Erie County Fiscal Stability Authority
Minutes of Directors Meeting held September 28, 2007

(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 September28, 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)

Vice Chair Robert Glaser called the meeting to order at 2:00 p.m. Present, in addition to himself, were Directors Joseph Goodell, John Johnson, Stanley J. Keysa and Kenneth Kruly.

Vice Chair Glaser: "Welcome to the September 28th meeting of the Erie County Fiscal Stability Authority. We have got a lot to cover today so we will get started right away. We have a few guests speaking today as well. With that could I get a motion to approve the minutes of the last meeting?"

Director Kruly moved to approved, Director Johnson seconded, and the Directors voted unanimously to approve the minutes of the last meeting:

<u>Resolution No. 07-86</u>

APPROVING MINUTES AND RESOLUTIONS FROM AUGUST 30, 2007 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its August 30, 2007 meeting and ratifies and affirms ten resolutions numbered 07-76, 07-77, 07-78, 07-79, 07-80, 07-81, 07-82, 07-83, 07-84 and 07-85 that were approved on August 30, 2007.

This resolution shall take effect immediately.

Vice Chair Glaser: "The next item up is an update on the space study. Is Commissioner Loffredo available?"

Executive Director Vetter: "We sent out an invitation for Mr. Loffredo for an update on the space stuffy. Is Commissioner Loffredo here? I sent him a notification."

Vice Chair Glaser: "Commissioner, thanks for coming and please give us an update."

Commissioner Loffredo: "What am I talking about, the space study? I will give you background as to where we are at. We just finished the basic layout that is everything we build off of. It was tough to get to that point. We had a lot of things to address such as agency and not splitting departments up and getting every body in the right spot in the right building. We have achieved this, what we call the basic layout from which now we can apply options to various options. It is now, this layout has going to our sub cost consultant to apply expense to and savings for. That is the next step and hopefully that will be completed in the next few weeks and we will have a draft report that will be submitted to the control board and others for comments. Then we will address those comments and than we will have a final report. Let me give you some details on the basic layout. The County facilities that we are looking at putting the leased space operations into is the Rath Building, 120 West Eagle, the Ticor and three buildings as ECMC campus. We were at one time looking at 45 Oak too, but that was designated for other uses, so that basically withdraws something like 45,000 – 50,000 square feet from the space available. So right now instead of having 540,000 square feet we are now working with 490,000 square feet. On the lease space what we are looking to move into as County facilities is 43 Court, 478 Main Street, 290 Main Street, 77 Broadway that is that Auto Bureau and 69 Delaware. If you add that up it comes to about 207,000 square feet and this is net square feet, usable square feet. Using various square foot guidelines and leaving a little cushion of for unforeseen contingencies because in this scenario we do not lay out the operations we just use guidelines. That is we think we can fit it in this area so we always want a little contingency in case there are unforeseen things so that our plan does not fall completely apart and we have to address that in there so there are contingencies in there. With that in mind we are able to move approximately 170,000 square feet back in the Rath Building for county facilities. That leaves about 35,000 square feet that would have to look for other lease, purchased building or something like that. That would have been 45 Oak, so now we have to look for another facility. Percentage wise that means that by moving back or are saving approximately 82% of the lease space by moving back into County facilities and 18% remains outside the County facilities.

Let me talk about the Rath building and how do you achieve those efficiencies. Right now the Rath building has some major problems. It has some asbestos that handicaps us from moving offices around because we have to string conduit through the ceiling and we can’t do that right now. Well we could but it is very expensive. We have to seal up areas and abate it so we don’t contaminate other areas so it is not an easy thing to do? The other thing is that it was designed in the 60’s and back then they used petitions instead of cubicles; movable storage areas for office areas. So we would like to get that to move it up to current day standards, abate the asbestos, have cubicles so that in the future we could accommodate any changes very easily. Right now you can’t. There are always changes in the County operations and asbestos especially is Social Services. So that is the goal to see if there is something we can do with the Rath building with the scenario, save money address current problems and then open it up for the future. Basically that is where we are and hopefully in a few weeks we will get you a draft report.

Vice Chair Glaser: “Are there any questions?”

Director Goodell: “I have two questions. You spoke to us earlier when the Auto Bureau wanted to relocate. Have you got any up-to-date numbers on the asbestos problem just in that area to enable them to move in?

Commissioner Loffredo: Well let me talk about the Auto Bureau in this basic plan, which is subject to change. The basic plan shows the Auto Bureau out of the building some place else and that is a part of that 37,000 square feet. Approximately 6,000 of the 37,000 square feet is for the Auto Bureau some place else. There is an option to switch. Right now, Social Services is our main focus and they are in the Rath Building and they have adjacencies where different operations need to be adjacent to own another. It is possible to pull it out, but under that basic plan we asked the question, “Who really has to be in the Rath Building?” The answer was Social Services. Likewise, “Who really does not have to be in there?” The answer was the Auto Bureau. Not that that can’t be changed, but that is where we stand right now.”

Director Goodell: “Thank you, that is very helpful. We also had these conversations with the college about 45 Oak Street. Since that is a stand-alone unit and it seem to be (by driving by it) to be able to be configured into a variety of uses, it seems to me that that would be a candidate for sale, to take it off the County’s list of spaces; so why was the decision made earlier to keep it on and then take it off? I am not sure why you decided to take it off the list of space being considered.”

Commissioner Loffredo: “That was a policy decision and I don’t make those kinds of decisions. I just use what I have available to me at that point in time. At that point in time, I had 45 Oak available for expansion; at this point in time, other decisions have been made and it is not available.”

Executive Director Vetter: “We have Laurence Rubin here who is the County Attorney.”

Laurence Rubin: “Laurence Rubin here, I want to correct the record. As I have communicated to the ECFSA, somehow, mistakenly, 45 Oak was included in the space study. It was originally purchased with the knowledge of the EC Legislature who approved the sale for the specific purpose initiated by the Administration for the public safety campus/ECC city campus expansion project. That was part of the record when we went to the Legislature for approval of it. Why somebody would at some point decide that, simply because it was a vacant building, at that point in time that is was a vacant building with no purpose or other plans, is simply a mistake. The property, when we purchased it, was specifically for the purpose of expanding the ECC and Public Safety Campus and that is simply the end of the story. It wasn’t that it was taken off it was mistakenly put on.”

Director Goodell: That does not mean it should not be considered because of changes of circumstance?

Laurence Rubin: “That may be. Right now both the County and the ECC Board of Trustees have moved forward with that original plan to expand the downtown City Campus opportunities for the residents of Erie County. If the ECFSA wants to weigh in on that decision, I guess you could voice your opinion on that but the fact that both the Board of Trustees, the Administration and the Erie County Legislature have made some policies about that, I guess you could veto everything about it but this has been a long standing policy item, the subject of extensive public study, an extensive generic Environmental Impact Statement. Things can always change but that would be throwing out four years of planning and work effort.”

Director Goodell: “Were there any other properties that were deleted or not included based on some policy issue?”

Commissioner Loffredo: “No that was the only one.”

Director Johnson: “Commissioner Loffredo, at the last meeting, you had mentioned that the space study draft would perhaps be ready around mid-September 2007. Listening to you today, that appears not to be ready. My question then, is are we on any schedule or are we near a schedule of meeting our basic priority needs at this time? You mentioned that your basic needs were 134 West Eagle, 43 Court, 290 Main Street, 45 Oak and at the last meeting the EC Clerk was very adamant of her needs because of lease of space at 77 Broadway and needed to have some decisions somewhere near the end of the calendar year. Now hearing that the Clerk’s office is not included in the basic priority needs that you mentioned today, I was wondering how we can not focus on that office because of the sensitivity of it. I mean there is a lot of public heat there. Where are we?”

Commissioner Loffredo: “That is in this study, that is in the basic plan, and we address that within this basic plan. We call it option one of the basic plan, the Auto Bureau is in other space and that other space adds up to 37,000 square feet. It could be in a leased building, a home that is similar to 45 Oak Street. The building should have a parking lot adjacent to it. That would work perfect but it is part of the plan but it is not in the County facilities because, originally, we thought we could do that and we still can. It is an option. However to do that we would have to move Social Services out and like I said there is a question of what is better suited for the Rath Building, Social Services next to other departments in Social services or the Auto Bureau which could be a stand alone? We are addressing it it is in our study.”

Executive Director Vetter: "If I could ask, I think you had mentioned earlier that we were originally looking at a September date for the draft and what would you consider right now as a reasonable date for a deliverable; to say yes it will be here by that date?"

Commissioner Loffredo: "I would say probably the third or fourth week in October."

Secretary Keysa: "Mr. Vice Chairman, if I could just address another issue all together? My understanding is that a number of bridges are being considered. Are those contracts being done with County forces or are those being done under emergency contracts?"

Commissioner Loffredo: "They are being done under the Summer Bid Book you approved."

Secretary Keysa: "Again, is this with County forces or separate contractors that are working under those bids?"

Commissioner Loffredo: "It is a combination of things. We might remove some concrete and then have a contractor come in and build some thing or other so it is a combination of things."

Vice Chair Glaser: "If I could ask a question as a follow up? Does the County have, or how updated is the County's long range plan as it relates to capital expenditures? Things that need to be done beyond the bridges? Is there such a plan or is it looked at every couple of years; something in terms of priority and extent?"

Commissioner Loffredo: "Let me look at two pictures, the DPW picture and the whole picture of the County. We looked at roads and bridges and the County Executive came up with a 15-year plan for spending $11.5 million each year of County funds. That is really one-third of the pie. The pie is the whole needs; road and bridge needs. There are State funds in there, I would say a third, and there are Federal funds in there, another third. The missing third is the County funds. In order repair the roads and bridges in a reasonable amount of time (15 years), the County has to spend $11.5 million every year, so that is really where we are as far in the capital budget as far as roads and bridges. To that you have to add other things in Public Works and those are things like the Buffalo Bills Stadium. Right now, we are at the $2.85 million a year. There are also other commitments like the Botanical Gardens, another million or so a year. There are commitments for the Convention Center, another million or so a year. Then there is basic house keeping needs; roofs, sealing walls and replacing equipments and such. That kind of need is called code compliance and that is a couple million dollars a year. Then there are other facilities that need repair, looking at the big picture: ECC Campus, some of our facilities at ECMC, School 84, you have heard a lot about that. So if you look at the big picture adding these all up which we haven't done yet, I really don't have a figure. This is the minimum capital budget that you need to maintain your facilities. You cannot go below that dollar amount otherwise your facilities deteriorate; in the long run you will get a bigger bill but we do know that the price on roads and bridges, $11.5 million, but I don't have a price on the whole picture.

Vice Chair Glaser: "I think, and again I wasn't trying to pin you down to a dollar amount as much as I was trying to have the question answered, "Do we have a plan?" and I would agree with you. You can't let it deteriorate. If you can't invest in your infrastructure you will be in trouble in the long term. I just wanted to know if the 15-year plan that has been in place, if it has been updated, that is fine if it has been updated maybe you could just get back to us some to show how updated it is."

Commissioner Loffredo: "Well the road and bridges plan has been updated; it is only a couple of months old, but this other one we have not addressed. That is probably something that should be addressed and a figure established."

Vice Chair Glaser: "Maybe I would suggest that you do that because infrastructure investment is important and it is part of the big picture."

Secretary Keysa: "Could I suggest that we request a copy of the roads and bridges schedule so we have some idea of what is out there and what needs there are?"

Commissioner Loffredo: "We have a chart, but it didn't address the individual items. We could address them but we would have a laundry list of roads and bridges. It is all summarized in a chart that tells you how many bridges a year, how many roads and such and we could file that with you."

Secretary Keysa: "That would be useful and I think even the more extensive list would be ideal. I was accustomed to seeing that from the state side when I was on the Policy and Coordinating Committee of the GBNRTC, but I have not seen one on the County side so if you could provide that, that would be useful."

Commissioner Loffredo: "I will file it with Executive Director Vetter."

Secretary Keysa: "Thanks, Commissioner Loffredo"

Vice Chair Glaser: "Are there any other questions for Commissioner Loffredo. Thanks for your time.

"Next item on the agenda is an RFP request. Executive Director Vetter would you like to speak to that?"

Executive Director Vetter: "Yes Mr. Chairman just an update and a technical item to vote on that last year about this time, maybe a little bit earlier than now we had sent out request for proposal for financial advisors, underwriters and bond counsel They were one year RFP expiration dates. We have sent new RFP for proposals to comply with Public Authorities regulations. One of the items, the end dates has occurred and we have received proposals from financial advisors for a future period but at this point we have not been able to accurately review those and bring them forward to the finance committee for review. We will in the very near future but at this point we are asking the Board to consider extending the one year contract with Capital Market financial advisors for 30 days so that we do have an opportunity to thoughtfully review the proposals that are out there and chose a financial advisor and a related bond counsel and underwriter for anywhere from one to three years depending on the pleasure of the Board and the length of the engagement that we would chose. I would ask that the board consider a motion to extend the current agreement with Capital Market Advisers that ends on October 1, 2007 for a thirty day period while we evaluate the other proposals"

Vice Chair Glaser: "Any questions on that one?"

Secretary Keysa: "Do you think that thirty days is adequate or do you think 60 days is more appropriate?

Executive Director Vetter: "I believe last year we went through the entire process once we received proposals in about two weeks. I guess I would anticipate, from a staff stand point, that the responses would be brought back and a recommendation would be reasonably be made from the finance committee which is near the end of October. I have no objections to making it 60 but from a practical matter I believe 30 days would be sufficient in the process."

Secretary Keysa: "Okay, in looking at the resolution I don't see anything in the prefiled resolution, I don't see a specific time frame in there anyway, so I would prefer to have a specific time and at my own suggestion, I would recommend that it be 60 days so we have a date certain on that."

Executive Director Vetter: "That would be fine with me. Mr. Vice Chairman is there a motion to approve?"

Secretary Keysa moved to approved the pre-filed resolution and Vice Chair Glaser seconded.

Executive Director Vetter: "On the original resolution that is part of discussion, is there further discussion? I believe we have to approve this resolution and make the proposed amendment and then amend."

Secretary Keysa: “We move the original and seconded the original; we then, on discussion, can accept the amendment and I would make that amendment also and the amendment is to take out “a reasonable period” and make it 60 days from the expiration date, which was October 1st, so that goes to December 1st.”

Secretary Keysa moved the amendment and Director Kruly seconded the amendment, and the Directors voted unanimously to approve.

Secretary Keysa: “Now we need to vote on the resolution as amended.”

Vice Chair Glaser moved and Secretary Keysa seconded the following resolution, and the Directors voted unanimously to approve.

Resolution No. 07-87

EXTENDING PERSONAL SERVICE CONTRACT

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 3954(4) of New York Public Authorities Law grants the ECFSA the power to make and execute contracts or agreements necessary or convenient to carry out its purposes; and

WHEREAS, the ECFSA issued a request for proposals for financial advisory services in September 2006 and, upon receiving responses to the request, a selection committee of ECFSA Directors and staff evaluated proposals received and selected Capital Markets Advisors, LLC as the most capable of providing financial advisory services to the ECFSA on an as-needed basis for a period of one year;

WHEREAS, Capital Markets Advisors, LLC has performed their duties to the full satisfaction of the ECFSA;

WHEREAS, the one-year agreement with Capital Markets Advisors, LLC expires on October 1, 2007;

WHEREAS, the ECFSA re-issued a request for proposals for financial advisory services in September 2007;

WHEREAS, ECFSA Directors and staff have not yet had an opportunity to evaluate proposals received in response to the request for financial advisory services;

NOW THEREFORE BE IT RESOLVED, that the ECFSA engage Capital Markets Advisors, LLC to provide financial advisory services on an as-needed basis until ECFSA directors and staff have had a reasonable period of time to evaluate proposals received in response to the request for financial advisory services, which shall not be later than December 1, 2007. Such services shall be undertaken for such amounts and on such terms as agreed upon by the Chairman or ECFSA Directors; and

BE IT FURTHER RESOLVED that this resolution shall supersede any previous resolutions of the ECFSA with regard to contracting for financial advisory services.

This resolution shall take effect immediately.

Vice Chair Glaser: "The next item on our agenda is the draft ECFSA budget. The process for considering the budget needs to be started 90 days before the beginning of the year and that is in the process right now. This is for consideration, not for passing. Mr. Executive Director Vetter?"

Executive Director Vetter: "Mr. Vice Chairman, again to reiterate, under Public Authorities regulations, the ECFSA being a State Authority needs to have a budget proposal under consideration for 90 days before year's end, which means by September 30, 2007. Under the regulations that govern our agency, we are not only required to approve that budget, but we cannot remain in compliance and approve the budget at this point and it is required that the budget be under consideration over time and that needs to be approved by the Board of Directors seven days or more prior to the end of the fiscal year. A draft proposal has been put forth by staff that you have in format before you and the amount on that is $764,200, which s a 51% reduction from the 2007 budget. It is a reduction in three potions which only assumes current staff, it is a significant reduction in professional fees from $800,000 to $290,000 and this is a budget that, from a staff level, we believe is a very good starting point to look at the realistic expenditures within particularly a control period because we have been in a control period his far. I think the reason for the larger budget last year was because we had just entered a control period and were not aware of what types of expenditures that we might have or might not have. Some of this was based on the Buffalo Fiscal Stability Authority expenses and we are using fewer resources than anticipated from a staff level and from the staff level we are looking to save at every level possible and reduce taxpayer dollar in reducing three positions cutting professional fees significantly and making sure that we have reasonable doable budget is extremely important. I would ask at this time, because no vote is required, that the

Board of Directors consider this as a starting budget document and this will have to be approved by the Board of Directors, to remain in compliance with Public Authority regulations, at least seven days before the fiscal year ends.

Secretary Keysa moved to receive the budget for consideration and table it. Director Johnson seconded, and the Directors unanimously approved.

Vice Chair Glaser: "The next item on the agenda is contracts to be approved. Executive Director Vetter could you take us through those?"

Executive Director Vetter: "Mr. Vice Chairman, as is our new standard practice, a number of contracts received by Erie County that exceed the value of $50,000 for consideration, the first three pages that are in the matrix in front of you have been reviewed by staff and the board have been sent these contracts there are either no questions or no significant questions on those particular proposed agreements. Therefore as staff we recommend the board consider the contracts on pages 1 through three; there are four contracts on page one, on page two and 6 on page three be moved for approval."

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

<u>Resolution No. 07-88</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	Purchase Contract – IBM Corporation – IBM X-Series servers, Intellistation Workstations & Storage	$50,000 – all college funds
Erie Community College	Service Contract – Datatel Inc. – Datatel software and services for ERP system to maintain student, human resources, payroll, financial, admission, financial aid and operations records	$241,995 – all college funds
EC Comptroller	Service Contract - Maximus – Preparation of central cost allocations plans for 2006-2009. Serve as basis for depts. to claim reimbursements for eligible programs	$65,000 ($16,250 for 4 years) - all local share
EC Environment & Planning	Federal sub-recipient agreement – Village of Springville – CDBG funds pass-through for Village of Springville for reconstruction of main waterline	$90,000 – no local share
EC Environment & Planning – Sewage District	Purchase Contract – Graymont Inc. – High Calcium Hydrated Lime & Quicklime	$70,000 – all sewer funds
EC Environment & Planning, Sewerage District	Purchase Contract – Kemir Water Solutions, Inc. – Ferric Chloride	$87,000 – all sewer funds
EC Public Works	Purchase Contract – Various approved vendors including Milherst Construction – 2007 Road Rehab Program Contract – Garrison & portions of Aero Dr.	$600,000 – capital funds
EC Public Works	Purchase Contract – Various approved vendors including Amherst paving – 2007 Road Rehab Program Contract – Colvin Ave.	$425,000 – capital funds
EC Public Works	Purchase Contract – Various approved vendors Snow & ice materials from approved vendors	$200,000 – all local share
EC Public Works	Change Order – FRA Engineering – Change Order for engineer scope expansion – Groth Rd., Town of Concord	$56,134 - $7,017 local share
EC Public Works	Service Contract – Trautman Inc. – Construction Administration related to three elevators in the Erie County Home & Infirmary	$56,600 – capital funds
EC Public Works	Service Contract – CIR Electrical Construction – Dunn Tire park parking Lot Lighting Improvements	$54,900 – capital funds
EC Public Works	Service Contract – Troy & Banks – Review county utility and telecommunications bills to ID overcharges and obtain any repayments that might be due to the county	Undetermined at this time, % of savings
Erie County Social Services	Service Contract – Buffalo Urban League – Preventative services	$31,950 - $11,183 local

	related to out-of-home foster care – Increase in current contract.	share
Erie County Social Services	Service Contract – Haven House Court Advocate functions of the Integrated Domestic Violence Court	$35,000 – no local share

*EC- Erie County

This resolution shall take effect immediately.

Executive Director Vetter: "If I could, go onto paged 4 and 5 for items that staff is recommending for individual consideration. On page four, item number one. There was a contract from the County Department of Health for rehab services for disabled children preschool ages 1-5 early intervention programs and there is anticipation that these contracts would be worth $50 million annually in fiscal year 2008. At the recommendation of staff at this point is that we believe that the department is very diligent in forwarding us those contract proposals early but that there is not a 2008 budget in place. There is not even a proposed 2008 budget and that agencies or amounts could fluctuate based on proposals and adoptions that at this point it is recommended by the staff that this request be tabled until such time that the conditions and dollar values can be reasonably estimated for further consideration."

Secretary Keysa: "So after all this time that we ask them to send this stuff early this time we are going to tell them that this is to early."

Executive Director Vetter "I would like to commend the Health Department for there due diligence an that this has come into the hopper very early but based on the lack of appropriation that is there and the approval process that is required that it wouldn't be reasonable at this time to approve these agreements."

Secretary Keysa moved to table, Director Johnson seconded, and the Directors voted unanimously to table the decision to further develop the risk management proposal.

Executive Director Vetter: "Item 4-2 is a contract that we received regarding management of medical transportation that staff is recommending that we table because this is an item still under consideration. The last information that we have as of yesterday is that it is still under consideration at the committee level of the EC Legislature. I know in the past that we have consider items from the Legislature that have not as of yet passed but they are there are items that have made it through that committee structure and that there are reasonable assurance that the Legislature passed those items. The latest update on this and the coordinator from the county did not call with an update on this is that this is still at the committee level and may or may not come out of the committee level so unless and until that occurs the staff would recommend that this item should be tabled. When the necessary approval is gained from the Legislature that we bring it back on the table."

Director Johnson: "Question Mr. Chairman, will this cause any interruptions or inconveniences of services to the clients?"

Executive Director Vetter: "Director Johnson, actually medical transportation will still occur. Actually this contract is to coordinate medical transportation because there are, the reason the RFP was sent out was because, in certain circumstances, transportation may be more costly than it may need to be because there is not a central coordination point for transportation. This would really initiate a central coordination point so that usage could be documented and that is someone has a doctor's appointment, they could get there via a bus pass versus a cab; that that kind of case management and analysis could be done."

Secretary Keysa moved to table, Director Goodell seconded, and the Directors voted unanimously to table the request.

Executive Director Vetter: "Item 4-3 is a hold-over from the last meeting in which conditional approval was given by the ECFSA regarding parking spaces related to ECC and the potential of contracting with the State DOT for those spaces. I believe Mr. Laurence Rubin is here and has been in contract with the State Department of Transportation as follow up."

Laurence Rubin: "At the request of the Interim President Bill Reuter, I called a series of people at the State DOT going, I assume up and down the chain of command. The answer that I got each time was that there was not interest in DOT dealing directly with ECC because of the very short term nature of the arrangements. As I think you know, the reason why the landlord was able to offer these spaces to ECCC was because they were being turned back on sort of a 30-day basis by the tenant DOT to the landlord while the tenant resolved some labor issues that they have but that because it was very temporary, the DOT can pull those spaces back on 30-days notice, so the landlord could terminate the provision of those space to ECC concurrently. So the DOT was not interested in the parking lot business they were not interested in dealing with ECC. Lastly if we could prevail upon them to deal directly with ECC that limited 30-day basis, frankly what DOT has from the landlord in terms of parking rights is less than what the landlord has to ECC. More specifically, DOT's rights to park in that parking lot are normal business hours, I think it's 8am – 5pm. That parking lot is under its lease with DOT and the landlord's only requirement is that there be a control arm where DOT goes up, swipes their card, goes in, and basically parks for the day, and it is a specific group of employees that do that. On the other hand what ECC wanted was the right to park up to 10pm at night and I think what also unfortunately is needed is an attendant and I think Mr. Reuter is here; if he doesn't jump up, I think everything is being stated correctly. ECC needs an attendant at their lot because if they rent 100 spaces it is not for a specific 10 students it is for 100 spaces. Students go in and out all day, so a simple arm doesn't work, because you have people going in basically jamming up the lot and my understanding is that ECC has an attendant to say the lot is full or the lot is not full. If it is not full they can open up the lot for ECC students, so my understanding is that what DOT could not offer to us on a short term sub-tenancy the necessary parking services that ECC wants, so basically I tried and could not get it."

Secretary Keysa: "Does the landlord or the vendor provide that person?"

Laurence Rubin: "The landlord is providing that person."

Secretary Keysa: "And you are getting that on the other sites?"

Laurence Rubin: "Yes, that is my understanding and therefore as I have written to Executive Director Vetter. That may help explain the difference between what DOT is getting back from the landlord as a credit on their lease and what the landlord is charging ECC. There may be a function of costs in the landlord providing different types of services to the different tenancies. I hope that answers your questions."

Secretary Keysa: "I had a question raised to me whether, at one of these sites, the vendor is not leasing public lands; in other words if there is a city street that is blocked off and was never transferred but, in fact, that is what the County is now paying the vendor for?"

Laurence Rubin: "That may be the issue, certainly, when we eventually go into leases with anyone. My department will certainly make sure that there is covenant by the landlord with the contract. WE HAVE NOT ENTERED INTO AGREEMENT WITH ANYONE. We will make sure that there is a covenant that someone represents to us that they have full control. It doesn't matter if they have feasible title but they must have full control of the property and that is an issue with 175 South Division, which is the permanent location, and that is an issue in which they are going through some issues over permit or not, but until we are satisfied that, that is in place, we would be leery of accepting a property owner's representation to us that they can enter into a contract for a full academic year."

Secretary Keysa: "Is anybody parking in these spaces now?"

Laurence Rubin: "Yes, we are treating this a short term purchase order at this time within the limits of…right now we are not prepared to exercise the authority that we obtained conditionally from ECFSA for a full years contract that would extend us beyond the $50,000, so right now we are treating it like a weekly, monthly purchase order that is significantly less than the $50,000 threshold.."

Executive Director Vetter: "Mr. Laurence Rubin, I think we have 45 Oak so if you could stay up there we have some questions on 45 Oak Street. There are two items on page four, items 5 and that relate to ECC that they are looking to make in the documentation are related to 45 Oak on which the board has questions on transfer in or usage and permanency of the College's use of that property and surrounding lands. We have Mr. Laurence Rubin or Mr. Reuter here to comment on that."

Laurence Rubin: "I would be happy to. The County Executive in response to this issue, and it being raised by ECFSA and I think the Board of Trustees as well, has with the advice of counsel written to Mr. Reuter on behalf of ECC that by nature of the original acquisition and now the completion of the generic environmental impact statement and more that 45 Oak Street is now being held by the County of Erie with the full knowledge and support of Erie County Legislature as well as the Executive branch, is being held by Erie County in trust for ECC and that so long as ECC makes the decision to utilize the beneficial rights of that trust, that property is dedicated to ECC. I hate to use the term dedication because many of us who are familiar with municipal law start to think about park lands. It is a slightly different nature than the dedication of the inalienability of the park lands even though that is dedicated to parks. Secretary Keysa is looking at me as if he knows this issue. If we were to change the use we would need to go through state legislation but we would need ECC to make the decision to no longer use that property. Once is it is no longer used by ECC for ECC purposes, then that title is unencumbered by the trust automatically and it would simply revert to Erie County as County lands. The permanency is dictated by ECC at this point and I think that if I may speak for ECC, I think that they are very comfortable with knowing that they control the destiny of this property and therefore are prepared to make the kind of financial investment that has been submitted for your approval.

Vice Chair Glaser: "This is in a trust or is it…?"

Laurence Rubin: "No, no it is actually statutory in accordance with 6306 of Education Law, which states that real property is held by the local sponsor in trust for the local community college, so we do not have a situation were we have deeds that are in the name of ECC. Under a state law, the deed is held by the County and then, by virtue of the dedication, which is sort of a practical matter, the dedication of the property to ECC, it becomes as a matter of law being held in trust and we cannot violate that trust; the County administration cannot violate that trust or change that trust unilaterally."

Secretary Keysa: "This has been memorialized by a resolution?"

Laurence Rubin: "This has been memorialized by acceptance of a draft environmental impact statement, by the County Executive as the administrative officer of the County by the approval of the bond funds for this project. I have never seen a resolution for any of these properties and I can go back about 25 years looking at these things. It is a whole bundle of the record for this thing. Certainly now that the County Executive has written a letter to ECC in a letter dated approximately September 24th, clearly the record is there that the trust has been established."

Vice Chair Glaser: "Thank you."

Executive Director Vetter: "Mr. Reuter if you would I think in our last discussion we had to reconcile the long term usage and it sounds like at this point that both parties have indicated that there is reasonable assurance of long term usage of the building for ECC purposes."

William Reuter: "Yes, that is our intent, Mr. Vetter. Thank you for asking the questions. We are intending to be there as long as possible. If you go back to the master plan that County Attorney Laurence Rubin referenced for 180,000 square feet of building space downtown, 45 Oak street was going to be demolished and a new multistory building was going to be built on that footprint. What I think the College has done, in partnership with the County Legislative and Executive branch and the Board of Trustees, has saved the County significant dollars because we have spent approximately $20 per square foot for the rehabilitation of that existing space which is 52,000 square foot. If we get the go ahead from the ECFSA for the contracts before you, we anticipate having classes starting there in January. That will mean we will grow our enrollment downtown to the tune of hopefully 500 students and move about 100 staff into that facility and hopefully that will allow us to move the middle early college onto our post office campus which is all part of our master plan. So I think it is all part of a saving opportunity for the college. We have used our internal finances. We have not asked the County or State for any additional funds on this project and if we get the go ahead and are back on track than we will have classes starting in January."

Director Goodell: "Are these two line items specific to 45 Oak or are they specific to the college itself?

William Reuter: "I apologize; I'm not sure which line items you are referencing."

Executive Director Vetter: "Director Goodell, if I could, there was a follow up e-mail and there is a copy of an e-mail that had come from Mr. Reuter with a few items that does go through and designate where these items go and the time period with the <u>State Contractor</u> and the source of choosing that vendor that just came in very recently. Actually it came in at about 10 o'clock this morning and we have included it in your package. Our apologies for getting it to you so late but it just came in about 10 o'clock this morning, just three hours ago."

Secretary Keysa: "So that item refers to SYSCO communications and it appears that this is for core operations in the building? "

William Reuter: "College wide. Presently I believe we had 1,300 phones in all of the offices though out the college, another 700 phones in every class room. It is part of our infrastructure at the college and was part of our security solution where we are able to have an emergency broadcasting every single location at ECC from a floor, building classroom, specific office or specific room college wide."

Director Goodell: "The answer to my question, that these are college specific expenses not 45 Oak specific?"

Vice Chair Glaser: "These are ECC expenditures."

Director Goodell moved to approved, Director Johnson seconded, and the Directors voted unanimously to un-table the contract for the phone system.

William Reuter: "Thank you very much and I certainly will invite you to the grand opening in January."

Director Goodell: "Is 45 Oak Street settled?"

Executive Director Vetter: "My understanding from the County Attorney's presentation is that there is no contract that requires approval because it is a County facility that is being held in trust for ECC which not different from any other County building that is being held for a specified purpose."

"Mr. Vice Chairman if I could, the last item on that page is an Environmental planning contract for software for the Storm Water Coalition. The staff recommends at this point that the item be tabled because the documentation that was forwarded indicated that legislative approval was needed at the September 13th meeting and no legislative approval was made at that meeting and it is unclear as to where this is in the legislative process therefore if there is no reasonable assurance of this coming out of the Legislature we would recommend tabling this item until there are reasonable assurances.

Director Johnson moved to table, Director Kruly seconded, and the Directors unanimously approved.

Executive Director Vetter: "Mr. Vice Chair, the last two items on page five, item 5-1 was an item received the day before yesterday from Commissioner Loffredo regarding a dishwasher for the Convention Center in which the Commissioner has indicated that they require immediate approval because of the timing of the issue and the down time of the Convention Center, that providing assurance that this is in place prior to their busy time of the year so, even though it is a late arrival beyond our established deadlines, the Commissioner felt that the urgency of this required immediate consideration. I don't know if Mr. Loffredo is still here to speak on the subject?"

Commissioner Loffredo: "Basically, it is just what you said, the existing dishwasher was the original dishwasher installed in the early 70's. It is over 30 years old now and it has pretty much had it. It is a day by day thing where they have it up and running. So there is an opportunity in between conventions to install it in mid-December but, because of the lead time, equipment and installation time for it it needs to be approved now for us to hit that widow of opportunity."

Vice Chair Glaser: "This went through all of the processes necessary?"

Commissioner Loffredo: "Yes, we had four bidders."

Vice Chair Glaser: "This is an industrial dishwasher?"

Commissioner Loffredo: "Yes."

Secretary Keysa: "This appears to be an important item and due to the time frame."

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

Resolution No. 07-89

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

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 the Erie County Department of Public Works purchase of a dishwasher and installation at the Buffalo/Niagara Convention Center.

Department	Description	Amount
Department of Public Works	Purchase Contract –Buffalo Hotel-Purchase and Installation of a dishwasher for the Buffalo/Niagara Convention Center	$99,750.00 –All local share

This resolution shall take effect immediately.

Executive Director Vetter: "Mr. Chairman, if I could continue with the last item on the matrix on page 5 the tax lien sale agreement, I would suggest this is under consideration of the board and maybe ask that Mr. James Hartman could say a few words on the agreement?"

James Hartman: "Good afternoon, good to save the best for last. I said to the Legislature that I have talked enough about tax liens to last a life time. I have nothing new to say on the topic, I think we have discussed it at great length; we have had a flurry of correspondence in the last few days. It is important to me that the public understand what we are talking about so we have left outside what are most of all of the relevant documents including the letter exchange in the past few days, so at this point we will just take your questions."

Director Goodell: "Historically what has been the record of the collecting the tax liens and the interest and penalties?

James Hartman: "At your request the County Comptroller did an analysis and that should be available to you. If you want to go into that letter in detail which goes definitively to that question probably Mr. Greg Gach in the Comptrollers office can speak to it but essentially what this says is that is somewhere in the 95-97% range.:

Director Goodell: "Including penalties and interest?"

James Hartman: "Yes, again did the Board have a chance to review this document that the Comptroller has provided? Again, you requested this several days ago and it is similar to what we have provided in the past but I think what the Comptroller tried to do is to kind of summarize the previous numbers and reconcile some of those and I think his document sort of speaks for itself.

Vice Chair Glaser: "One of the things we wanted to make sure of is that the County Executive's office and the Comptroller's office were in agreement of the numbers and of the urgency and importance of these. So my question to you is, are both of those offices now in agreement with those numbers and that fact that this is the best deal?"

James Hartman: "I love the Comptroller's letter so he can speak for himself."

Comptroller Poloncarz: "Good Afternoon, the letter that Mr. James Hartman is referring is the September 27th letter to recapitulate our office has been working with Mr. Executive Director Vetter and Mr. Kempner in providing data for the ECFSA for some weeks now in regards to the tax lien sale. Upon the request of Mr. Executive Director Vetter via a letter on September 25th asking for analysis, looking at all the numbers, I think there was an discrepancy on how the numbers were looked at, whether it was an end of the year financial report from our annual cap or whether it was based on a tax lien date and how you judged it. Our office the accountants, as well supervised by Mr. Greg Gach are here to answer any specific questions about the numbers made the determination which I believe Mr. James Hartman has now said he is in agreement with in the Budget Office as to the actual cost when you look back at what the collections were in Erie County. Truthfully for the past number of years when you go back over the last couple of years. We did not just go back to the most recent years but went back to when Erie County did it itself and the three-year period thereafter to make an examination of how much principal was going on the date the taxes became due, how much was paid by the time the tax lien date was put into place and how much was collected in the three year period after that and when you look at the principle the interest and the fees and what we were able to determine is that if you look at the 1998 tax lien numbers in the three-year period including everything the most we were able to generate was 92.09%, in 1999 it was 94.69% and in 2000 it was 92.54%. There was an increase in 2001 which was 102.59% but over the general time period the average was around 95% which is collections after three years of employing County employees and going out there and foreclosing and the like, that how much we generated for most of the time we never generate 100% of the value and that is why as my letter states when you look at the value the comparison of those times to what we have received since then under the residual sale and I am particularly not in favor of the residual sale model but what we got on the residual sale is better than what we have done previously. The proposal on the table is far superior to both because instead of waiting three years out hoping to get 105% which we never did in the past, we are receiving 105% of the value of the residual liens on the date of sale which includes original principal, any interest that has accumulated, any penalties and fees since then. We are getting that money right up front, I can immediately take that, let's assume it is $15 million as a number to throw around, it could be a surplus amount and based on current rates that is an additional ¾ of a million dollars just in interest income alone over one year rather than having to go back and collect it. While you can debate some of the numbers and how much it would cost to bring back staff the revenue recovery unit of the Comptroller's office which was switched after the charter amendments to two or three people we would have to bring back staff and there would be some additional costs. So when you do a cost-benefit analysis, does it really make sense, does it benefit the County? My office has said yes and we are glad to assist the ECFSA in a review of the analysis. Mr. Greg Gach is here as well to answer any specific questions that you may have on any of those years and how we arrived at the data but we are in agreement on the numbers and that this is in the best interest of the County."

Vice Chair Glaser: "Can I just ask you on looking into the future, obviously you are going to probably want to do this every year and is this the right thing to do and maximizes the amount of money so we'll look at it or is this the type of thing that you want to take a look at in a couple of years to make sure the analysis was right?"

Comptroller Poloncarz: "It is my understanding that this is not a one-year deal but for four years with the right of first refusal of 105 cents on the dollar for the next couple of years. So assuming that Xspand acts on its right of first refusal which if it is trying to protect its lien at will because… I'm an attorney.

Generally, when you file something at the Clerk's office and so forth, the first to file has priority, except the tax liens the last to file has priority so if they want to protect their interests for the tax lines that they are purchasing now in the future it makes sense for them to act on the right of first refusal. Which, when we get the $1.05 on the dollar in the outer years. If they don't, the County has the right to go back and collect them ourselves or sell them to another party."

Vice Chair Glaser: "The County does not have an obligation to sell the future ones?"

Comptroller Poloncarz "Not under the right of first refusal. They do. If Xspand does not enforce its right of first refusal by coming up with a cash check with the value of $1.05, then the County can do with it whatever it please. Under the first refusal it is given that power and it does have the right to do that but they are paying a premium for it. They are paying the same as they do now which is $1.05 on the $1.00. It is $1.05 on $1.18 or $1.20 when you take into account the interest that has already accumulated."

Director Goodell: "That differs with my understanding of the words "right of first refusal." I took that to mean that, if the County decided to sell the tax liens, then Xspand would have the right of first refusal on that but the County could choose not to and Xspand would not take on those future years liens.

Comptroller Poloncarz: "Could somebody…if I am wrong please let me know. I think it may be just the way I was describing it."

Laurence Rubin: "Under that contract that has been approved by the County Legislature, that has been presented to you on November 1st of each year Xspand has to tell us if they want to exercise their right to purchase the liens at that 105% premium. They have until December 31st of that year to come upon with cash at that 105% premium. IF they fail to do that the County is under no further obligation with respect to that year's liens, which in fact Mr. Poloncarz correctly stated, are now the superior liens and back to the liens that Xspand purchased and we can do what we want that trigger happens on an annual basis but only for a limited number of years. So in response to Vice Chair Glaser's question which was "Will the County in a few years be able to look back to relook at this matter?" The answer is yes you will have the right once this contract is done and at that point we will have three or four years of experience to could determine whether or not this contract and it is a new contract, was it was worth the money and should the County go back to the old way it did things or should it go through a whole new RFP to put out on the street that is based now upon three years experience and to learn from that. We are not indefinitely locked in with Xspand but we are locked in for a specific period of time. But they, most importantly, they are locked into a specific premium price and they have a small window of time to exercise that right."

Vice Chair Glaser: “If want a specific property back that has been in default, we can get it back?”

Laurence Rubin: “Yes, for whatever economic development reason or for whatever reason we want to take control of that property we have that right to do that. Probably being the person who has done the biggest use of tax liens ever, I mean it is a very very rare situation that the County will find itself in to do that because again the County liens tend to be a very small part of the tax liens that are on these individual properties.”

Vice Chair Glaser: “Sorry for the confusion earlier, but I also thought what Mr. Director Goodell thought that the right of first refusal was the one in which we had a right to refuse it if presented to us but we are actually obligating our selves to present it to them every three years.”

Laurence Rubin: “It’s a more appropriate phrase, it is an option but they have to exercise the option or lose it as for 2007, 2008 and 2009 tax years so we sell the 2006 and we have the 2007-2009 ones.

Secretary Keysa: “If they indicate that they want to purchase, we have to give it to them if they come up with cash at the end of that specific year?”

Laurence Rubin: “That’s correct it is just the very nature as Mr. Poloncarz said that nature of tax lines that almost drive this as a requirement in the market place because of the fact that the later liens are superior frankly to the ones that they are buying now and the fact of the matter is it tends to be the same properties that tend to be delinquent.”

Director Goodell: “So you are saying, so let’s just take an individual municipality, for them to get a piece of property out of this situation for whatever reasons they want; they want to build something there, whatever the tax liens against it they would have to buy out generally seed and small portion which is the County tax lien. Is that what you are saying?”

Laurence Rubin: “Well you have to distinguish between cities and towns. That is the difference as you know, counties guarantee the town tax levy so what we are selling will include that portion of the town tax levy that is already paid on that particular piece of property. So lets assume a town situation, the County and the town decided that some property in some town has delinquent tax liens on it and that it would be good to utilize those tax liens for an economic development activity; at that point the first thing we have to remember is that the County has already been made whole on those tax liens. They have already gotten the money and an additional 5% in premium; at that point we have the right by paying that money back to

Xspand we have the first right to purchase that tax lien. Now remember there is always a risk that if purchase a tax lien the owner of the property still has a right of redemption so we could buy it back and the owner could say I don't want it used for an economic development activity they could simply pay off our tax liens back to us and we don't have the right to foreclose any longer. I think the situation you are thinking about is, as we have frankly done this recently working with the Town of Tonawanda it's a property that is delinquent every single year and the reason why it is delinquent every year is because the property owner has disappeared, the corporation hasn't been in existence for 20-30 years and we used these relatively small tax liens as a way of getting property that has been abandoned. So with that option we will still have the ability to do that and our liens, they are the County/town liens collectively but necessarily the school liens because the school liens are different. If they haven't paid our liens they most likely haven't paid the school liens and they may be equal to if not double the County will be combined. Similarly if were in the City of Buffalo, their liens would probably be three or four items amount of the County tax lien on that particular property. The County tax lien in my view will probably not be the tale that wags the dog for lack of a better phrase. Most likely and in my experience we will work together with the City and if necessary repurchase our tax liens to drive an economic development project. Again I hate to get overly technical about it, but the City has the ability to take advantage of their superior tax lien because their tax lien may have been impossed later than ours, to drive that process with or without us but the simple answer is we will still be able to utilize tax liens to help drive economic development projects. Each individual project will dictate the specific ways in which we have to do that."

Director Goodell: "You stated that County has to agree to do that along with the municipality. The municipality cannot do unless you agree?"

Laurence Rubin: "That's true but that's because we have already paid for that tax that the town was held harmless. It is not like they have a tax lien outstanding. They in effect if you will sell their tax liens to the County and the County taxpayers paid that off in the first instance.

Secretary Keysa: "Also, on the repurchase there is premium that needs to be paid to Xspand is that… is it 9%?"

Laurence Rubin: "Yes it is 9%"

Secretary Keysa: "Plus whatever they have gone into and in terms of if they started foreclosure?"

Laurence Rubin: "Only out of pocket costs and frankly remember during that time we have had the benefit of using that money and have invested it in something so it is not like the County has totally lost it; we may have offset that 9% by 5% interest."

Vice Chair Glaser: "I'm not sure you will know the answer to this question but without a lot of detail are there pieces of property that could be part of that bundle that we are selling that you could pre-identified; go and say we are going to want those or could you hold those back or isn't there any way to do that?"

Joseph Maciejewski: "We have already done that, on top of which, remember that the County taxes are a small part of the total tax lien picture for individual parcels, but yes, we have over the last several years combed out several properties. Beginning right now, there is nothing that we can identify right now that we really should be pulling out for economic development opportunities and that is why we simply named in a generic right on behalf of the County to when the opportunity presents itself to pull that property back."

Secretary Keysa: "I'd like to ask a question if I may. On the school taxes is the County holding the schools harmless?"

Joseph Maciejewski: "I don't think so."

Laurence Rubin: "Yes."

Joseph Maciejewski: "My apologies, I misspoke."

Secretary Keysa: "Schools, towns and villages. I remember being at the meeting when Ned Regan agreed to extend those held harmless to the villages."

Greg Gach: "Any uncollected school or village tax is turned over to the County at the end of their collection periods and is then relieved onto the next year county tax bill."

Laurence Rubin: "So I misspoke earlier, so it would be where we would hold the predominant liens on the property."

Secretary Keysa: "Could I ask you one more question? Under the old process if property was being sold for less than the amount of the lien, who is picking up the difference? Who is eating the cost; is it just the County or does it get reflected back to the towns and villages?"

Greg Gach: "If the County took the parcel over, then they would have had to cancel the tax and the County eats it all. It the tax was adjusted because of a mistake or error, there is a cancellation, then there is a charge back to the other municipalities."

Laurence Rubin: "But that is a technical adjustment, in effect we take a piece of property and put it up for in rem foreclosure auction that is $1,000 total taxes in interest, etc. on it and we decided for one reason or another that the best offer we are going to get is say $800 and that $200 is money that is not realized by County but we have already paid for it two, three years earlier. There is no adjustment back because we can't recover that from the taxing jurisdiction.

Secretary Keysa: "Put in a somewhat different ways, The County has served as an insurance policy for all the local governments and local school districts in terms of assessment and properties that for whatever reason are no longer worth the amount that the taxes are for. There was a way of spreading that cost to the all taxpayers of the County for specific proporties that were for one reason or another not worth the amount of the taxes."

Greg Gach: "If the owner challenges the assessment and then was successful, we would adjust the tax and it was billed back to the town."

Laurence Rubin: "The situation is that the County, and we have talked about this for several years, is that the County suffers in a sense whatever assessed valuation of the local taxing jurisdiction wants to propose on that property and to some extent that means that they can take a piece of property and keep it, that is vacant and abandoned, that hasn't been paid in years and keep it as artificially high assed valuation knowing that the County of Erie will continue to pay takes based on that artificially high assessed valuation. It is a situation that we have been discussing for some time and certainly when we think we have some standing to challenge that when it is a technically incorrect assessment. Whether or not the County wants to go in and challenge trying to assess valuations on property it doesn't own it is an issue for another day."

Secretary Keysa: "It is complicated and frankly if you look at villages, and town assessments are generally now controlling the town, village and the school district. In many cases the town maybe taking only 8% or 10% off so it is not favorable for them to do that also. I think what you see most of the time is the building for whatever reason has to be demolished. The demolition costs are added to the tax bill. That comes up and the owner is no longer able to find enough value left in that property to pay that tax bill and therefore lets it go for back taxes. That is usually what comes to the County, I would think, the predominate number of bad or excessive liens on properties."

"If I could go into just a couple of other items here? One of the concerns that we have here is the intimate relationship here between the County government and local governments and school districts in terms, specifically, of real property tax monument. And while our role here is usually to be looking at stability of the County government specifically, I think we also have a responsibly to be looking at the overall health and welfare of all of these levels of government that participate in this intimate relationship. One of the un-intended consequences of a tax lien sale is that it complicates and draws out the foreclosure process and actually promotes a development of blight in that the sale of the liens usually goes to a private investor that does not have the same sense of urgency in addressing those issues of plight that a municipal government does, whether it be local or county government, and that foreclosing on those specific properties is costly and not likely to bring you a profit so they are looking at the profit and they are cherry-picking, if you will, those taxes that pay well. They are going to be seeking the profits from that and ultimately they may turn back the other profits but it will be years later. In the mean time that property sits, they own the lien, that property sits unmanaged, in decline, they become drug houses and what not and contribute to crime in the community and it is of considerable concern. In the City of Buffalo from 1990-2000, for example, 15.7% of all units were vacant and presumable most of those are not paying taxes. That number has gone up since then. That same problem has now extended to Tonawanda, Cheektowaga and elsewhere. The Supervisor of the Town of Tonawanda last evening told me that he is now seeing a rate of loss of population greater than you see in the City of Buffalo. The Town Clerk of Cheektowaga, who will now be the new supervisor indicated that the same situation was exists in Cheektowaga; that is happening there. A presentation was made, and I think I have given copies of it to you; Cheektowaga, Amherst, Tonawanda and the City of Buffalo participated in an effort with what is called the National Vacant Property Campaign to produce a report called Blueprint Buffalo which gives specific strategies as to how to address the problems caused by these vacant properties. Key to that is the retention of the local government of its ability to address those properties on which the taxes are delinquent. The experience in other municipalities is that the worse thing that they can do is to hand away that opportunity to private investors and in this case I have a conflict and recognize the County could have substantial amounts of money coming in cash now versus what they could gain over a period of time and my feeling still is that over a period of time they are going to gain more cash by holding it themselves but the costs of that is that we are going to promote, I believe and these studies show, we are going to promote continuation of blight an the expansion of blight and for that reason I cannot agree to transfer these tax liens to a private investor."

Vice Chair Glaser: "If I could, I have a question but I would also like to make a comment because what you just lead into is something that maybe needs future discussions amongst the County and other towns, facilities and areas regarding consolidations efforts because at the end of the day the County has made those towns whole and they have paid while the County is holding the bag, but for the bad ones, it would be great if you could say could you take any of those and turn them back to the villages and towns who would like to buy them 105% and I say that tongue and cheek because you probably can't do that. It would do take to long at this point in the game but the reality is that maybe there is a better way that could be created in the future that might solve that problem. Unfortunately we are here and trying to sort out a crisis and not make a crisis. I think as it relates to this issue and it is a hot issue it really rolls into the other issue that was brought up earlier slight about capital expenditures, capital requirements for now and the future another line item that is on our table is the borrowing for future capital expenditures. These are all key issues that we really need to resolve and move forward. That being said I think we had one more question.

Laurence Rubin: "If I could just wanted to remind everyone because it has been several months of doing this. I am quite proud to say that at the insistence of the County Legislature and the Majority Leader Maria Whyte, several months ago we entered into discussions with the Mayor's Anti-Flipping Task Force which is chaired by, I think, Assemblyman Hoyt and we did craft this language about the buy- back based upon these very issues that we are talking about that exist in Erie County as well as in the city and as a result of that I think the WNY Law Center and the Anti-Flipping Task Force have filed with the ECFSA a letter endorsing the contract language that it felt that it did meet their concerns for these question of abandonment and blight."

Vice Chair Glaser: "I want to thank Mr. Poloncarz, Mr. James Hartman and Mr. Laurence Rubin for their help to get the bottom of things but don't go away we may have some more questions."

Executive Director Vetter: "Mr. Vice Chairman, I just want to ask and I don't know if it is Mr. James Hartman or Mr. Poloncarz or Mr. Greg Gach, in terms of the accounting treatment of the revenue that comes in from the tax lien sale, how that is treated and if there are any restrictions that are opposed or can be opposed on the revenues that do come in?"

James Hartman: "I will have to defer that to the Comptroller."

Greg Gach: "Basically as this deal stands right now, when that check comes in from Xspand it will be treated as regular revenue of the County. There hasn't been any reservations or designations of this fund to go to any other specific purposes. There have been resolutions where they stated the intent is for the money to go to fund balance. Back early in the year, it was discussed that it go into debt service reserves. At this point none of that has happened. It is possible it can happen; it just hasn't happened yet.

Executive Director Vetter: "So in essence, the contract here calls for $10.8 million in cash to came to the County within a reasonable period of time so that in lieu of any other restrictions to that…"

Greg Gach: "I am going to turn around and put it into an investment at about 5.4% frankly"

Executive Director Vetter: "Okay, and then this potentially, because I have received a letter from the Comptroller that states that this money could go into a fund balance but that would be paraphrasing correctly that the money, if there was deficit because we have seen estimates in potential deficits, if this happens, this would be immediately be pulled out of fund balance so in essence it wouldn't be reserving any money for future fund balances for anything else but it could be used for a current deficit?"

Greg Gach: "It could be if there is a current deficit it is always possible but over the 20 plus years I have been in the County, I have participated in setting up reserves, I have participated in designations that may or may not have resulted in a negative undesignated fund balance and that has happened in the past to where you can have a reserve positive fund balance in a negative undesignated fund balance and hopefully the net is a positive fund balance at the end. So it really depends on how all the debits and credits are going to fall between the now and we hope to have all the accounting done between now and the end of February of next year."

Executive Director Vetter: "The only revenue that you are anticipate this year is that $10.8 and then assuming that whatever date in December there is a reup in that for a like revenue, let's not quibble about the amount, but a like revenue would be there for the 2008 budget?"

Greg Gach: "It is like we have warned in our letters. The major revenue for the County is sales tax which is approximately $370 million right now. The BMR shows we are running a positive variance but we won't get the financial check from the state until February 12, 2008 and at that point then we will know whether we have met our $370 million worth; so to say today I can't guarantee that all this money will go to a fund balance and just sit there because if for whatever reason there is another October storm or something else that impacts on the economy our major revenue can be majority impacted but right now it is positive and running strong but with the collapse of the mortgages and real estate it hasn't happened to the extent in the area that it has in California and Florida but I don't know if that reverberates back into here, I don't know. I don't know, I mean who knows what will happen between now and February?"

Executive Director Vetter: "Could I ask a related question since Mr. James Hartman is here?

I think in terms of revenue in the budget that was anticipated from this I believe that early financial presentation indicated that if this revenue were not to come in that there would be an anticipated short fall in that particular revenue level of $3-4million. I think recent pronouncements indicate that the is in the amount of $6 million, is there is a reconcilition that goes from the $3-4 to the $6 million ."

James Hartman: "You're not doing your homework. You have distinguished between 2007 and 2008. Alright, let's talk first about 2007. We have two things going on. Actually in all these numbers that have been flying around in the press and the comment we are actually talking about tax liens for three years. Remember, we never did a tax lien sale in 2006. So the remaining balance of those is still out there. So if you approve this contract we are going to do that sale although it was priced in August. It will be a little less than that, but let's say it is little less than $10 million; it will be a one-time transaction and the intention is that that will go to fund balance.

Executive Director Vetter: "Okay, let me make sure on the accounting treatment. You will get a check for $10 million in fiscal year 2007 and the proper generally accepted accounting principles procedure is that for governments is that that would be a debit to cash and the credit to revenues for 2007?"

Greg Gach: "What will happen, since we already recognized revenue, is that it will go against the accounts receivable and since we are getting 105% we will 5% higher that the receivable, so that 5% premium will be income, if you will. The receivable will be written and what will happen is that, when we come to year's end and when we do our, well if you look at appendix B, I gave you the deficit credits of the deferred revenue calculation and allowance for uncollected and receivables that will all impact that calculation then there will be a positive impact from that. If look at the first year of the Xspand deal in 2003 in appendix B you will see a very large positive impact from the right around deferred revenue just as you look at the 2006 number you see a big negative which I believe was in the amount of around $11 million because we didn't do the sale that year."

Executive Director Vetter: "So let me make sure. The current revenues would be either $10.8 million plus whatever the difference is between the $100 and the $105 because you have reserved against that already to go against the receivable. What is the order of magnitude against that 5%; is it $5 million?"

James Hartman: "Again, this is explained in some of the letters that we have sent. There is the sale of the 2006 lien pool and than when you approve contract we will probably in the end of December sell the end of 2007 tax liens and, as I indicated when we did the original 07 budget a year ago, we assume we were at the residual sales model which would have been 78% of that estimated uncollected pool which would have been approximately $12 million if we sold that at 105% we are now up to close to $17million so that is the $4.3 million difference in the budget from what we had assumed at 78% from what we would realize at 105% so that will also be a 2007 revenue so what I have said between those two things, the sale of the 2006 pool and the sale of the 2007 pool at a higher rate that we assumed in the budget we should beat a higher rate than we assumed in the budget, we should be able to add $15 million to fund balance at year end 2007 based on our best forecast of how 2007 is turning out. Now, with regards to 2008, as we have explained this is a three-year contract so it assumes that when we are doing the budget for 2008 we assumed that there will be a sale at 105% at year end 2008 and that is the assumption that we would build into the budget and the gap that I have been talking about and the numbers which I have explained are sort for all laid out in the letter it is the August 30 letter that I sent on the financial difference on collecting ourselves and going with the Xspand contract, I sort of laid out the numbers there to explain a much larger gap in 2008 if we were trying to collect ourselves versus a 105% sale."

Executive Director Vetter: "Let me make sure for 2007 now; the $12 million was budgeted for the tax lien sale. How much has been collected in revenues thus far?"

James Hartman: "Again this has all been material that we have sent you. You can't really understand the way this all works until you understand, there is one you have to understand…."

Executive Director Vetter: "How much you have budgeted versus how much you have coming in is what you get from this deal. What you don't get from this deal, it should be three numbers."

James Hartman: "It is, we will have and again it was in my September 6th letter, we will have $16 plus the $17 million from the sale and then we will have $3 million that would come in receipts off the 06 pool in 2007."

Executive Director Vetter: "But in terms of the budget for this is $12 million; how much has been collected thus far that would go against that $12 million. The County needs to be kept whole on that revenue line. I guess in trying to get to the amount that is collected would be $12million less the how ever much gap there is and then for the County to be kept whole on its budget that gap would have to be filed somehow. To me that is three numbers."

James Hartman: "You are right and again you have to look at exhibit three. On the 2006 lien pool, at the end of 2006, we had $15.2 outstanding. Now we are receiving money on that all the time."

Executive Director Vetter: "Right: how much?"

James Hartman: “Well there was in January and February we had an exact number of \$2,987,522. Now that came in as February when we closed the books, so that was 2006 revenue. Since than…”

Director Goodell: “Where is the comma in that number?”

James Hartman: “It is roughly \$2.9 million but through August when we priced this the last time we collected another \$3 million. Although now, it is the end of September and when we price the final deal we will continue. The number might be a million less.”

Executive Director Vetter “That is all I wanted to get was the three numbers. \$12 million budgeted \$6 million that maybe will turn into \$7 million or \$8 million and the remainder is an amount to keep whole. Would that create a budget hole for the year 2007?”

James Hartman “Correct. If you look at the September 6th letter where I did the year’s end forecast without the tax lien…that is how those numbers work. Any other questions?”

Vice Chair Glaser “I think we are at a point that we ask for the resolution”

Executive Director Vetter “In having a number of discussions back and forth with staff and members of the board and county officials, the staff put forward to approve this deal but to ensure fiscal benefit, to make sure there is some type of future benefit for the fiscal benefit for the County. Brainstorming and talking to people, the suggestion of the staff is that the board consider approval of the item with a number of provisos, which include using only the portion of the tax liens dollars that is applicable to the 2007 budget revenue (\$4-6 million) so the Authority would not be creating a budget hole for the County in 2007. Second, the remainder of the revenues the reminder of funds from the proposed deal be transferred over to a capital fund as Mr. Gach indicated. Even if there is a reserve, if there is a deficit, those pretty much become operating revenues and can be spent and that might not due a lot of good for Erie County in the long term fiscal stability make more money available to spend right now, that doesn’t do it. But we suggest that any excess revenue be transferred into a capital fund and the current 2007 \$52 million capital borrowing can be reduced by that amount. Borrowing will go down plus associated interest costs. This will be a pay-back for years and a savings for the tax payers of Erie County. It would start us on the road to reducing debt for Erie County. If the funds are transferred into the capital account, any-thing can be taken out at any time but it would be extremely difficult to take the money out. This would anticipate a pay-as-you-go.

Also, we would look at a final consistent amount that would fill that budget hole. And I believe at this point, if we are looking at reducing debt service, the County also should seriously consider the Authority's offer to borrow on behalf of the County to further reduce debt costs in Erie County."

Vice Chair Glaser: "I think we need a motion and than open it up to discussion."

Director Kruly moved the resolution and Director Goodell seconded. Discussion ensued.

Vice Chair Glaser: "What I would like to say before we open this up it is time to stop playing catch with a greasy football and I think for everybody involved at whatever level need to move forward to the same end zone. So there is this resolution that we have been talking about which really says let's not create a fiscal crisis; let's resolve the current situation, solve for long term liability station in the County and that is the plan. By putting some of the money into capital funds to save money, we reduce our future borrowing for some of the capital expenditures as a start and ultimately for the control board to borrow money that the County does need for of their any long term investments at a better rate than the County can makes all the sense in the world. I think that is what we are going to put forward today and stop playing games. I have only been on the board for a couple of months and I'm kind of naive as it comes to politics but it seems to me we need to move forward and not backwards. This is a good resolution to get everybody on board and to move the County forward with some fiscal strength, so with that, is there is any one else who has a comment?

Director Kruly: "Mr. Vice Chairman, we have spent many hours and months. I have previously identified a lot of serious problems in my mind on this issue and to a large extent there are many issues that have not been answered. I am in complete agreement with what Mr. Keysa said, that our concern has to be broader than just numbers in talking about the effect on the community and I think that Mr. Keysa's points are well taken. I am bothered by the fact that we keep getting different numbers. Unfortunately that is a tradeoff. I have seen four different numbers on the analysis here. Two from the administration, one from the Comptroller and one from the CPA who works for us; this is no way to proceed. I have also been bothered by the fact that people presented this deal that is on the table right now is the same deal that was rejected earlier in the year. It is not the same deal, there are 3,000 less liens because people have paid them off so it is not the same deal. All that being said from my point of view, I think we are at a fork in the road. As Yogi Berea said "When you come to a fork in the road, you take it." I support the resolution that is in front of us right now which includes the approval of sale of the tax liens under the conditions that Mr. Vetter as outlined. I think that it will save the taxpayers money in borrowing costs and that this will make appropriate use of the surplus in 2007 if the sale is consummated. We are just one party to this deal. The Executive, Legislature and Comptroller all have roles to play in the issues we are talking about here. Some representatives of the board had a conversation with Mr. Giambra earlier today. I was not a part of that conversation but the stories I heard about it were encouraging and the County Executive was willing to try and work some of these things out. I am very happy to hear that and hope we can proceed with that. I think the Comptroller needs to be a part of that and the Legislature needs to pass some resolutions to get things done. I am prepared to support this resolution of the Xspand deal with these provisions because I believe that it will help move us of the dime and help get some things done for Erie County."

Director Goodell: "I think this Xspand proposal stinks, it really stinks. Partly for the reasons Mr. Keysa has outlined. I personally am convinced that the numbers do not support this decision. Like my partner here, we have seen a whole bunch of numbers and I tend to come down on the side of those numbers that say it is a bad idea. I don't like the term of it. I think it binds future administrations and it might be hard to get out of these deals and I think approving the Xspand deal does not stabilize the County. Like Mr. Kruly and Mr. Glaser even if it stinks it is packaged in a way that I can support it. It reduces the amount that we borrow, it is packaged with the fact that the control board will do the borrowing and it is packaged in a way that will allow the Comptroller to specify what the right numbers are in terms of the budget. SO with great reluctance I will go along with this resolution."

Director Johnson: "Mr. Vice Chairman, like my colleagues Mr. Goodell, Mr. Kruly, I am certainly prepared to move this contract because I think it moves us forward rather than continue to stagnate us on this issue that we have been discussing for many many days and months. In addition to that having that opportunity to make sure that this control board will contribute to the fiscal stability of the County without having the taxpayers dig deeper into there pockets, I think it is something that is worthy and is absolutely imperative to do this so the resolution submitted here before us, I do support."

All Directors except Secretary Keysa then voted in favor of the following resolution, which was duly approved:

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<u>Resolution No. 07-90</u>

APPROVING CERTAIN CONTRACT SUBMITTED BY THE ERIE COUNTY DIVISION OF BUDGET, MANAGEMENT AND FINANCE

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 action on said contract as stated via written correspondence to each ECFSA Director;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA approves the purchase and sale agreement between Plymouth Park Tax Services, LLC and Erie County submitted by the Erie County Division of Budget, Management and Finance under the following conditions:

a) that only the portion of the tax lien sale currently budgeted for in the County's 2007 general fund operating budget (and related financial plan) remain in the general fund, and any excess be transferred to the capital fund to be used as a pay-as-you-go revenue for 2007 capital projects that are currently designated for bonding;

b) that the capital borrowing for 2007 be reduced by the amount of the tax lien sale dollars transferred to the capital fund;

c) that a consistent accounting of the current amount budgeted for the tax lien sale in the 2007 budget and in the 2008 financial plan be completed jointly by the Erie County Comptroller and Division of Budget, Management and Finance and be forwarded to the ECFSA prior to final execution of the tax lien sale contract;

d) that the appropriate legislation be proposed by the County Executive and approved by the County Legislature that would authorize the transfer of excess tax lien sale proceeds from the operating fund to the capital fund; and

e) that the appropriate legislation be proposed by the County Executive and approved by the County Legislature requesting that the ECFSA perform the 2007 capital borrowing on behalf of Erie County; and

BE IT FURTHER RESOLVED that certified copies of this resolution be forwarded to the County Executive, the County Comptroller and the County Legislature.

Department	Description	Amount
EC Division of Budget, Management and Finance	Purchase and Sale Agreement – XSPAND – County Tax Sale Certificates	$10,835,095 maximum, plus right of first refusal on liens created in 2007 through 2009

*EC- Erie County

This resolution shall take effect immediately.

Vice Chair Glaser: "Is there anything else on the agenda that we need to discuss?"

Executive Director Vetter: "Mr. Vice Chairman, there are no other items for consideration."

James Hartman: "Now I just want to understand what you voted on because we did have some conversations early and I'm sure I will be asked my reaction to what you have done."

Secretary Keysa: "Would you like me to read the resolves?"

James Hartman: "No, I heard it, but let me just in plain English see if we can understand it, because I am not sure that I do, but I did hear the resolves.

If I heard them correctly, what you are saying is that any amount of proceeds that we realize as surplus in 2007 would be used for pay-as-you-go financing, which would reduce the amount of the upcoming borrowing and am I hearing this now correct, none of this money would go to reserve fund balance?"

Secretary Keysa: "That is correct."

Vice Chair Glaser: “To give you an example, and if you were going to be talking about a $52 million borrowing….”

James Hartman: “It would now be a $42 million borrowing if in fact the proceeds from this deal are $10 million?”

Vice Chair Glaser: “Right; that is $10 million in savings so you would only have to borrow $42 million.”

James Hartman: “So I am clear, the judgment of this board is that we will be making no additions to fund balance in 2007?”

Executive Director Vetter: “That is a political statement for which I would say the judgment of the board is, if I could paraphrase, there would be a budget shortfall that has been indicated by Erie County of approximately $4 million on a particular line, if the board were not to approve this item; if there are other items that have not been budgeted for properly that create a deficit, that is not on the onus of the board.”

James Hartman: “No, I understand, we are going to avoid a deficit but to the extent we have a surplus we are not adding to fund balance we are reducing debt.”

Executive Director Vetter: “If you have a surplus you have a surplus.”

James Hartman: “So we will not be, let’s just understand what you are saying, we are not going to not run a deficit so we are going to balance out and what ever is left will go to debt reduction, not building fund balance.”

Executive Director Vetter: “Ultimately, that reduction goes to fund balance because you are not spending the money and paying interest and principal, so that will improve your fund balance rather than just taking money and putting it in fund balance because you are avoiding interest cost.”

James Hartman: “Yeah like over 20 years. Okay I guess I understand”

Vice Chair Glaser: “What we want is to balance the budget and want not to put the County into a fiscal crisis we want to reduce the debt to the extent that we can because it helps in the long term for the County and allows other funds to go for the infrastructure investments that we need to make. Ultimately could put the County on the road to fiscal stability. If in fact this were a company and I was looking at the books of the company and they said that “Hey we’re selling receivables,” that in general is a sign of a problem and I don’t want to say this a problem the County has but rather prefer to say with the County Executive, the control board, the Legislature, the Comptrollers office and whoever is in the Administration after November, we need to move the football forward in a way that is beneficial to the taxpayers and the County and stop the rhetoric that doesn’t do anybody any good. I think this proposal will help create fiscal stability. Otherwise, we would not be moving it forward.”

James Hartman: “You have made your position clear; we just needed that clarity.”

Director Kruly moved to adjourn, Director Johnson seconded, and the Directors unanimously voted to approve.

Respectfully submitted,

Stanley J. Keysa, Secretary