board and put together a strategic summary of our four month plan. We believe that over the next four months, as the new politicians are being voted into the Legislature and the County Executive's office that it is helpful for them to know what the control board position is on many things. With that we put together a strategic summary plan and a long term strategy. Copies will be made available."

Executive Director Vetter: Yes, additional copies will be distributed.

Vice Chair Glaser: Essentially, our long term goal is to oversee operative and long term plans, balanced budgets. It is to provide guidance in sound business; financial and organizational advice to the County Executive, Legislature and Comptroller and any other Erie County stakeholders that might seek out advice. To foster the focus on core services to residents and taxpayers in an effective and cost efficient way which is something called best practices amongst the County. We want to foster the development of operational and financial goals consistent with the County's mission to proper reporting and proper metrics using benchmarking in this area. Improve the Erie County bond rating and foster the reduction of Erie County debt. Maintain a climate of innovation and providing public services that will result in the continuous improvement of County government, its residents, employees and will not over burden the taxpayers. How are we going to do that? Our current goals are to use the efficiency grants that we have available to us which is approximately $17 million out of $18 million that we have available that will be available for additional incentives. We are going to work hard and we are going to hope that we can work cooperatively with the numerous departments to find these opportunities. We also believe that we can be helpful in fostering appropriate labor agreements. There are a certain number of labor agreements that have run out, they need to be addresses and we would like to be helpful in that effort. The reporting matrixes are important so we benchmark what are doing. There are several initiatives that have not been totally aired out but will be formulated with the help of the politicians of Erie County. I think in terms of why we need to come out now is because we want everyone to know where we are coming from and be helpful and at the end of the day everything that we are doing is to benefit our constituents whether it be employees, taxpayers, providers and users of facilities. That is it and I think we feel that the people that are running should know what our positions are and that they may comment on them in anyway that they want. Does that board have any comments?

Secretary Keysa: "I think that, at some point, it would be useful for us to meet with the candidates for County Executive and apprise them of our concerns.

Vice Chair Glaser: "Mr. Vetter, could you see if that is possible; I'm not sure we can do that but if we can, could you look into the possibility?"

Executive Director Vetter: "Mr. Vice Chair, I will make sure that I will make sure that we cover that under the parameters of Public Authorities Law."

Vice Chair Glaser: I would ask the Finance Chairman if he could give us an update on efficiency grants as well as the concept we are trying to push.

Director Goodell: "What we are trying to push with efficiency grants is reengineering. The reengineering is simply a matter of studying a particular item, defining how it is being performed now and looking at alternative ways of performing the same duty at a much lower cost. Part of this idea is addressed to the vacancies that have occurred at departments that we hear are overloaded and simply can't accomplish what their defined mission is. We think that rather than fill those open positions, studies be done in those departments to determine ways to perform the same function in a different way. This is not a pie-in-the-sky kind of thing. It is an approach that has very, very high returns, particularly in organizations, such as the County, where things have been done one way for many years; where there is duplication of efforts. I think that is was the reengineering effort is and that is what we expect from the bulk of the funds that we have to be used for it. Some of those funds may be used for reengineering and also the result of labor contracts in the future. We are looking at spending that money because we see that there are big opportunities down the road and we hope the incoming Administration and Legislature would look to those funds in the context of what I just described."

Director Goodell again moved the resolution adopting the ECFSA Strategic Plan, Director Johnson seconded and the Directors voted unanimously to approve the following resolution:

Resolution No. 07-81

ADOPTING ECFSA STRATEGIC PLAN

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 step toward fiscal stability;" and

WHEREAS, on behalf of the Erie County (the "County") taxpayers, residents, employees and other community stakeholders, the ECFSA is charged with proactively fostering long-term fiscal responsibility in County government in response to the County fiscal issues that came to light in mid-2005; and

WHEREAS, the long-term goal of the ECFSA is to stabilize County finances to the point at which direct supervision by the ECFSA is no longer required; and

WHEREAS, section 3954(14) of New York Public Authorities Law ("Public Authorities Law") empowers the ECFSA to "to do any and all things necessary or convenient to carry out its purposes and exercise the powers expressly given and granted in this title"; and

WHEREAS, sections 3958(1)(b) and 3959(2)(j) of Public Authorities Law require the ECFSA, during an advisory or control period, "to recommend to the County and covered organizations such measures relating to their operations, management, efficiency and productivity as the authority deems appropriate to reduce costs, enhance revenue and improve services so as to advance the purposes of this title;" and

NOW, THEREFORE, BE IT RESOLVED that, in order to carry out its purposes and accomplish its long-term goals, the ECFSA hereby adopts the attached strategic plan.

This resolution shall take effect immediately.

Vice Chair Glaser: There is one person I would like to call upon the come up and give us the current status of labor contracts. Mr. Loncar, do you want to come up and give us an update?

Executive Director Vetter: "Mr. Vice Chairman, Mr. George Loncar is the Director of Labor relations for the County. If he could come on up?"

George Loncar: "I'm not sure what exactly you would like me to touch base."

Vice Chair Glaser: "Just an overview as to the status, just an update."

George Loncar: "I can give you an update on all of the contracts with the exception of two that have expired. The contract that has been resolved is a contract with ECC that was resolved last November, passed by the board and the Legislature. The administrators association of ECC recently negotiated and concluded the contract and was ratified by the membership of the union. I'm not sure if it has gone to the board yet, the ECC Board for its consideration. If it has than it will take us on the course of the EC Executive and the Legislature and to your body. The asking contract which is a blue collar union, there contract expires in December 2005. That went through the negotiation process al the way up and to including fact finding. A fact finding report was issued by the Fact Finder in November of last year. The status of that contract is that the court has found that Fact Finders has been sent to the legislature and it is waiting disposition from them. That will resolve the ASCME contract only through 2005 because of PER rules we can only impose a one year contract. I might also add that in that regard the only thing that they really can do is to grant a wage increase. The only opportunity for the proposed contract to the Legislature can negotiate with the provisions of the contract?

Executive Director Vetter: "Is there a time table for the Legislature to do that."

George Loncar: "No. They have considered it and had the open hearing."

Executive Director Vetter: "So there isn't within PER guidelines or any other State guidelines a timetable that they have to act on this?"

George Loncar: "No, at least not according to PER guidelines. I don't know if they have anything in the journal. The CSEA contract expired this past December of 2006. Negotiations have been established and started. Quite frankly, we have not had a session since last February where we discussed non-economic issue. Based on the current status of the County budget, we were unable to make an attempt at an economic offer at this time, which pretty much stops negotiations in its tracks when it comes down to it financially at this point."

"There is a new subunit of CSEA; the corrections officers. We have just started having initial meetings with them toward a new contract. Again, that has just been a preliminary couple of meetings talking about the economic issues and reviewing the current CSEA contract to see what provision can be included or not included in the contract."

"One that is coming up rapidly is the Erie County Police Benevolent Contract. That has been expired since December of 2004 also. We are going through the arbitration and mediation process, the mediation process according to PERB. The Sheriff's offices across the State won the ability to have interest arbitration or binding arbitration. This is the first time that Erie County is entertaining such a thing. The Sheriff's PBA did move for internet arbitration. That hearing for that arbitration will be this September 26 and 27. I sent a letter to Mr. Vetter inviting anyone on your board who might be interested in participating, you have a right to make a presentation in front of the panel. I think this is for the most part our situation unless you have any questions."

Vice Chair Glaser: "Thank you very much."

"We have one more order of business before we get to, before Mr. Reuter. The Erie County Legislature has authorized the issuance of over $41 million in capital debt. At this point the debt has not yet been issued. When you take a look at our superior bond rating, the Authority can issue those bonds at a much lower cost than the County. We have two resolutions to deal with the bonding and the costs. Mr. Vetter, could you go through those please?"

Executive Director Vetter: "I would suggest that we vote on each resolution separately. These have been distributed and have probably been in the hands of the Board for some period of time really asking the County to request that the Stability Authority, with a significantly higher bond rating to issue debt on behalf of the County up to the anticipated bonding amount of $51 million. Under the law, that the Fiscal Stability Authority was created at the current control situation, Erie County cannot bond without approval of the Authority and the Authority cannot issue debt without the request from the County. A letter was sent to the Administration and to each individual Legislature about seven weeks ago offering to do this for Erie County. We received no responses from any Legislatures and in terms of this resolution, we are memorializing that offer to the County. I would suggest they give it careful consideration."

Director Goodell moved the resolution memorializing the offer to the County to Request ECFSA Issuance of Bonds to Finance County Capital Expenditures, Director Kruly seconded, and the Directors unanimously passed the following resolution:

<u>Resolution No. 07-82</u>

CALLING UPON THE COUNTY TO REQUEST ECFSA ISSUANCE OF BONDS TO FINANCE COUNTY CAPITAL EXPENDITURES

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”), pursuant to a request made by and through the County Executive after approval by the County Legislature, to “undertake a financing of costs” through the ECFSA; and

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

WHERAS, section 3962 of Public Authorities Law, the aggregate principal amounts of ECFSA obligations outstanding at any one time may not exceed $700 million;

WHEREAS, the ECFSA has not issued debt on behalf of the County; and

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

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

WHEREAS, on account of its higher bond rating, the ECFSA can issue new debt at a lower cost and interest rate than the County can, thereby reducing the County’s cost of borrowing and saving taxpayer dollars; and

WHEREAS, the County is contemplating certain capital expenditures of $50,935,000 (“Capital Expenditures”) and has Stated its intention to fund Capital Expenditures with proceeds of a bond financing; and

WHEREAS, a request for “a financing of costs” through the ECFSA for Capital Expenditures, made by and through the County Executive after approval by the County Legislature, has not yet been made; and

WHEREAS, through various capital project resolutions the County Legislature has authorized the issuance of bonds to finance Capital Expenditures and has delegated the power to issue those bonds to the County Comptroller; and

WHEREAS, on July 19, 2007, the County Comptroller issued a Request for Proposals from qualified financial institutions authorized to do business in the State of New York that are interested in serving as underwriter for a $50,935,000 general obligation bond issued by the County; and

WHEREAS, Section 3959(2)(i) of Public Authorities Law 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; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA again calls upon County officials to immediately request ECFSA financing of the County's authorized Capital Expenditures given the cost savings that will result for County taxpayers; and

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

This resolution shall take effect immediately.

Secretary Keysa: "One item of concern that I have is that the $50 million is a very significant amount of money, it is not $80 million we were looking at recently, but it is more than the $30 million that we hoped to have the County have at this point. One of the questions I have is, what is the amount that is expected to be retired?"

Director Kruly: "I think it is around $38 million there that is outstanding."

Secretary Keysa: "So we are exceeding the amount to be retired."

Director Kruly: "So the County will go deeper in debt at the end of the year than they were at the beginning of the year?"

Executive Director Vetter: "Actually the net run off during the year was $37.6 million."

Secretary Keysa: “This is during 2007 and in 2008 it will $44 million and in 2009 it will be almost $54 million. Do we have a listing before us of all of the elements for the bond?”

Executive Director Vetter: “Yes Mr. Keysa, we have distributed that to the board, probably four weeks ago or so, a list of items that totaled up to that amount in different categories; $15 million was for the ECMC consent decree, for items for roads and bridges and construction to County buildings. Things like repairs to the holding center.”

Secretary Keysa: “What was the evaluation of staff; were these essential items that needed to be performed?”

Executive Director Vetter: “The items that were included within the packet. The packet was virtually unchanged from what came from the Legislature, again individual projects have been paired back. I think the original requests were like $200 million. I think it is a not a question of whether they are necessary items, but if they are necessary right now, or is something that can wait until the future. But significant items including ECMC, including the Holding Center and the difficult situation they are having there, the Buffalo Bills item. They are significant items that seem to be real and reasonable. Staff cannot do a value judgment on one item over another but they seem to be reasonable items.”

Secretary Keysa: “Let me rephrase that if you will. In those items, are there any bonds there that would permit the County to do initiatives that will add significant cost to the future? For example, there are items in there for restoration of ECC North and South. There was discussion of the significant expansion of the City Campus; one estimate was $60 million and another estimate was $100’s of millions of dollars to occur. Is there funding in there that permits the County to doing that in large part to the City Campus?”

Executive Director Vetter: With regard to ECC, I believe Mr. Reuter is here and could probably address that more specifically than I can but in terms of what was in the capital budget for ECC and that can be changed at any time until there is funding locked in place. The original dollar figure for phases one through three. I believe were somewhere in the area of $72 million is that correct?”

William Reuter: “I apologize. I do not have the details of the capital budgets submission from the County. I do believe it has a $6 million capital project, $3 million County share, $3 million State share and I believe it includes $1.8 million for equipment. Other than that, I don't believe it includes anything for the downtown campus but I am not seeing a listing.

Secretary Keysa: The $6 million that you are speaking off, could you repeat roughly what they are for?"

William Reuter: "$3 million State and County; $5.25 million is for North Campus and $750,00 is for south Campus, the bulk of the funds are part of the Energy Performance Contract that the College should achieve annual savings, guarantee energy and utilities savings in the $340,000 price range for each year of the first ten years. It is a project we have been working on since the County Executive took office nearly 8 years ago. We originally had scoped it so that the College would refund the County for the debt service through the Energy Savings, made all of the approvals through the ECC Board of Trustees, the County Legislature. That was a $8.4 million project at the times. When it got to the SUNY Board of approval, SUNY said no. The capital dollars are a 50/50 match. The sponsor has to contribute and put up the money; it is not the community college that is refunding the money. Once it got to the SUNY board it got stopped and sent back. We went back as scaled down the package and that is what is included in the $6 million right now. It does not include any Energy Saving performance enhancements to City Campus; it just addresses the major infrastructure needs of North Campus, like our steam lines have all deteriorated and we are losing steam and energy; we have geysers at north campus. The students are paying $2,900 in tuition to come to our campus and it is not Yellowstone, it is a College campus. It is frightening. We need this; we virtually have nothing as far as infrastructure needs addressed by the County because the downtown project has always been out there and other two campuses have not been addressed. So I would hope and appreciate your support, it has SUNY Board approval, the ECC Board approved the technical services portion at our meeting yesterday so pending your approval we can get started with the energy savings the heating season.

Vice Chair Glaser: "Is there any further discussion on this item?"

Director Kruly: "Mr. Vice Chairman, just to bring down the discussion we are having to real dollars and taxpayer. What we are trying to do today is encourage savings in long term borrowing. We tried to that with short-term borrowing which would have saved the County over $100,000 that was rejected. We proposed refinancing to save $4 million and that was not supported yet and we will come back to that. The dollars and cents that we are talking about here is the principle in interest payments for the County's debt have come up $37 million this year compared to just five years ago; $37 million would pay for the Parks Department, cultural funding, the library system senior service and various other things. Everything that is scheduled right now and assuming just $30 million we conclude borrowing over the next several year will lead to a County principal and interest payment of over $20 million more than what we are paying this year. That is in the face of the bond issue that we are facing here which is $51 million. I understand that at the moment, at least the current draft of next year's capital budget is $65 million it is heading in the wrong direction. We spoke last year about debt diet, obviously no one is paying attention but frankly we would not even be here if there was better controls over the borrowing of the County and it is nice to know we are well within our constitutional limits for the taxpayers, the ones who are paying for this, and any opportunity that we have, such as what we are talking about today, to reduce the borrowing cost we have to take advantage of."

Director Johnson: "I have a question for the Executive Director. First and foremost this is very, very clear of what we are attempting to do and on the record that Mr. Kruly just pointed out, it is time to take the burden of increased debt off the taxpayers; it is simple. My question for you Mr. Vetter is, in your interactions with staff in the Administration, what is it about what we are proposing to do that they are so adamantly opposed to?"

Executive Director Vetter: Mr. Johnson, I think looking at borrowing, when you try to break tradition; I have worked outside of government for years and working within government and when you are trying to break trends or something that has been in place forever. The way the County borrows has been in place forever and anytime you change something like that that has been in place for a long period of time or proposes changing something like that it is difficult organizationally. I believe those issues are items that need to be addressed but in terms of feelings among the staff in putting together these kinds of resolutions is that money is money, its green, there are dollars and with a bond rating that is 7 steps higher than the County there is reasonable assurances that the Authority can issue at a lower rate and the County should seriously pursue that because the money comes in and is dispersed for its designated purposes and if that can be done at a lower cost, one way or another, then the lowest cost way should be done because everyone in the County and the Fiscal Stability Authority are here for the taxpayers and residents and not for the government entities.

Director Johnson: “For the reasons so appropriately articulated by Director Kruly, that is enough reason to change and to break that chain, because we are getting deeper and deeper into debt. We have children that were just born who are going to pay for that down the line.”

Director Goodell: “I have one more item to add to what Mr. Kruly said. I would like to point out that no county in America has a lower credit rating than Erie County. No county in America. There are a handful that share the basement and those are all small, small counties with populations of 25, 50, under 100 thousand people that share the basement with Erie County. No county has a lower rating than Erie County.”

Vice Chairman Glaser: “Any further discussion? All in favor? The resolution was unanimously approved”.

Vice Chairman Glaser: “The second resolution, Mr. Vetter?”

Executive Director Vetter: “Yes, Mr. Vice Chairman. The Second resolution is related. This is a resolution that, if passed, would give preliminary authorization to either the Fiscal Stability Authority or to the County, whoever can borrow more cheaply, to bond up to $52 million based upon proposals that have been received from the Comptroller’s office. So, in essence, there are parameters here that take into consideration the costs of borrowing that we believe are benchmarks. In essence the resolution states that the board is giving preliminary authorization to the ECFSA or to the County, whoever can borrow more cheaply but that the County would have to prove to the ECFSA that it can borrow as cheaply to do that. So that one way or another, County taxpayers will make out.

Director Goodell moved the resolution regarding issuance of certain ECFSA Bonds, seconded by Director Kruly. Vice Chair Glaser abstained. The following resolution was unanimously passed:

Resolution No. 07-83

PRELIMINARY RESOLUTION REGARDING ISSUANCE OF CERTAIN ECFSA BONDS

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 step toward fiscal stability;" and

WHEREAS, the ECFSA is a public authority of the State of New York; and

WHEREAS pursuant to Section 3954(6) of the New York Public Authorities Law ("Public Authorities Law") the ECFSA has the power to "borrow money and issue bonds, notes or other obligations, or to refund the same, and to provide for the rights of the holders of its bonds, notes or other obligations"; and

WHEREAS, the County of Erie ("County") is contemplating certain capital expenditures of $50,935,000 (the "Capital Expenditures") and the County has Stated its intention to fund the Capital Expenditures with proceeds of bond financing;

WHEREAS, the County must seek and obtain the prior approval of the ECFSA before issuing bonds; and

WHEREAS, the County has not yet sought the ECFSA's approval of a bond issuance to fund the Capital Expenditures; and

WHEREAS, the ECFSA is anticipating a request from the County for the ECFSA's approval of a bond issuance by the County to fund the Capital Expenditures and the ECFSA desires to avoid any hardship or increased expense to the taxpayers of the County that might arise as a consequence of the County's failure to seek approval of the bond issuance in a timely fashion; and

WHEREAS, the ECFSA has determined in consultation with its advisors that the County can lower the cost of borrowing by requesting that the ECFSA issue bonds to fund the Capital Expenditures; and

WHEREAS, the County has not requested the ECFSA to so issue such bonds; and

WHEREAS, the County's financial circumstances and anticipated future financial circumstances should cause the County, in the interest of responsible fiscal management, to declare its request pursuant to Public Authorities Law § 3961(1) that the ECFSA undertake a bond issuance to fund the Capital Expenditures; and

WHEREAS, the ECFSA has recommended to the County, and hereby reiterates such recommendation, that, in the interest of responsible fiscal management and to take advantage of the

ECFSA's bond rating, the County declare its request pursuant to Public Authorities Law § 3961(1) that the ECFSA undertake a bond issuance to fund the Capital Expenditures; and

WHEREAS, in anticipation of the County's request to the ECFSA pursuant to Public Authority's Law § 3961(1), and to ensure to the County that the ECFSA stands ready to undertake a bond issuance to fund the Capital Expenditures, the ECFSA is willing to give its preliminary approval of such a bond issuance by the ECFSA and to advise the County of the terms available to the ECFSA; and

WHEREAS, the ECFSA desires to advise the County of the terms for a bond issuance by the County that would be acceptable to the ECFSA in the event that the County elects to seek ECFSA approval of such a bond issuance by the County to fund the Capital Expenditures; and

WHEREAS, if the County is able to obtain terms for a bond issuance by the County to fund the Capital Expenditures that are equal to or better than those available to the ECFSA as set forth below, the ECFSA advises the County that the ECFSA will be favorably inclined to approve a request from the County for such bond issuance, and ECFSA recommends to the County that it seek the ECFSA's approval of such issuance without further delay; and

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA hereby gives its preliminary approval for the issuance of its tax exempt and/or taxable bonds, for the benefit of the County in an amount not to exceed $52,000,000 including costs of issuance, such bonds to tentatively include undertaking of or reimbursement for the following:

Series A for $32,685,000 in certain capital projects as enumerated in correspondence between the County and the ECFSA,

Series B for $3,250,000 in certain sewer projects, and

Series C for $15,000,000 in certain Erie County Medical Center Corporation expenditures; and

BE IT FURTHER RESOLVED that the Statements contained in this Resolution with respect to the reimbursement of the expenditures described in this Resolution are intended to be Statements of official intent as required by, and in conformance with, the provisions of Treasury Regulation Section 1.150-2(e); and

BE IT FURTHER RESOLVED that, in anticipation of the issuance of such bonds, Phillips Lytle LLP, bond counsel to the ECFSA, is hereby requested to prepare the necessary documents and perform the necessary due diligence so as to prepare for such issuance; and

BE IT FURTHER RESOLVED the Executive Director of the ECFSA is hereby requested to negotiate, subject to final approval by the Board of ECFSA, appropriate arrangements with the County and third parties, and to take all other actions that he deems necessary and appropriate so as to facilitate the issuance of such bonds; and

BE IT FURTHER RESOLVED that such bonds, when issued through the higher rated ECFSA (Aa2/NR/AA), will save money for the taxpayers of the County (Baa3/BBB-/BBB) by reducing the overall cost of the Capital Expenditures. However, in the event that the County Comptroller can assure the ECFSA that the County can obtain terms for a bond issuance by the County that are equal to or better than those available to the ECFSA as set forth below, the ECFSA will be favorably inclined to approve a request by the County to undertake an issuance of bond financing to fund the Capital Expenditures.

(i) total cost of issuance (including fees and expenses for bond counsel, financial advisor, rating agencies, paying agent, printing, mailing and advertisement) must not exceed $3.00 per bond;

(ii) total underwriter’s compensation (including takedown, expenses and underwriter’s counsel) must not exceed $4.25 per bond;

(iii) municipal bond insurance premium, from an ‘AAA’ rated insurer, must not exceed 20 basis points;

(iv) interest rates for the three (3) tax-exempt series, in aggregate, must not exceed a weighted average spread, weighted by par value in each maturity, of 14 basis points to ‘AAA’ MMD benchmark yields,

or, if the Series C Bonds are issued as federally taxable obligations, then

interest rates for the two (2) tax-exempt series, in aggregate, must not exceed a weighted average spread of 18 basis points to ‘AAA’ MMD benchmark yields and the taxable series must not exceed a weighted average spread of 80 basis points to Treasury Securities of a directly comparable maturity; and

(v) the proposed debt structure is in compliance with the guidelines as set forth in the appendix to the County's Request for Proposal for Underwriting Services dated July 19, 2007; and

BE IT FURTHER RESOLVED that in the event that terms equal to or better than those Stated above are not available to the County, the ECFSA hereby advises and recommends that the County request the ECFSA to undertake the bond issuance.
This Resolution shall take effect immediately.

Executive Director Vetter: "Mr. Vice Chair, I would suggest that we continue with Mr. Reuter and maybe address the three contracts first and than go on to the presentation of the budget."

William Reuter: "Good afternoon once again."

Executive Director Vetter: "The first contract is one with regards to $300,000 in furniture for 45 Oak and other College facilities. I think we had a presentation from Mr. Rubin on the legal status of the building and the legal transfer of the building to ECC but in terms of the furniture itself; is this the type of furniture that impacts College operations if this does not occur. How will that impact operations, Mr. Reuter if you could address those items?"

William Reuter: "Certainly, thank you Mr. Vetter and I apologize if Mr. Danieu was not able to answer your previous questions. I believe what you are referencing Mr. Vetter is a $300,000 purchase order to Hon Furniture. That is for College furniture and equipment, we are expecting roughly $125,000 of that $300,000 to be used for 45 Oak Street. As of today including that amount we will be at $821,000 that is what we have spent in rehabilitation, furniture, etc. at 45 Oak Street that we have spent from ECC's fund balance pursuant to a resolution by the Board of Trustees to spend up to $1million in rehabilitation of 45 Oak Street which is a 52,000 square foot building one block away from the Flickenger Athletic Center. We are anticipating classes to begin some time this fall in this building. We are expecting to have nearly 10 staff and part time staff and at least 500± students that we are still enrolling but we are expecting those types of numbers almost immediately and hoping to grow these programs at the City Campus not at the expense of the other two campuses."

Director Kruly: "Is the College going to pay any rent for the building?"

William Reuter: "No, it is not. The agreement between the County and the Board of Trustees is multifold. It is a $6 million multifold capital project for the College to rehabilitate 45 Oak street and to access 110 parking spaces in the parking lot which is one block north of 45 Oak street that will have a cost savings to the institution because presently, and that is probably the next two items on your agenda, presently we are spending over $300,000 to provide student-only parking downtown."

Director Kruly: "Is the building eligible for any type of State aid?"

William Reuter: "We are going to try and do is access State aid but it is too hard to tell. We have been contact with SUNY but generally when you are fund balance you cannot access State aid for a capital project as far as the State is concerned.

Director Kruly: "Not the rental type of aid?"

William Reuter: "If we were to rent it, it would be rental aid but that was not part of the agreement initially to rent that facility. It is a vacant building and we used internal resources up to $1 million in fund balance to rehabilitate it. We have used our own staff and no outside contractors to rehabilitate it. I will say we have done a great job. In probably three months since we started getting everything taken care of with the go of the project we are pretty close to opening up."

Vice Chair Glaser: "Mr. Reuter, are these the infamous parking lots we heard about recently in the news?"

William Reuter: "That is a really good question; we presently had a contract that expired. Our fiscal year ends August 31st the contract ends in another day and we want 500 spaces downtown for student parking spending over $300,000. The contract is a three-year contract. We put out an RFP and a second RFP directly mailed to seven different parking vendors to try and get some additional interest downtown. While we have 110 parking spaces at 45 Oak Street and we are looking to rent 300 spaces going forward through the next fiscal year. On top of that we are entering into a contract with the NFTA for Metro Rail and bus passport for every ECC student that is 3,132 students as of today so we thought between the metro passes and the parking spaces we would be okay. Due to the competitive bid process, we whittled the bid process down to two vendors and it was not the vendor that we are currently using. The present vendor that we are using increased prices significantly. We believe the priced quote is over 66% higher than current price per space that we are currently paying. There were two bids so we bid it out again hoping we would get interest from the community. That same vendor bid again and quite honestly on Monday he filed an ARTILCE 47 proceeding against the County and one of the vendors that submitted a bid."

Vice Chair Glaser: "But this is the one we read about?"

William Reuter: "Yes, to speak to that one directly, that vendor, Ellicott Development, has spaces at 100 Seneca Street which is one block south of the Flickenger Athletic Center. The company submitted the lowest responsive bid of $75 per space for 100 spaces for ECC. At the time, obviously, we did not know about all the other stuff that came forth from Mr. Fairbank's article. He called me and asked me about the bid process. I explained to him as far as we knew and understood that the bid process was done appropriately and I still believe that but deals that were done by Ellicott Development that we were not privy to after reading in the paper but as far as we knew, we followed the guidelines that we needed to and responded to the lowest responsible bidder. My understanding is that he had some type of arrangement with DOT and was getting a reimbursement but I will say that all of the vendors downtown are taking advantage of our students. That is a shame, because we are trying to provide a service to students who actually can't afford parking, transportation and commuting. We don't want to create barriers to education we want to create opportunities."

Vice Chair Glaser: "Is it possible that you can look into that a little more and get back to us at a future meeting?"

Reuter: "As far as the Ellicott Development deal? Again I am not privy at this point? I am not privy to the information that he made and negotiated. We had a bid process and he had the lowest responsive bid at $75 a space for those 100 spaces. The other bids were $101 and $120 per space per month. Mr. Glaser, with all do respect, I don't know that I can get any additional information on that particular vendor. I don't have access but as far as I am concerned, I have classes starting Tuesday and I want to make sure I have adequate parking for my students.

Director Goodell: "I would like to ask some questions about the occupancy of 45 Oak Street. As I understand it is not occupied by anyone at this point."

William Reuther: "No we are doing a build out. It is completely internal work for us and we are shooting for an early September start date for classes. They will begin to be transitioned in during the month of September. We are moving all student services over there and 8 academic programs that are moving in there. One academic program from South Campus and two new academic programs that will come in and several academic programs that will were shipped in from the post office specifically our nursing program. Presently we have a group of 60 students from our City Campus where enrollment starts in January for the spring classes at 45 Oak Street. We will have double the enrollment into our nursing program and that will be a big help to the County because that is one of the biggest loses to the County as far as chargebacks to Niagara Community College; that is the nursing program.

Director Goodell: If that space is not available, where would those students, faculty and staff go?

William Reuter: "They would stay at the existing campuses, which would not be able to expand properly. We would not be able to start our crime scene technology and Homeland Security programs. We would have to do those as an evening program. As a community college, what we are trying to address is the needs of the community and we are trying to match the jobs that are out there with the programs we are offering so crime scene technology and Homeland security we just started an assistance program that just received SED approval, we have City approval and State Education Department approval and are already maxed-out in our first enrollment and have just received approval about three weeks ago but have been working on it for about a year. If sixteen students get through in about a year we will have a great job, and that is what we are trying to do at all three of our campuses."

Director Goodell: "I am afraid, from my point of view, you are caught in the middle between the control board, well at least me and the County. We have had numerous situations come up over the past many months were we presented with something that is a *fait accompli* and what we are asked to approve is similar in this case. That, if we don't approve certain road funding, the roads and the bridges will not be able to be worked on this year. We had about two weeks, well we got the request for that 2 days before a board meeting, and in this case with you, we are getting this request a very short time before the school year starts and you present to me a very difficult decision. It also includes the fact that we have been involved in space study with the County for something a bit less than a year and 45 Oak Street would be since it is empty would be an ideal space for the County to dispose of. I'm not trying to prejudge what the County is going to come up with but I also understand that 45 Oak Street was taken off of the space study for what reason I do not know. I am sorry to say the result is that I am going to vote against these contracts because I think there is an alternative. You have described it, yes, some programs will suffer. Yes, you have invested a lot of money in it, but the County has misguided you and misguided us by not including that particular empty building in the space study. I hope you understand that my feelings are not directed at you as I feel that you are caught in the middle here but those are my intentions and that is the reason why."

William Reuter: "Could I just ask when you say contracts that you are talking about the parking contract or all of them?"

Director Goodell: "Any contract related to 45 Oak Street."

William Reuter "That would include the office furniture that is front of you right now?"

Executive Director Vetter: "Yes, it would be the three items the office furniture, the insulation and fabrication work and the parking spaces which the staff has recommended as a separate vote."

Secretary Keysa: "I have one more question here, the fact that we were talking about earlier; is that this building could be used for other purposes. How long do you anticipate using this building?"

William Reuter: "Forever and Mr. Goodell I want to try to maybe comment on some of your concerns. Originally, that parcel was going to be demolished by the County and built into a multiple story $6-8 million building was going to be built into that footprint and then more buildings going north all the way to the library. I actually approached the County Executive many months ago about an alternative, a much more cost-effective alternative, and that was to reuse the existing facility until the big ECC project could be figured out. So I believe that it was a good alternative for the use. We are going to be able to grow some high demand programs and offer access to us. Our students stay in Erie County, 90% of our graduates stay; they raise their families, they pay taxes, they stay in Erie County. It is not like UB or some of the other big campuses, so your dollars stay here. Again, I thought, no County dollars; it was not capital project; all internal dollars were used by the College from fund balance. We had about a 5% fund balance and I am not going to debate you about the County space study, I was not privy to that. I didn't know that it was on again and off again. We tried to bring the police community in to share that building because they want a new public safety building. We tried to work with them to give them part of that space, and quite honestly that did not work out. They want a new building; they want dedicated space downtown but that was going to be an academic space that we are going to grow, so the police academy that was recently transferred to ECC space at North campus at this point in time. Again I understand you frustration, I understand you have concerns but we have used all the internal resources. Basically we have knocked down every single wall, demolished, rehabbed it and all with internal union labor, all internal staff and resources and I would just ask although you have stated your intention but I would just ask that you reconsider."

Director Goodell: "I have stated that I am torn in this matter but I also wonder whether using internal funds for capital projects is the correct thing to do and I will leave that to some one else at another time."

William Reuter: "Please come to our facilities. South Campus right now has just completed a 2,200 addition of the Auto Body Lab using capital chargeback money, no County capital project, and are completing renovations of the Auto Body Lab capital chargeback, no County dollars. We are doing a Bio-lab at North Campus; we did the Springsteen Center; we have a grant for computer labs at north campus."

"I would agree with you 100% but if you look at the history other than equipment and the masonry project for downtown we have not been successful for many years in getting capital resources. We are 1.3 million square feet of building space; we are the third largest in the State of New York and the fourth largest in terms of enrollment. We have infrastructure need and have suffered. Although I agree with you, that we could get State aid reimbursement, but the reality is that we have really had to internally finance any internal incremental capital projects that we have done."

Vice Chair Glaser: "Mr. Reuter, of the $800,000 that you have already spent, is any of that recoverable?"

William Reuter: "No, it is infrastructure improvements. We took down virtually every wall; we kept the skeleton, we tried to keep the office that were there, we did new lights, painted, new counters, and we were moving our work force development downtown because that is where our clientele is. I don't want to lie to you, because there have been thoughts that we can just pick up our dental hygiene program from North Campus and move it downtown where we have a new building. It is not that easy; you don't just up and move dental chairs."

Secretary Keysa: "I have a couple of comments. One, I recognize ECC to be a very valuable resource to this community and the Downtown campus is included within that. I have known you personally now for about fifteen years and respect your ability in terms of finding resources and stretching them as far as they can go. I have watched you in a number of different operations. I think my questions have been answered today. Secondly, this is an alternative to their rather grandiose scheme that has been put forward and I am very much afraid the County could not afford any of these additions right now and it would have serious repercussions apparent to the ability to maintain the other campuses and the ability to maintain overall enrollment within ECC system. Based on that, I think this is a reasonable alternative and as a Director I would move this as a reasonable resolution."

Director Johnson: "Mr. Vice Chairman, just a question for Mr. Reuter. You had mentioned that you were trying to get access to some State dollars to help you with the funding, is it to early to determine who those agencies are?"

William Reuter: "It would be SUNY and SUNY Construction Fund. In the spirit of full disclosure another large capital project that is at some point in discussion. That is a $38 million project for Downtown that would go on the footprint of the existing parking lot, SUNY Official, SUNY Construction Fund and SUNY legal counsel, the County Executive, myself and the Chairman of the ECC Board are meeting on September 12th to further discuss that and right now. I don't want to comment on the availability of matching funds but once the $6 million project is utilized there is not enough matching funds left to offset the $38 million project. We have an allocation of $10.9 million from the State to use for matching funds so it would be premature for me to say that is a given, it is a potential and it is really up in the air what projects will be approved and how quickly those funds are utilized but it would be to a SUNY and SUNY construction fund. The Dormitory Authority is the vehicle that borrows the money from the State."

Director Keysa: "Maybe a little outside of the box; you mentioned the fact that you replaced lighting. You might want to inquire with NYSERDA whether or not the lighting that you took out and replaced is reimbursable. It might be a modest amount of money but there is the potential there that you could have some of the money reimbursed."

William Reuter: "I will certainly look into that. You mention NYSERDA and that is an interesting point, we met with the Legislature on their new legislation Green Energy and Energy Star and we are going to try and come up with a certificate program at one of our facilities to see if we can meet the demand of the industry"

Director Kruly: "You mentioned previously that here is no lease on this building. Is the College responsible for the maintenance?"

William Reuter: "Yes."

Director Kruly: "What is your estimate of what that will run on an annual basis?

William Reuter: "We are looking at about $150,000 increase"

Director Kruly: "If there was a contract and it was rented, wouldn't the State pay for 50% of that."

William Reuter: "Rental aid can only be used for rental cost and does not reimburse for utilities."

Director Kruly: "Mr. Vice Chairman, I am not really prepared to vote on these and would suggest that we table these items related to the College. There are questions that Mr. Goodell has raised that I agree with and I believe we need to get into this a little further so I would move to table resolutions 7- 123

Executive Director Vetter: "Let me ask Mr. Reuter if these items are not considered and approved today what are the immediate ramifications for the College?"

William Reuter: "The immediate ramifications? Well, I would urge you to approve one of the parking contracts with the lowest responsive bidder. I know that there are conflicts with the Ellicott Development for $75 per space but we need to provide parking or else it is going to be chaos downtown. As far as the office furniture for $300,000, if you are not going to vote on that and I could provide additional information or if you have additional question, please feel free to contact me. We will just delay the start of operation and classes until you feel comfortable approving it."

Executive Director Vetter: "If you do delay classes, is there, and I am just trying to get a handle of the financial ramifications?"

William Reuter: "All classes are covered Mr. Vetter."

Executive Director Vetter: "So it won't be a revenue problem?"

William Reuter: “All classes are covered.”

Executive Director Vetter: “So as far as the necessary items to provide reasonable services to the students coming in that some portion of the parking in the amount of $175,000. Is that the total amount that you would require?

William Reuter: “Yes, we are actually working with a local community hospital to possibly enter into some sort of agreement to come up with a much more reasonable price for parking that is something we are looking at.”

Vice Chair Glaser: “What is the term of this $175,000?”

William Reuter: “It is year to year.”

Vice Chair Glaser: “So at minimum if we approve it, it is one year?”

William Reuter: “Mr. Vetter, I would ask, just as a minimum, that you approve the one with Ellicott Development. I think you have two separate purchase orders; Ican and Ellicott Development. The one with Ican is on that is actually subject to litigation. It is an article 78 proceeding.”

Vice Chair Glaser: So the one that you are asking us to approve is not the one that was recently discussed in the paper?”

William Reuter: “Oh, yes it is; absolutely. The lowest responsible bidder won. I don’t know how we can effect the change in that. If you can give me some words of wisdom I will certainly try.”

Executive Director Vetter: “Is this something where Ellicott Development and the State;… could ECC get, in fact, get a similar deal with State where ECC approached the State to get a similar parking deal at the rate the Ellicott Development received?”

William Reuter: “I did not even think of that, Mr. Vetter and although that the State didn’t respond to our RFP…”

Vice Chair Glaser: “The only thing that I would say is and this is from what I read.”

William Reuter: “It sounds terrible.”

Vice Chair Glaser: “It does and if the State could cancel that contract, if that is the case why would we be entering into a one-year contract?”

William Reuter: "That is our typical contract for parking; that is what we have traditionally done."

Vice Chair Glaser: "I understand that, but I think what I would like to do is reconsider parking, as you say it is you most serious issue and to approve this subject to you ability to look into the possibility that the State can cancel that contract with 30 days' notice and not enter into a one-year contract."

William Reuter: "I will do my best."

Secretary Keysa: "Mr. Vice Chair, as I understand it, we have a prior motion on the table for these items here. Mr. Kruly made a motion to table. I will move that motion."

Director Kruly: "I will withdraw that motion."

Secretary Keysa: "With that I would move to approve resolution 7-84 with the request, Mr. Reuter, that you determine the ability that Mr. Glaser spoke off."

"The move to table takes priority so we would need to address the three resolutions pertaining to ECC. We don't have a second yet on the motion to table."

Director Goodell seconded motion to table and the Board voted unanimously to table the contracts.

Secretary Keysa: "The next motion would be a motion to get 7-84 off the table, to approve the parking as the Vice Chair has requested and I made a motion to approve that."

Director Johnson seconded.

Vice Chair Glaser: "Any further discussion on that?"

Executive Director Vetter: "I believe that the resolution was to accept the contract as-is and then we have to bring forward the amendment as stated."

Secretary Keysa: "That would be correct; yes, so the amendment to that is a request the Mr. Reuter report back to us on the potential availability of those spaces through the State rather than through the bidder."

Executive Director Vetter: "So officially we have approved this item"

Secretary Keysa: "No; we have to approve the amendment first so I move the amendment."

Director Goodell seconded. Without further discussion, the board voted unanimously approved the amendment:

Secretary Keysa: "Now, we can vote on the resolution as amended. The Directors then voted unanimously to approve the following resolution:

<u>Resolution No. 07-84</u>

APPROVING CERTAIN CONTRACT SUBMITTED BY ERIE COMMUNITY COLLEGE

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 contract listed on the attached document; and

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

NOW, THEREFORE, BE IT RESOLVED that the ECFSA approves the contract submitted by Erie Community College for parking spaces to service 45 Oak Street contingent upon ECC contacting the State of NY DOT to determine whether the parking spaces in question can be obtained by the College at a lower rate than Ellicott Development is paying for them, and that if ECC can contract with NYS DOT at that rate.

Department	Description	Amount
Erie Community College	Service Contract – Ellicott Development & Mike Karam - Parking spaces for 45 Oak St. building	$175,500 – all College funds

*EC- Erie County

This resolution shall take effect immediately.

Executive Director Vetter: "We asked Mr. Reuter to be here because ECC is a covered entity under which the Fiscal Stability Authority legislation and does have the right to comment on the budgets for the County itself and any of the covered entities. At this point we are looking to get a presentation of the budget and highlights of items there and any cost saving items there, potential risks and items that might need to be addressed so that the board can comment on them."

William Reuter: "Thank you Mr. Vetter, I have prepared a couple of talking points. Please if you have any questions as I go through please stop me. Our budget actually goes through five points of approval with the control board now in stakes starting with our Board of Trustees. Our fiscal year begins August first and ends September 31st. The budget was approved in early May by the Board of Trustees and sent to the County Executive. He has no later than June 1st to opine on our budget. He approved the budget and moved it on to the Legislature. By legislative resolution they had until the last meeting in June to approve our budget. We made a presentation to the Community Enrichment committee on June 14th and the budget that was approve one week there after. It is now in SUNY's hand as well as the control board. It is a $90.5 million budget. It is an increase of $5.1 million from last year. I will speak to the revenue streams and then get into the expense and some of the other items Mr. Vetter has mentioned."

"On the revenue side, community colleges are supposed to be funded according to State education law. A tripartite funding relationship with at least 40% of the funding coming from State resource, 33% from student tuition and 26.66% is suppose to come from Erie County. In our budget, students are funding about 43% of the budget versus the 33% and the 5% shortfall is being offset by both the State and the County. The State is about 33% and the County is about 19.1%. We fortunately received a $150 increase in State aid reimbursement; the State reimburses us on capital aid as well as operating aid. The operating aid that we received is based on a full time equivalent; that is 30 credit hours that is one student taking 30 credit hours or 30 students taking 1 credit hour. That generates the opportunity. We are enrollment driven, that drives everything at the College and we are constantly enrolling new students just Monday and Tuesday of this week we registered 1,800 students that are starting classes this Tuesday. We don't know whether they are last resort or something that they forgotten about and they decided late or if they resigned from a four year school but they are continuously enrolling. We have about 18,000 students that come through our doors an unduplicated head count on an annual basis. State aid increased to $150 per elective; that is more than a $2.3 million increase in our budget. The County support recommend increase was $2 million; going from $15 million to $17 million. It is the first increase the ECC has gotten from Erie County in five years. If you look at the County budget, the County has historically funded our aid except for $1.8 million as an operating cost the other money is in equipment capital project and I believe the County is doing that by putting the full $2 million dollar increase in the operating budget and are still funding our equipment in the capital."

Vice Chair Glaser: "This is just an overall question if you can just touch on it. I know you and your abilities and how you approach things. We have chosen as a control board not to oversee the operation of the College and concentrate on the operations of the County. That said, what assurance can you give us in terms of your administration's ability to, and desires to, scrub your numbers to give the County, students, everybody the biggest bang for its buck in terms of efficiencies, cutting out waste. Are you doing the things internally to do that?"

William Reuter: "I believe that there is always room for improvement. Included in out budget, we have performance goals and we are always measuring our performance. We also have a good indicator because there are thirty community colleges in the State of New York so we measure ourselves mainly in terms of dollars and cents on efficiency level. The State keeps track of six functional areas; how much you spend on construction, how much you spend on academic support, maintenance, those types of things every single aspect we are ranked 26 of the 30 community colleges on what we send compared to the State so we are extremely efficient. As I said before, there is only one other community college that operates three college campuses. Just by the nature of that, we should be lese efficient. So are we efficient, there is always room for improvement. With four union contracts and looking at our full time staff, 750 people, 730 are members of one of the four collective borrowing agreements; having 100% retirement insurance not a great deal financially but it is a contract with fringe benefits that was negotiated by the County. Two of our unions are specific to ECC but we are all about labor; 84 – 86% year after year is salaries and fringe benefits. We don't spend a lot; take away salaries, utilities and fringe benefits and there is not a lot to our budget."

Director Goodell: "Could you compare the support from County on the current year and the budget year?"

William Reuter: "Current year is $15.4 million and if you look at the County budget you will see something to the tune of about $13.6 million because they fund part of our $15.4 out of capital so our equipment is funded separately by Erie County from the capital budget but included as part of our operating subsidy. By local law, we are suppose to receive our subsidy no later than April 15th of each year. We get a one-time payment from the County and we have gotten the $13.6 which was budgeted; the only thing we have not received is the reimbursement for the equipment that we have expended through this year and that claim balance has been submitted to the County. Our budget will have no bearings on it. If you look at the County Budget, look at the amount spent on community colleges, it is increasing but it is not for ECC, it for what is called "chargebacks" and that is the amount of money that Erie County is paying to other community colleges in the State of New York. You look at Niagara County Community College, Erie County residents are spend over $2.2 million to subsidize operations at NCC. What the County does is give it back to all the communities where those kids come from and that is called a chargeback. Their chargeback rate is twice our chargeback rate and it is purely a formula that is based on subsidy divided by the number of resident students. The State is saying what ever you are spending on your student is that is what you should charge other counties when they are sending their students to you campus. So we hope we have your support we are the second highest concentration in the entire State of residents attending community college and drives a very low chargeback rates. Again, it is double so even if the same amount of students were going back to and forth between us and NCC we still lose $0. 50 on every $1.00; it's tragic, Governor Spitzer was working on this and the Commissioner of Higher Education to come into every community College in the State of New York. I obviously spoke long and hard about charge backs and the unfairness. I spoke with the NCC president just a few weeks ago because he is advertising his programs in our newspapers in Erie County. That is terrible."

Secretary Keysa: "The understanding here, and I state this because I don't think some people understand, these chargebacks as the come they are allocated then by town or city and added to the County tax for that area?"

William Reuter: "I am not necessarily sure of the mechanism. They way I understand is that the County pays the chargeback when the student produces their residency. The County pays the community college and the County re-levies it back to the municipality two years after so there is a two-year lag but we do re-levy chargebacks to the municipalities where from where the students come from. So each community is paying for area residents and they don't get the chargebacks. Grand Island, Tonawanda, North Tonawanda, City of Tonawanda, all the border communities form Erie County, because it is ease of access mainly, within our program because we have the same programs, that is why I spoke about nursing. Our nursing programs are held at our North Campus and City Campus and kids want to go into the nursing program they will find an available nursing program and NCC might be closer better maintained and offers student housing."

Director Goodell: "I have a question for Mr. Vetter or Mr. Keysa. If we approve this contract, do we approve the labor contract that is contained herein?"

Executive Director Vetter: "Mr. Goodell, we are not approving this."

Vice Chair Glaser: May I have a motion to memorialize the comments on the board on the ECC Budget?"

Secretary Keysa: "I think the first thing we have to do is remove it from the table."

Secretary Keysa moved to remove the contract from the table, Director Goodell seconded, and the Directors voted unanimously to approve, Secretary Keysa moved to memorialize the ECC Budget, Director Goodell seconded, and the Directors voted unanimously to approve the following resolution:

Resolution No. 07-85

COMMENTING ON THE 2007-08 ERIE COMMUNITY COLLEGE BUDGET

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 step toward fiscal stability;" and

WHEREAS, section 3951 of New York Public Authorities Law ("Public Authorities Law") defines a "covered organization" as "any governmental agency, public authority or public benefit corporation which receives or may receive moneys directly, indirectly or contingently from the County;" and

WHEREAS, Erie Community College ("ECC") received a "sponsor contribution" from Erie County, its statutory sponsor, of $15,429,317 in support of its 2006-07 academic year and anticipates receiving $17,429,317 in support of its 2007-08 academic year; and

WHEREAS, section 3959(2)(j) of Public Authorities Law States that during a control period the ECFSA "may review the operation, management, efficiency and productivity of the County and any covered organizations as the authority may determine;" and

WHEREAS, the ECFSA Board and staff have reviewed the 2007-08 ECC budget document, which was adopted by the ECC Board of Trustees on May 9, 2007 and approved by the Erie County Legislature on June 21, 2007; and

WHEREAS, the ECFSA Board of Directors has solicited and carefully considered testimony from the Interim ECC President on the 2007-08 ECC Budget;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA encourages ECC to continue to provide a high quality education at an affordable price without placing an undue burden on Erie

County taxpayers, which is essential to producing the highly skilled work force that is and will continue to be a major driver of Western New York's economy.

This resolution shall take effect immediately.

William Reuter:	"Could I just comment on the Administrators' contract that you spoke with Mr. Loncar about. I do have an update. The Administrators' Association Contract was approved by the ECC Board of Trustees yesterday morning and was approved previously by the membership. It is a four-year contract with a 3% per year cost-of-living increase. No change of benefits and it is giving benefits to current employees, and future employees will be paying, full-time will be paying 15% of their medical insurance. RPT which the College uses for regular part time employees, will be paying 50% of their health benefits. We have included an ethics program in that contract and tried to address some of the grievances, the reasons for grievances and clean up some language. The Board of Trustees just approved the essay, we will now send it to EC Executive, the Legislature and ultimately to this body and that is the Administrative Association, the cost of that is about $210,000. Once it goes through the County approval process it will come before you and if you would like me to come back and speak on that specific contract I can." "Thank you very much for having me and I hope I didn't delay your meeting."
Vice Chair Glaser:	"The next item on the agenda is a report from the Finance Committee."
Director Goodell:	"The Finance Committee met a week or so ago and review efficiency requests from the County. Today as part of this meeting we voted on those three. The three are Energy Conservation, we voted to send that back to the County to get something a little more digestible." "Risk Management training, we thought this was a noble cause and sent it back to the County asking them to look at it not just in terms of the money involved but the organizational structure because this could become a real cost saving." "We voted to reject the online property payment module and the committee recommends to the Board that they endorse these actions of the Finance Committee. I so move." Director Kruly seconded the motion.

Director Johnson: "I had a small mention, Mr. Goodell; we had mentioned that we would like to have the draft report on the space study come before the Finance Committee in September."

Director Goodell: "That is correct, we are most anxious to see that and the situation minutes ago is one of the reasons why we are anxious to see this. We ask Mr. Vetter to get the County to submit that report to us even if it is in rough draft form."

The Board unanimously adopted the Finance Committee Report.

Secretary Keysa 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