Erie County Fiscal Stability Authority
Minutes of the May 2, 2008 Directors' Meeting

(Note: the following is a draft copy of minutes of a meeting of the Erie County Fiscal Stability Authority ("ECFSA"), which was held May 2, 2008 at 2 p.m. in the Auditorium of the City campus of the Erie Community College. These minutes will not become final until approved at a subsequent meeting of ECFSA directors, and may be amended before approval.)

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

Chairman Baynes: "I would like to call this meeting of the ECFSA to order. I welcome my fellow Board members, interest public official members of the public and press and media in attendance today. Thank you for attending. Today's agenda includes a presentation from the County Budget Director on the first quarter operations. We will be discussing capital borrowing as well. The first order of our regular business is to approve the minutes of the April 11, 2008 meeting. They have been submitted by Secretary Keysa and we circulated to members in their briefing books prior to this meeting. Any I have a motion to approve?"

Director Goodell moved, Vice Chairman Glaser seconded and the Directors voted unanimously to approve to approve the following resolution:

Resolution No. 08-52

APPROVING MINUTES AND RESOLUTIONS FROM THE APRIL 11, 2008 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its April 11, 2008 meeting and ratifies and affirms ten resolutions numbered 08-41, 08-42, 08-43, 8-44, 08-45, 08-46, 08-47, 08-49, 08-50 and 08-52 that were approved on April 11, 2008.

This resolution shall take effect immediately.

Chairman Baynes: "The Budget Director will be making a few statements, is there a copy of the statements?"

Executive Director Vetter: "Yes Mr. Chairman, we do have a copy of the Budget Monitoring Report that very recently came in. The Budget Director has agreed to give us a very brief presentation, even though we haven't had an awful lot of time. If we could call up Beth Kornbrekke the Erie County Budget Director for a very brief presentation, and since we have very recently received the document, we still need some time to digest it, but it would be nice to have an overview from the person in the department who prepared those documents. Ms. Kornbrekke?"

Beth Kornbrekke: "Good afternoon. Thank you for inviting me to be here and I know this did just get to you yesterday and a revised submission this morning. So we understand that a lot of you haven't had a chance to look at it and we will be prepared at a later date to answer any questions that you might have. We would like to say that we do have had a positive variance of $5 million for the first quarter. This is in no way meant to be taken as a $5 million surplus. A budget, as you know, is spread over the year and different things can fall from one quarter to the next, so we are not really sure in the first quarter; rather you can not say this is a surplus. Some of the big things we have this quarter are sales tax revenues were $2.2 million over budget and we anticipate probably an $8 million over-budget sales tax revenue this year, which was included in the four-year plan, but we did anticipate those revenues to be offset for the lack of doing the property tax lien. Fees, fines and charges were under budget. A significant portion of this is due to the County Clerk's registrar's office; mortgages and refinancing continue to be at a low level. We don't know whether that will continue this year, things aren't looking good with the economy and that could be an issue for us going forward. There is a short-fall in interest due to the rates almost dropping in half; that will also be a significant issue for us as we go on. Personnel related expenses showed a significant under-budget variance; these were related to really watching every position that we are refilling. I think at the end of the quarter we had 380 positions that were still vacant. We continue to monitor that to achieve the savings we need. In the other expenses category we were almost $5 million under budget, this really is not a positive variance. The Legislature put in a contingency account. That contingency account is spread equally over the quarters, so far we have not had to touch that contingency account but it is not necessarily a positive variance at this point. Contractual expenses are under budget by almost a million that is a combination of timing, where things are not falling into the right quarter, the other thing is tighter controls we have with reviewing every single contract that we have and really asking the question; why, why, why? There are many contracts that we are deciding not to go forward with. Program-specific expenses are below budget. Foster care is running better than budget. Safety-net assistance is. We did have a hit from the IGT for $2 million in the first quarter and that has been absorbed in this area by those savings. Overtime continues to be a big concern. The jail and Sherriff's departments were almost a million dollars over budget for the first quarter. We will be working with the closely to monitor that as we go forward. The NYS adopted budget created a negative impact but the Department of Social Services believes that they will have enough revenue coming in from different areas and reduced expenses to cover that. The hepatitis A clinic that we did in January and February of this year cost total was about $395,000. There is a 36% match from the government which may go up to 50% depending on our threshold. We have to reach a certain threshold before we can get up to that. So far the only thing that has been booked in to the first quarter are the personnel expenses for that, the expenses for the different shots, and other thing haven't been covered yet".

Director Keysa: "So that expense will go up considerably when you factor in the cost of the shots?"

Beth Kornbrekke: "It should probably go up another $100,000 to the County."

Director Keysa: "There is an effort to recover that from the State as I understand?'

Beth Kornbrekke: "We are working to try and get 50% back from the State, as opposed to the 36% we will currently get back. Mr. Goodell?"

Director Goodell: "I would like to commend you for your vigilance on contracts; that is something that all of us always felt were opportunities. You are much closer to it than we are and I want to commend you on that. I am kind of curious; how do you forecast sales tax revenues?"

Beth Kornbrekke "How do we forecast it?"

Director Goodell: "Right. You are saying that you think it. The fact that it is about $2 million over budget for the quarter and about $8 million over budget for the year, I think that is what you said?"

Beth Kornbrekke: "Yes, we anticipate a 2.5 % increase in the sales tax over what the actuals were last year. So, when we did the budget for 2008, we did not have all the detail that we have at this point."

Director Goodell: "Right, I understand that, but it seems to me that there are so many forces that are outside of our control impinging on that number. That it would make it very hard to forecast. Do you try to break it apart in terms of sources, like automobiles and groceries? Do you do that, is it available?"

Beth Kornbrekke: "We were able to get some figures the other day on what the gas lien is when there was a proposal to take away the gas tax for the County from Memorial Day to September. We were able to get figures on that and how much it could really impact us. For the first quarter it was $11 million of our sales tax that came in were from gasoline. Of that 53% goes to the County and 47% is divided by the villages, towns and cities."

Director Goodell: "So was a significant amount of this overage due to gasoline? Is that what you are saying?"

Beth Kornbrekke: "No, and I didn't have the figures from the prior year; I was just stating…If you would like to come up, sure."

Chairman Baynes: "You know what we can do at out next meeting because we have just received these reports; let's get into questioning at our next meeting. Is that fair?"

Director Kruly: "Are we going to have a finance committee meeting to address these?"

Chairman Baynes: "Yes, let's have a finance committee meeting."

County Executive Collins: "Let me just answer Mr. Goodell's question real quick here. In the four-year plan I was a major part of and sales tax is a major component. What we have done simply, on sales tax, is take the 2007 actual collected sales tax. It is hard number, and we assumed a 2.5% increase each year over four years, understanding that inflation is about 2.8%. So if everyone buys the same amount of stuff; goods and services this year as last year, we would expect our sales tax revenue to go up 2.8%. In using 2.5%, it is a very conservative estimate, but I equate that to someone like Walmart, which is forecasting what their stores are going to sell this year. They start with what did their stores sell last year, and you have data that suggests same store sales, and then they factor in inflation.

No one knows for sure whether it is going to be shoes, clothes or purses, so in a macro sense, and this is all that we are doing with sales tax, is taking last year's actual times 2.5% and growing it each year for four years and spreading that over the year, knowing there will be ups and downs and saying that it is an estimate but it is an estimate with a basis of actual and factoring in inflation."

Director Goodell: "Thank you."

Chairman Baynes: "Mr. County Executive, I have one more question for you. We have a finance committee scheduled for next week and we would appreciate asking the questions at that meeting if that is okay?"

County Executive Collins: "Absolutely and I will try to be there".

Chairman Baynes: "There will be a question regarding the four-year plan from the letter that you sent us today that say's as much, as you are aware, that this plan is as much a process as it is a document. This is the actual document because you understand we have to respond by law."

County Executive Collins: "Yes this is the document picking up from the four-year plan that the prior administration put forth as the starting point and then each line item is an adjustment to that plan up and down."

Director Keysa: "When you come in for the presentation at the finance committee, could we have chart seeing the value of the Canadian dollar relative to the US dollar over a period of time?"

Chairman Baynes: "As you are aware this is……………………."

County Executive Collins: "Yes, Ms. Kornbrekke can do that because we all know that has been a huge help to us."

Chairman Baynes: "Does anyone need any additional information from Ms. Kornbrekke before the finance committee meeting that you have today, so that she will be able to prepare for it?"

Director Johnson: "One that I would be concerned about is that we take a closer look at the overtime account that is in the juvenile detention facilities. You make some projection in the BMR for correction and the holding center but there is nothing in there for the juvenile detention facility and that is a high overtime accounting area."

County Executive Collins: "We will get to details on that. There is a separate budget line for overtime in that facility. We can get those numbers for you."

Beth Kornbrekke: "We can break that out by every department on overtime."

County Executive Collins: "Now you can wait until next week for this too but with the announcement that Paterson made this morning about NYS having $20 billion of potential problems, when I look at what Mr. Kornbrekke put together, you indicated the effect of the NYS budget on your budget for this year is about $1 million.

Chairman Baynes: Is that a real good number or is that a number that you have to keep on looking at it as new information is coming forward."

County Executive Collins: "I think it s a good number and the reason is things like cost-share, which they tried to shift 51–49 when it has historically been 50–50; that is off the table. They have a $20 billion deficit and what we have heard is that they are not going to try and reformulate cost share, they are not going to try and take funding away from the youth detention centers. Some of those issues that have been dealt with, what I believe you are going to see is that State agencies themselves, which has already started, and that could be SUNY or others, they are being told they are going to have to have a hiring freeze. They are going to have to look at discretionary spending. The irony is that it is many of the things that we looked at four months ago when we came into office and put some discretionary freezes in place. I think what you are going to see is the State dealing with this deficit the good old fashioned way and I don't really expect them to tinker with cost-share which is the biggest impact, the 50-50 changing to something else or youth detention. I believe that has been dealt with. I am cautiously optimistic, I think our hit is $1 million and it is something that we can deal with."

Director Goodell: "Well I hope the good old fashioned way is not to just looking to increase taxes."

County Executive Collins: "You are exactly right. The good old fashioned way is cutting where it should be cut."

Chairman Baynes: "One more thing, we are going to get to another point, capital borrowing and we would appreciate that you be here for that presentation."

County Executive Collins: "Yes I will be here."

Chairman Baynes: "Perfect, thank you very much. We will get you and exact date for that meeting."

Director Keysa: "Just an observation while they are walking to their seats. $20 billion, per capita, is $1,000 for everybody in the State of New York."

Chairman Baynes: "Amazing. Erie County has forwarded a number of contracts for approval. The County has also asked for exemption on some of its pending agreements. I would ask Mr. Vetter to cover those items now."

Executive Director Vetter: "Mr. Chairman we have been working with the administration on these contracts to make sure we have the information, any questions addressed. Outside of three of them, it appears that all of the issues were addressed and staff would suggest at this point that contracts 1-1 – 7-1, which is on page 7 and that encompasses all the contracts, be considered as a slate and vote on as such. So I would suggest, Mr. Chairman, a motion to approve contract 1-1 through 7-1 since there appear to be no questions or significant questions after staff and board review on these particular items."

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

Resolution No. 08-53

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 County Clerk – Service Contract – New Visions	Maintenance agreement for preservation of County Clerk's Office records, documents & indices.	$276,615 – all local share
Erie Community College – Purchase Contract – VWR Scientific Products	Purchase new cabinetry units and equipment to update remaining two biology labs at the ECC North Campus. Necessary to provide up-to-date teaching environment to students.	$97,328 - all local share
Erie County Emergency Services – Receipt of Grant Funds – Homeland Security & Related Vendors	Funding for Homeland Security Projects in Erie county. Major projects include an interoperable communication system	$827,000 – no local share

Erie County Emergency Services – Receipt of Grant Funds – Homeland Security & Related Vendors	UASI Funding for Homeland Security Projects in Erie county. Major projects include an interoperable communication system	$1.6 million – no local share
Erie County Emergency Services - Receipt of Grant Funds – Homeland Security & Related Vendors	LETTP Funding for Homeland Security Projects in Erie county. Major projects include an interoperable communication system	$609,650 – no local share
EC Environment & Planning, Sewerage District – Inter-municipal Agreement – Village of Blasdell & Town of Hamburg	Rehab the sanitary sewer collection system in the Village of Blasdell & Town of Hamburg. Municipalities using county bidding structure to potentially lower cost	Value undetermined, expected to be in excess of $50,000 – no county share
EC Environment & Planning - Service Contract – VIVE,Inc.	VIVE, Inc. operates LaCasa – a shelter for refugees	$100,000 – all local share
EC Health Department – Receipt of Grant Funds – NYS DOH & Related Vendors	Primary Prevention childhood Lead Pilot Program to identify and address lead hazards in high-risk zip codes in the county to prevent at-risk children from becoming lead-poisoned	$434,119 – no local share
EC Health Department – Receipt of Grant Funds – NYS DOH	WNY Coalition for Diabetes Prevention grant to reduce the occurrence of undiagnosed diabetes among priority populations	$100,000 – no local share
EC Health Department, Public Health Lab – Purchase Contract – Univar, USA	Mosquito larvicide product to combat West-Nile Virus and other Arthropod Borne Viruses	$58,757.20 - $37,604.61 local share
EC Information & Support Services – Service Contract – Duplicating Consultants	Convenience copiers	$707,000 - $601,000 local share
EC Public Works – NYSDOT Federal Aid Reimbursement Agree & Construction Award – NYSDOT & related vendors	NYSDOT locally administered Federal Aid Program	$2,875,000 - $143,750 local share
EC Public Works – Purchase Contract – Ennis Paint, Inc. & Poly-Carb, Inc.	Purchase of road striping paint.	$250,000 – all local share
EC Public Works – Purchase Contract – D.C.B. Elevator Corp.	Elevator modernization project for the Buffalo/Niagara Convention Center – 2 passenger and 1 freight elevator	$524,950 – all local share
EC Public Works – Purchase Contract – NYS CHIPS & Bid Book Vendors	Increase in NYS Consolidated Highway Funding (CHIPS)	$868,117 – no local share
EC Public Works – Service Contract – Abate Associated	Amended agreement covering the Buffalo & Erie County Botanical Gardens Boiler Room Project	$14,108 – all local share
EC Public Works – Purchase Contract – O'Connell Electric Company	Electrical Construction work in connection with lighting for the new parking lot at the Botanical Gardens	$82,400 – all local share
EC Public Works – Purchase Contract – Approved Vendors	Materials in anticipation of snow & ice removal county-wide	$300,000 – all local share
EC Public Works - NYSDOT Federal Aid Reimbursement Agree & Construction Award - DiPizio Construction, Stantec Consulting & approved vendors	NYSDOT projects related to the reconstruction of Wehrle Drive	$23,087,219 - $1,649,044 local share
EC Public Works - NYSDOT Federal Aid Reimbursement Agree & Construction Award - Concrete Applied Technologies, Clough Harbour Associates & approved vendors	NYSDOT projects related to reconstruction of Como Park boulevard from Union Road to Transit Road.	$3,951,000 - $319,100 local share

EC Public Works – Purchase Contract – Destro & Brothers Concrete	General Construction work in connection with a new parking lot for the Botanical Gardens	$258,000 – all local share
EC Public Works – Service Contract – Watts Architecture & Engineering	Change order for ambient air testing, ambient air sampling and reports and meetings in connection with county projects	$75,000 – all local share
EC Public Works – Purchase Contract – CIR electrical	Change order to cover unforeseen work required to correct a problem encountered with overloading circuits	$6,000 – all local share
EC Public Works – Federal Aid Engineering Design Contract Change Order – Urban Engineers P.C.	Change order for engineering and design services for the replacement of Pavement Road bridges.	$72,305 - $3,615.25 Local share
EC Public Works – Service Contract – Foit-Albert Associates	Amendment to an existing agreement to include design, bidding and construction administration services in connection with a new growing house at the Botanical Gardens	$220,000 – All local share
EC Senior Services – Service Contract – Amherst Center for Senior Citizens, S. Buffalo Community Assn., NW Buffalo Community Ctr., N. buffalo Community Ctr., Lt. Col. Matt Urban Ctr., Concerned Ecumenical Ministry, Community Concern of WNY, Buffalo Fed. Of Neighborhood Centers & Schiller Park Community Serv.	Transportation, service linkage, case management, information assistance and other services to assist elderly to remain in their own homes	$1,689,543 - $422,386 Local share
EC Senior Services – Service Contract - 11 Listed Homecare Agencies	Provide homecare services to at-risk elderly in Erie County	$2,039,115 - $508,779 Local share
EC Senior Services – Accept Funding – Ind. Health Association	Independent Health will advertise on EC "Going Places" vans	$54,000 – No local share
EC Social Services – Service Contract – Hopevale Inc.	Juvenile non-secure detention mandated by New York State	$1,861,700 - $930,850 Local share

*EC- Erie County

This resolution shall take effect immediately.

Executive Director Vetter: "Mr. Chairman, I would suggest and the staff suggests that 7-2 and 7-3 be considered as a slate. They have been reviewed by the board and by the staff and these are items on the agenda for approval for the Legislature's meeting next Thursday; that the County has asked for approval prior to that. I would suggest from the staff that these receive approval from the board contingent upon Legislative approval this coming Thursday."

Chairman Baynes: "The Legislature has not approved these?"

Executive Director Vetter: "They have been in consideration and the conversations that I have had, there doesn't appear to be any issues in terms of timing outside of that."

Director Goodell: "So by definition we approve it as long as the Legislature approves it unchanged?"

Executive Director Vetter: "Right. It is contingent upon the Legislature approving as is within the very near term time frame."

Director Johnson: "What is the urgency to go ahead of the Legislature; isn't that taking it out of protocol?"

Executive Director Vetter: "Mr. Johnson, in the past, there have been issues that have been very timely which both of them are. One of them is a contract with Catholic Charities in which it is a technical name change, it is the same organization but there is the potential that Catholic Charities could be slowed doesn't and the other is biding on a process and converting space. The bids are out at this point and if another 2 weeks, 3 weeks, 4 weeks is necessary for approval it would slow down the process. These cold be tabled but the rationale that we have received is that these were very timely and in particular the case with Catholic Charities and it truly isn't the change in the legal vendor but rather a change in the name. We need to approve that regardless for technical legal reasons."

Director Goodell: "I have a question on what you just said. The other one you are talking about, the Southtowns Sewage Treatment plant."

Chairman Baynes: "7-3, the one for $404,000."

Joseph Goodell: "You said that the bids are not in, so we don't know if $404,000 is the correct number."

Executive Director Vetter: "I'm sorry, I'm sorry, Mr. Goodell, the bids are in for that, and the project they are looking at doing this. The construction season isn't very long. It was explained to me that this item would be held up and that is why they are looking for approval. The legislature is positively inclined towards this and this would speed the process."

Chairman Baynes: "Allright, in light of the necessity to get this moving ahead of the Legislature, let's vote on 7-2 and 7-3. May I have a motion to approve?"

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

Resolution No. 08-54

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
EC Senior Services - Service Contract – Catholic Charities of Buffalo, NY	Name change in already approved contract for Title XX funding	$195,917 - $23,510 Local share
EC Environment & Planning- Contract Award – Miller Enterprise, WC Roberson, Electrical Services & O'Connor Mechanical	Southtowns Sewage Treatment Plant – converting an existing truck bay into new offices and a storage area	$404,900-All sewer funds

*EC- Erie County

This resolution shall take effect immediately.

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Executive Director Vetter: "Item 7-4. Staff recommends that this item be tabled at this point because the bidding has not been completed. There has been a submission; there is no exact price for these items. So at this point this does not constitute an obligation or a potential obligation. Staff recommends that this be tabled at this point until those issues are resolved"

Director Kruly moved to table the contract and Director Goodell seconded the motion.

Director Goodell: "Just a question, this is a capital project does it come under capital borrowing or under…?"

Executive Director Vetter: "Mr. Goodell, this was under previous capital borrowing that was done for the County. My understanding is that this is not related to the capital borrowing that we will be discussing later in the meeting."

Executive Director Vetter: "Mr. Chairman, on the exemption list, there are a number grants for which the County has not received contracts yet but not to impinge on the business of those grants they have requested that we exempt these grants from approval at this point. The County will be submitting the full grant information, the full contract information at a later date but they do have reasonable assurances that they are receiving this money so the staff would suggest that items 1-1 through 2-1 be exempted from the contract approval process."

Vice Chairman Glaser moved, Director Keysa seconded and the Directors voted unanimously to approve the following resolution:

Resolution No. 08-55

APPROVING THE ECFSA EXEMPTION OF CERTAIN GRANTS 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 exempts itself from certain grants listed on the attached document.

Department	Description	Amount
EC Central Police Services – Receipt of Grant Funds & sub-contract with SUNYAB Research Foundation – NYS DCJS & SUNYAB Research Foundation	IMPACT Grant - support four crime analyst positions – Grant period 5/1/08-6/30/09	$300,000 – no local share
EC Health Department – Grant Funds– NYSDOH & Related Vendors	Healthy Heart worksite Wellness - Grant period 4/1/08-3/31/09 to advance healthy environments in specific worksites in Erie County	$113,000 – no local share
EC Health Department – Grant Funds – NYSDOH & Related Vendors	Partners in Prevention – Grant period 4/1/08-3/31/09 to support a network of breast and cervical cancer screening providers for low-income, asymptomatic, under-insured, age 18 and over, women in Erie County	$319,000 – no local share
EC Health Department – Grant Funds – NYS DCJS & Related Vendors	Medical Examiners Toxicology Laboratory Aid – Grant period 4/1/08-3/31/09 – to assist the forensic toxicology Labs in maintaining NYS accreditation	$99,079 – no local share
EC Health Department – Grant Funds– NYSDOH & Related Vendors	Breast & Cervical Cancer Early Detection – Grant period of 6/29/08-6/30/089– to support a network of breast and cervical cancer screening providers for low-income, asymptomatic, under-insured, age 50 and over, women in Erie County	$69,149 – no local share
EC Probation Department – Grant Funds – NYS DCJS and related vendors	Juvenile Justice Delinquency Prevention Program – Grant period 4/1/08-3/30/09 to increase the percentage of young females who successfully complete probation from 65% to 80%	$186,897 – no local share

This resolution shall take effect immediately.

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Director Goodell: “Why are we doing this? Are they urgent?”

Executive Director Vetter: “We began this process two meetings ago where in there was an issue with grants in the Comptrollers office that does set up those accounts for people to be paid, salaries, vendors, etc. The Comptroller indicated that those accounts could not be set up and vendors would not be paid because the authority had not approved those particular contract and the conundrum that was created was that people were requiring an approved grant project and in a lot of different circumstances, I think Dr. Billitier stated in one of our meetings that even though a grant might be approved there might not be a contract forthcoming for 3, 6 or 9 months so we created this process, I believe it was two meetings ago to make sure we provide assurance for that.”

Director Goodell: “Okay, I remember now.”

Chairman Baynes: “Moving on to capital borrowing, I believe Legislator Konst is here today. She is going to be speaking later. The County Executive and Comptroller Poloncarz are here also.”

“In the contracts approved here by the board, there were a number related to road construction. County roads and other infrastructure are important and we are looking forward to taking the next step in providing reasonable assurances that necessary capital road and projects are done in a timely matter. To that end in your packets is a resolution and supporting documents authorizing 2007 and

2008 capital borrowing. This resolution was prepared by our legal counsel and I would ask David McNamara from Philips Lytle to come to the microphone and speak on this document."

David McNamara: "Thank you, Mr. Chairman and members of the Board. You have before you a proposed resolution that is headed "Calling on Erie County to Request the ECFSA To Issue Bonds to fund The County's 2007 And 2008 Capital Expenditures." I am going to walk you through each of the provisions of that resolution. If you have any questions or observations feel free to interrupt and I think it would be appropriate to address those as the individual issues are discussed."

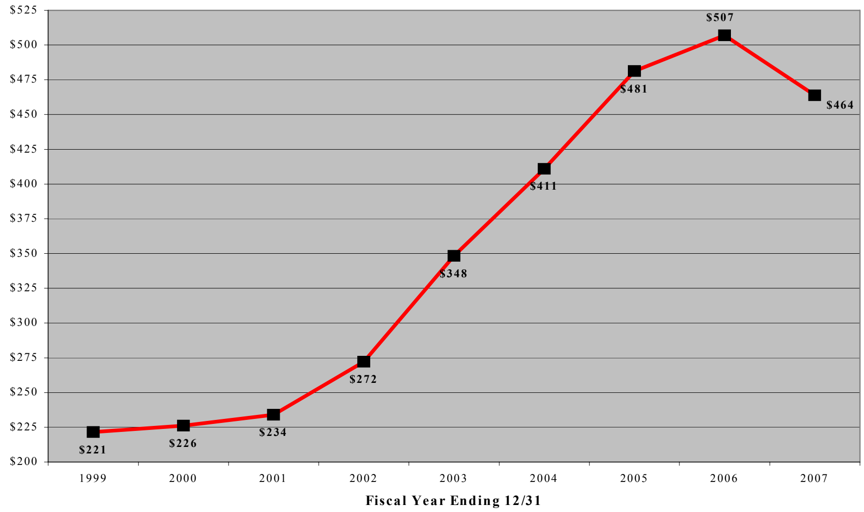
"We will begin with the second "Whereas" clause in Section A of the resolution which references Section 3961 of the NY Public Authorities Act that is referred to as the Erie County Fiscal Stability Act. I will be refering to that as the ECFSA Act over the course of my discussion. Section 3961 of the ECFSA Act permits the County, pursuant to a request made by and through the County Executive after approval by the County Legislature, to "undertake a financing of the County's costs" through the ECFSA.

The third "Whereas" clause references section 3962 of the Public Authority law which empowers the ECFSA "to issue bonds, notes or other obligations . . . to pay any [such] financeable costs;" and

The fourth "Whereas" clause references the County's proposed aggregate capital spending for 2007 and 2008, which totals $87,580,000.

It is noted in the fifth "Whereas" clause in section A that the County Legislature has not yet approved, and County Executive County Executive Collins has not yet issued, a request for the ECFSA to finance such costs; and the sixth "Whereas" clause and seventh "Whereas" clause of section A reference the County's obligation to pay ECMC $23 million in 2008 pursuant to the consent decree in its litigation with ECMC and to fund additional capital projects. The purpose of this "Whereas" clause is to simply signal that there is some likelihood that the County's borrowing will exceed the sum to some material extent that of its proposed $87,000,000 to fund 2007 and 2008 capital projects.

The final "Whereas" clause in Section A notes that the County may issue bonds during a control period, but only upon advance review, comment, and approval by the ECFSA, pursuant to ECFSA Act section 3959 (2)(i) specifically Public Authorities Law section 3959(2) expressly provides that the County may not provide bonds unless first reviewed, commented upon by the Authority. Having vested this power to approve or disapprove County bonds and having vested in this board the statutory authority to issues bonds to finance cost of the County, it is incumbent upon you to determine the most cost-effect way of financing cost of the County. The magnitude of the County's existing debt makes any savings available on the debt issuance of the County or to finance county costs all the more important to the taxpayers of Erie County. We have a board that shows the increase in net indebtedness per capita over the period of 1999 – 2007 starting from 1999 during which year there was a debt per capita for Erie County residents of $221 increasing steadily to the point of $348 in 2003, to $507 per capita in 2006 and to its present level, the best numbers we have are from 2007 to $464 per capita. The decrease from $507 per capita in 2006 to $464 in 2007 is likely attributable to the fact that the County's capital borrowing for 2007 has not yet been undertaken."



Chairman Baynes: "So, Mr. McNamara, if they did borrow the $37 million, that number would most likely be considerably higher?"

David McNamara: "Certainly, yes."

Vice-Chair Glaser: "Mr. McNamara, there has been some discussion in the past about the control board's ability to borrow at a time when the County has not reached its constitutional debt limit yet, and I don't believe they are there yet, which is a good thing, but is there anything in the law that would limit the control board's ability to borrow before that limit is reached?"

David McNamara: "No, there is not. There is nothing in the act that restricts that ability of the control board to finance County costs on the County having first reached is constitutional borrowing limit. In fact it is apparently clear from its legislation as a whole that the ability of the ECFSA to issue debt on behalf of the County to finance the County's cost is one of the primary benefits under any circumstance where costs savings can be achieved."

"The next section of the "Whereas" clause in this proposed resolution which address the disparity among the ECFSA's very strong credit rating and the County's very weak credit rating and the savings that can be achieved by the County by issuing ECFSA bond to fund the County's cost are going to be addressed by Rick Ganci from Capital Market Advisors. Mr. Ganci will also explain the concept of all-in total interest cost and the importance of that concept in determining the saving that could be achieved by having the ECFSA issue bonds to finance County costs, so I ask Mr. Ganci to come to the podium at this time."

Chairman Baynes: "Could you state your name for the records?"

Rick Ganci: 'Rick Ganci from Capital Market Advisors. Just quickly, on the all-in TIC which is referred to, is the most comprehensive measurement in the bond market to capture the total interest cost of a bond issue. It factors in both principal, interest and all associated costs of issuance including bond insurance premiums paid for the bond issue in today's current market. I will show you a couple of slides here."

"The first one here is the difference in the bond rating between that of the ECFSA and Erie County. You will note that the ECFSA rating is seven notches higher that that of the County. BB is the County's and AA2 by Moody is for the ECFSA. Certainly in today's market it is more important than ever, because as you know, over the last six months, the municipal market has destabilized. There were once seven AAA bond insurance companies in the market; today there are only two. The most recent being downgraded is MBIA, which was downgraded in early April because of that the bond insurance firms left an assured guarantee, and FSA. Because there are only two left, the bond insurance premiums paid by the markets in today's market have nearly tripled from where we were six months ago."

	Moody's Investors Service	***Fitch Ratings***
	Aaa	AAA
	Aa1	AA+
ECFSA	Aa2	AA
	Aa3	AA-
	A1	A+
	A2	A
	A3	A-
	Baa1	BBB+
	Baa2	BBB
Erie County	Baa3	BBB-
Junk Bond Status	Ba1	BB+

Chairman Baynes: "So it tripled for the County and the control board?"

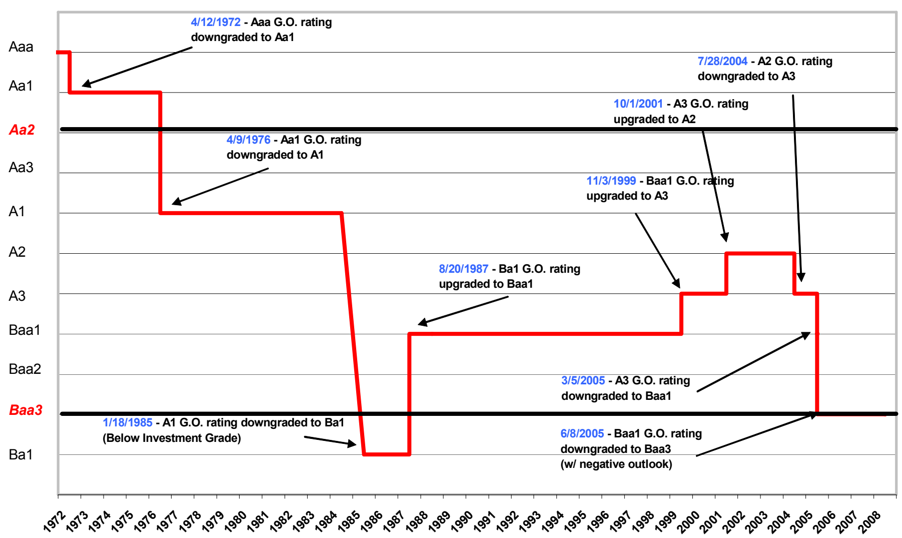
Rick Ganci: "The control board, in today's market, would be able to sell bonds on their own without the need for a bond insurance premium."

Chairman Baynes: "So if we would have done this six months ago, the County's insurance has now tripled?"

Rick Ganci: "Yes and it's costly. For instance we just sold bonds this week for a client and the same issue six months ago paid 11 basis points for insurance, they just paid 55 basis points for insurance. So in some instances it has more than tripled."

Director Kruly:	"We were told by one of the elected officials that at some point in the long process that there are certain days that County could get a better deal that the control board. Could that ever be possible?"
Rick Ganci:	"No, that can't be. No matter what market you are in, an AA rating will always sell better that a BB rate of credit in any market."
Chairman Baynes:	"So to follow up on that, there is no day that the County can borrow for less that the control board?"
Rick Ganci:	"No, in the short run of things, because of the County's weak credit rating comparable to that of the Authority. In today's market, it is more important than ever to have a strong credit rating when you look to price a deal in today's credit market."
Chairman Baynes:	"The last time the County was in this sort of trouble, how many years did it take to get out?"
Rick Ganci:	"I have a slide that gives a historical picture of the County's bond rating since 1972. The County has been BAA3 with a negative outlook since 2005, for the last three years. That rating Baa3 with a negative outlook is the lowest general obligation credit rating in the County."

Erie County - Moody's Bond Rating History
1972 - 2008



Director Kruly:	"Mr. Chairman, I would like to comment on that chart, that in the County melt-down in 1977, when Ned Reagan was the County Executive, the County had a

Aa1 and it hasn't recovered from 1976 much less from things that have occurred more recently."

Chairman Baynes: "So that last melt-down in 1987 to today and to, let's just say to 2004, it took 14 years basically to recover?"

Rick Ganci: "Yes."

Chairman Baynes: "So it doesn't happen in a year, it doesn't happen in six months, it doesn't happen in 3 weeks?"

Rick Ganci: "No."

Chairman Baynes: "Fourteen years ago was that last time that is was this low?"

Secretary Keysa: "I would note too, that the melt-down in 1985, I think that was in Rukowski's days, was only corrected by having the additional 1% sales tax."

Rick Ganci: "And the County required deficit financing at that point in time too."

"So as far as the ratings, compared to that of other County's, this slide here gives you a perspective of the comparison to other counties in NYS and you will note that Erie County is the only county in the entire state that is rated in the Baa range and that on a national level, there are only nine other counties in the entire country that are rated Baa3, which is the lowest general obligation credit rating in the country."

Chairman Baynes: "So, on that board, there is not one County even close to us in size, as a matter of fact, the other nine counties don't even total up to half of us?"

Highest Rated New York State Counties by Moody's Investors Service

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

Lowest Rated New York State Counties by Moody's Investors Service

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

Rick Ganci: "Yes, they are all less than 70,000 in population".

Chairman Baynes: "And there is not one in the Northeastern state?"

Rick Ganci: "No."

Chairman Baynes: "And obviously there is not one in New York State?"

Rick Ganci: "No."

Chairman Baynes: "We are the lowest rated county in the United States of America?"

Rick Ganci: "Correct, in general obligation bonding."

Chairman Baynes: "Again, so let me just reiterate, nobody can borrow for less against us right now?"

Rick Ganci: "Aa2 rating will always sell better."

Chairman Baynes: "Always? There is not one day where it can be better than the other?"

Rick Ganci: "There is not one day."

Chairman Baynes: "We have heard that several times in the past, not under this Administration however."

Rick Ganci: "We work every week with bond issues."

Chairman Baynes: "As a matter of fact, the last time somebody said that, they borrowed $100 million for a RAN and said they could borrow less on that given day and we would have save $150,000 I believe. Is that correct?"

Rick Ganci: "Correct. I guess, just to wrap up the importance of the credit rating in today's market with the extreme volatility in the market, it certainly is more important than ever in today's market to have a strong credit rating entering the bond market and given the comparison between Erie County's credit rating and that of the Authority on the $87,000,000 bond issue the anticipated savings between issuing as an Authority transaction versus that of an issuance through a County transaction is a budgetary savings of approximately $2.7 million on just this transaction."

Chairman Baynes: "So on one transaction, if the control board does the borrowing we can save Erie County $2.7 million?"

Rick Ganci: "Estimated, yes."

Chairman Baynes: "And if we do it for the next three years; say we borrow $30 million for the next few years, what does that number comes to?"

Rick Ganci: "About $1.5 million dollars depending on the market."

Year	**Total Estimated Borrowing**	**Total Estimated Budgetary Savings**
2007	$36,935,000	$635,374
2008	$50,645,000	$2,136,159
2009	$30,000,000	$1,263,521
2010	$30,000,000	$1,263,521
2011	$30,000,000	$1,263,521
Total:		$6,562,096

* 2008 Borrowing assumes principal structure for 2007 projects from County and 20-year level debt for 2008 projects
2009-2011 Capital Borrowings Assume 20-year Level Debt Structure

Chairman Baynes: “So for the next four years, we could save about $6.5 million?”

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Director Kruly: “This is predicated on the $87 million that is on the table now. It doesn’t count the $23 million the County is under a consent decree to ECMCC?”

Rick Ganci: “No. If you add in the $23 million, certainly the savings would increase.”

Director Kruly: “So, that is not figuring in any of the other items that some of the Legislators want to add that would drive up the cost of the borrowing even more?”

Rick Ganci: “No, this is the $87 million in the 2007 capital projects and the 2008 projects not including the ECMC borrowing.”

Chairman Baynes: “So if we did this, does any one get laid off?”

Rick Ganci: “No.”

Chairman Baynes: “Does anybody get fired?”

Rick Ganci: “No.”

Chairman Baynes: “Are there any cars that get taken away from anybody?”

Rick Ganci: “No.”

Chairman Baynes: “Is it just a pure benefit to the taxpayers?”

Rick Ganci: “The pure economics of the transaction. If you have a higher credit rating, certainly it saves money for Erie County tax payers.”

Chairman Baynes: “Does Nassau County’s control board do their borrowing?”

Rick Ganci: “They have in the past and they don’t any more because the credit rating in Nassau County is now in the A range.”

Chairman Baynes: “But in the past, when theirs was low, they used the soft control board?”

Rick Ganci: “NIFA did borrow.”

Chairman Baynes: “Buffalo uses their control board?”

Rick Ganci: “Correct.”

Chairman Baynes: “And the purpose of the control board is to save money. So when you have an opportunity to save $6.5 million over the next four years, do you question that?”

Rick Ganci: “No, I think it is an opportunity for the County to save taxpayer money.”

Chairman Baynes: “Thank you. I am very happy that County Executive Collins has decided to relieve us of those previous mirror bonds. Thank God he became County Executive and stopped that, because that was a waste of money but we gave in just to get moving and to get some construction projects done but at this point there are no mirror bonds. In a straight borrowing, there is no question that is what you are saying, that we would save $6.5 million in the next four years?"

Rick Ganci: "Yes."

Chairman Baynes: "Any further questions?"

Vice Chair Glaser: "Yes. I guess in the current turmoil with the bonds and interest rates the way they are, they are relatively low, and I think probably the lowest in our lifetime. What would your opinion be regarding getting to market? Should we be getting to market soon?"

Rick Ganci: "With your strong credit rating, certainly in today's market, rates are considerably favorable and historically speaking over the last three years, rates are at historic low and having such a strong credit rating helps the issue of coming to market in today's environment."

Secretary Keysa: "Mr. Chairman, if the Federal Reserve Board continues to push up interest rates as they have already done, do you expect that to reflect itself in the municipal bond rates?"

Rick Ganci: "In certain instance, but the recent decrease in the rates have been built in the market for quite some time. So there hasn't been as much volatility in the recent market with the recent declining rates."

Chairman Baynes: "Any further questions?"

Director Kruly: "Mr. Chairman, I would just like to put into prospective that what we are trying to do here is reduce the County debt service and we need to be reminded that in 2002 the County debt service was $26 million. Just on schedule now without any extra borrowing it was over $30 million a year, the County's debt service will be $85 million three years from now and we are drowning in debt service and that is something where we have to take every opportunity to save money."

Chairman Baynes: "Thank you, Mr. Ganci. Mr. McNamara?"

David McNamara: "The next section of the "Whereas" clauses in the resolution is Section **C** Responding to Misconceptions about the Permanence of the ECFSA. The first five "Whereas" clauses in Section C address the concern that has been raised that the ECFSA would be required to remain in a control period or a hard board as it is referred to for as long as its bonds remain unpaid. Quite simply the ECFSA's issuance of bonds or the fact that such bonds may be outstanding has no legal bearing on whether the ECFSA continues to impose a control period and remain in hard board status.

ECFSA Act section 3959(i) makes it very clear that the ECFSA must terminate the control period when it determines that none of the conditions which would permit the ECFSA to impose a control period exist. Having ECFSA bonds is not one of the five triggers for imposing a control period that are set forth in the ECFSA Act Section 3959 (i). So the fact that ECFSA bonds might be outstanding does not require this board to stay in a control period. In fact, a good case could be made the County could further its efforts to achieve fiscal stability and cause the ECFSA to revert to advisory status by availing itself savings that could be achieved by relying on the ECFSA's superior credit rating finance costs of the County."

Chairman Baynes: "So, in layman's terms, if we borrow money, we could revert back to a soft board. It does not mean that we are a hard board forever, correct?"

David McNamara: "Correct."

Chairman Baynes: "It does not mean we are a hard board for the length of the bonds as has been projected out there? It has zero to do with that?"

David McNamara: "It has zero to do with that and, as I said, to the extent that you can achieve cost savings and that aids the County in regaining fiscal stability, it might advance the cause of having this board revert to an advisory status."

Chairman Baynes: "So if County Executive Collins submits a balanced budget in October, we approve it, we could go back to a soft board and still be borrowing money and still saving the County money?"

David McNamara: "Right, correct. Assuming none of the five triggers are in place."

Chairman Baynes: "And we are just an advisory board that was put here by the State?"

David McNamara: "Correct. The concern has also been raised that if the ECFSA issue bonds it could extend the life of the ECFSA whether in a control or advisory status. Section C of the "Whereas" clauses of the proposed resolution makes it very clear that this board has concluded that there is no basis for any such concern. First, the ECFSA Act provides in Section 3952 (3) that the ECFSA "shall continue until its control, advisory or other responsibilities, and its liabilities have been met or otherwise discharged, which in no event shall be later than December thirty-first, two thousand thirty nine;" and that bears emphasis; in no event based upon the statute creating the ECFSA Act can the ECFSA continue beyond December 31, 2039."

Chairman Baynes: "That applies to that question regarding MAC?"

David McNamara: "Yes and I will get to that in a moment."

"So this board is statutorily required to cease to exist on December 31, 2039 and no bond issuance can extend that statutorily imposed termination date. Likewise there is no basis upon which to reasonable conclude that, but for the issuance of its bonds, that all the ECFSA's responsibilities in an advisory or control period will have been met or discharged at some date prior to December 31, 2039. Thus there is no basis on which to conclude that, but for the issuance of the ECFSA's bonds, the ECFSA would be terminated by action of the State Legislature and the Governor at any time prior to the statutory termination date of December 31, 2039. Any suggestion to the contrary, in my view is pure speculation.

The seventh through eleventh "Whereas" clauses under Section C of the proposed resolution address an issue that was first raised by County Comptroller Mark Poloncarz concerning the fact that the statutory life of the Municipal Assistance Corporation ("MAC") which is the New York City control board has been extended to that board's outstanding bonds. As explained in the "Whereas" clauses, this concern is unfounded because it overlooks a critical difference between the ECFSA Act and the statute that created the New York City control board. Where the ECFSA Act specifies that the ECFSA shall not, in any event continue, beyond December 31, 2039. The statute creating MAC requires in contrast that that Board continue through a term ending the later of July first, two thousand eight or one year after all its liabilities have been fully paid and discharged. Because the NYC control board has not paid and fully discharged its outstanding bonds, the statute that created it mandates its continuance. There is no such provision in the ECFSA Act which, again, establishes December 31, 2039 as the absolute date certain on which the ECFSA will terminate, all bonding considerations aside.

Still, with regards to Section C of the "Whereas" clauses, the 12th and 13th "Whereas" clauses address the concern that allowing the ECFSA will somehow add to the costs that the taxpayers would otherwise bear for maintaining the ECFSA for overseeing its debt service. Those concerns have not been substantiated and there is no basis to conclude that the issuance of ECFSA bonds will result in costs for either maintaining the ECFSA, issuing its bonds or administering its bonds that are over and above those costs that would be incurred in any event.

The final "Whereas" clause in Section C sets forth your conclusion with respect to the nearly $2 million that could be achieved in savings to the taxpayers of Erie County if the County were to authorize the ECFSA to issue bonds to finance the County's 2007 and 2008 capital costs.

Moving on to section D of the resolution, Section D addresses matters raised by County Executive Chris County. Executive Collins' March 28, 2008 letter, wherein he informed the ECFSA of the County's determination to withdraw from the mirror bond transaction that was being heavily negotiated over a period of time as a possible means of financing the County's 2007 capital costs. Some of the issues raised by County Executive Collins' letters relate to the meaning of certain clauses in the ECFSA Act. I will speak to those issues as they are addressed in Section D of the "Whereas" clause. Other issues raised in the letter are specific to terms of the proposed mirror bond financing and I am going to ask my partner, Milan Tyler, a bond lawyer who is involved in the mirror bond negotiations on behalf of the ECFSA to address those issues.

The first item to be addressed with regard to County Executive Collins' letter relates to Section 3961 of the ECFSA Act which states that any such financing meaning bond financing issues by the ECFSA for purposes of covering cost to the County shall be consistent with "the adopted budget and financial plan of the county required under sections 3956 and 3957" of the ECFSA act. The position of the County Executive was that this Authority may not issue bonds because it has not approved a financial plan of the County. As we set forth in some detail in a letter of response to the County Executive's letter, the word "approved" in the provision that is being relied upon, modifies only the word "budget" and not the words "financial plan." It is somewhat complicated statutory construction that leads us to that conclusion, but we believe it is absolutely correct and in fact it is supported by Sections 3956 and 3957 which are referred to in Section 3961(1) in no way shape or form require this board to approve in any way a four-year financial plan of the County.

The second item addresses a concern that the ECFSA can't issue bonds because the ECFSA has not formulated and adopted its own modifications to the 2005-2011 Erie County financial plan. The contention here was that this board is statutorily obligated to impose its own financial plan in the absence of a financial plan of the County. In fact, the statue gives you the right but not the obligation to submit your own four-year financial plan or impose your own four-year financial plan on the County. It has been the judgment of this board that the act of imposing a four-year financial plan would be an act of futility, therefore it has not been done so, but its exercise of its judgment for not doing so does not preclude the board in any way from issuing debt to finance costs of the County. At this time I would ask my partner Milan Tyler to come up and address some issues with respect to the mirror bond financing after he provides a little background information about the nature of that financing and why that effort was undertaken."

Milan Tyler: "Thank you Mr. McNamara and thank you, Mr. Chairman. I would like to start with a clearing up a misconception on the very concept of mirror bonds. When we talk about the mirror bond transaction, there is really nothing unusual or complicated about a mirror bond. It is fairly common place on conduit borrowings like this, where by the beneficiary, in this case the County, would issue bonds that would mirror the Authority's bonds. It is mostly an accounting issue so that the County can put the debt and assets on their books. When, in the resolution and elsewhere, we talked about the mirror bond transaction which is really short hand for the mirror bond transaction as amended by the County. In particular the County has done two things that really I think have taken the economic driver out of the proposed transaction. They have required that the Authority's bonds be callable after four years. If the County's credit rating gets to A or better, they could require the Authority to call its own bonds. The problem with that is that, out in the market place, you pay a penalty with that. The interest rate goes up because the bond holders don't know whether or not the have a four-year bond or a twenty-year bond, so they sort of penalize you for that. So it is much costlier to issue those bonds with a four-year call provision; it is not common in the market place to have anything less than a ten-year call provision. The second change that the County requested was that their mirror bonds no longer mirror the Authority bonds, because what they would need to do is adjust their interest rate on their mirror bonds after the four years so that the Authority could sell them out in the market. So four years goes by and the County would have to adjust the interest rates on its bonds to make up for two things; first their bonds, which are now being sold in the market place again, have a lower credit rating. We have seen that they are seven notches below and even if they get to A, they will sever notches below the Authority's bond rating so presumably they will have to pay more interest based on that and the second is, four years from now you don't what the interest rate environment is going to be. Interest rates are fairly low now, so there is a good chance that they will be higher. So when the County goes to remarket its bonds, they will have to adjust their interest rate and no one can predict today what the interest rate is. So the problem with the mirror bond transaction, as proposed by the County is twofold. One, it more expensive because of the four-year call provision, and it is much riskier because the County can't predict today what its interest rate will be 4,5, 6 years or so from now."

"I would also like to address two other objections or concerns that have been raised by the County Executive. In the current documents there is a requirement for a sales-tax coverage of at least two times whatever the debt service is on the Authority's bonds or more particularly the County covenant would have to change its laws so that the coverage would be less than two times. That does not seem like a very onerous provision for them not to affirmatively decrease the rule in sales tax coverage. It is fairly common the Buffalo (BFSA) transaction had it in there. It is what we thing the rating agencies are going to expect to see when we go to them for rating on the bonds and it is designed to save the County money by lowering the interest rate. Given that the current sales tax coverage is 50 or more times what the debt service would be on the $87 million worth of bonds, we don't think that it is very realistic concern. It is unlikely to come up that the sales tax coverage would be anywhere near two and the whole provision is designed to save. The other concern that I have heard expressed is a requirement of the debt service reserve fund. Debt service reserve funds are fairly common in these kinds of transactions. They typically equate to about a year's worth of the debt service. In the current version of the transaction, I think we have put in a fairly unique provision whereby there is no debt service reserve fund on day one and we think the rating agencies will be okay with that as a requirement that if the sales tax coverage that I just mentioned ever goes below five than the Authority would start setting aside money to start a debt service reserve account. Again I note that it is 50 or more now and it is very unlikely that sales tax will go down to five and again the point is to save money now on the front end and probably an unrealistic concern later on."

Secretary Keysa: "The coverage right now is how many times?"

Milan Tyler: "I say 50; it may be between 50 and 100 depending upon what the market does with the bonds and how much of the issuance we are talking about."

Secretary Keysa: "So at least 10 times what would be the requirement to set up this reserve?"

Milan Tyler: "Exactly, and I point out that even if we did set this reserve up, in this and I can't even imagine how the sales tax would go lower, especially when we just heard the Budget Director forecast that it goes up by 2.5%. Even if it did go down that drastically, then it is a fund that is just set aside in case there is a fault on the bonds. When the sales tax coverage goes back up to five or greater, then the County gets the money back. So it is not really a cost; it is just money that has been set aside. In my view, the mirror bond transaction, I am glad that it is no longer on the table, because I believe that it is both costly and risky over all."

Chairman Baynes: "So Mr. Tyler, you agree with the County Executive, like we do, that the mirror bonds, the way it was set up was not set up very well?"

Milan Tyler: “Regrettably yes, I do agree. Costlier up front, and riskier later on.”

Chairman Baynes: “Do you believe that a straight-up borrowing would be the way to go?”

Milan Tyler: “Clearly we have heard others calculate the savings at nearly $6.5 million and I can’t imagine that is not a good thing to do.”

Chairman Baynes: “So it is safe to say that if you had an interest rate of 4% and one at 3% you would take the one at 3%?”

Milan Tyler: “Everyday.”

Executive Director Vetter: “Mr. Tyler, I guess question with regard to the mirror bonds and a similar type transaction. If the County, at some point, were to have an increase bond rating that and the market was good and wanted to buy the ECFSA bonds to make them there own. Is there any reason why they simply couldn’t do that at that point without going through some sort of complex transaction of a mirror bond with all kinds of call periods?”

Milan Tyler: “Not at all. Presumably they would issue their own bonds or come up with the funds on their own and they would buy the bonds in the market place.”

Chairman Baynes: “So when there bond rating goes up, they can take us out at any time?”

Milan Tyler: “Yes.’

Chairman Baynes: “Any further questions? Thank you very much. Mr. McNamara.”

David McNamara: “That brings us to the last of the “Whereas” clause in Section D of the proposed resolution which states that if the County can issue bonds pursuant to terms equal to or better than those available to the ECFSA, the ECFSA would be favorably inclined to approve a request from the County to undertake such an issuance to fund the capital expenditures. That then brings us to the resolutions in Section E of the proposed resolution, the first of which states:
“NOW, THEREFORE, BE IT RESOLVED that the ECFSA again recommends that the County request the ECFSA, pursuant to Section 3961, to issue bonds to fund the County’s contemplated Capital Expenditures as Capital expenditures are defined in the proposed resolution.”

“The next substantive resolutions states:

“BE IT FURTHER RESOLVED that the ECFSA would consider approval of the County’s issuance of bonds to finance those Capital Expenditures, provided the County Comptroller can provide reasonable assurance to the ECFSA that the County’s All-In Total Interest Cost (“All-In TIC”), which includes the costs of issuance, the underwriter’s discount, and bond insurance, associated with a bond issue to fund the Capital Expenditures would not exceed the ECFSA’s All-In TIC or total interest cost.”

The final substantive resolution states:

"BE IT FURTHER RESOLVED that the ECFSA would be inclined to reject any proposed County bond issuance that would not satisfy this criterion"

And that concludes my presentation of the proposed resolution. If you have any questions I would be glad to answer them."

Chairman Baynes: "In the last resolution, that means, to be perfectly clear, that if the County could miraculously borrow for less money, this board would have not problem with that, correct?"

David McNamara: "That is the board's rationale, as I understand it."

Chairman Baynes: "That is taxpayers' money, so if it is a dollar, it is a dollar too much. So if they can borrow for a dollar less, trust me we would be more than happy to do that and that is what that paragraph says. In summary there is no question that the control board can borrow for much less than the County. In summary Erie County's bond rating is still the lowest in the United States of America. If we do the borrowing, nobody gets laid off, nobody gets fired, no cars are taken away and the County gets millions of dollars for just a signature, is that correct?"

David McNamara: "I can't argue with that, based on what was presented today."

Chairman Baynes: "And in summary, County Executive Collins and us are in lock-step on the bond resolution of getting rid of mirror bonds?"

David McNamara: "That was a positive development."

Chairman Baynes: "Yes it was, so on a straight up borrowing there is no if's ands or buts that the control board can save millions and millions of dollars to this County?"

David McNamara: "None that we have seen, no."

Chairman Baynes: "Thank you. Any questions?"

Secretary Keysa: "Mr. Chair, just an observation. Over the next four years, that adds up to about $70 per person or $200 per household in savings by the control board borrowing as opposed to the County borrowing."

Chairman Baynes: "One more thing, all other counties with control boards have done their borrowing? Excuse me let me restate that, the City of Buffalo uses their control board today?"

David McNamara: "They have, yes."

Chairman Baynes: "May I have a motion to approve the resolution that Mr. David McNamara has just outlined here?"

Vice Chair Glaser moved, Director Kruly seconded, and the Directors voted unanimously to approve the following resolution:

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Resolution No. 08-56

CALLING UPON ERIE COUNTY TO REQUEST THE ECFSA TO ISSUE BONDS TO FUND THE COUNTY'S 2007 AND 2008 CAPITAL EXPENDITURES

A. The Need to Finance Erie County's Capital Expenditures

WHEREAS, Chapter 182 of the New York Laws of 2005 created the Erie County Fiscal Stability Authority ("ECFSA") to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to "oversee [Erie] County's budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings and to finance short-term cash flow or capital needs; and, if necessary, to develop financial plans on behalf of the County if the County is unwilling or unable to take the required steps toward fiscal stability;" and

WHEREAS, section 3961 of the New York Public Authorities Law ("Section 3961") permits Erie County (the "County"), pursuant to a request made by and through the County Executive after approval by the County Legislature, to "undertake a financing of costs" through the ECFSA; and

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

WHEREAS, financing of the County's 2007 and 2008 capital expenditures (the "Capital Expenditures") would cost a total of $87,580,000; and

WHEREAS, the County Legislature has not yet approved, and the present County Executive has not yet issued, a request for the ECFSA to finance such costs; and

WHEREAS, the County may also require bond financing to satisfy a potential $23 million intergovernmental transfer ("IGT") payment to the Erie County Medical Center Corporation ("ECMC") in 2008, and to fund additional capital projects; and

WHEREAS, the County may issue bonds during a control period, but only upon advance review, comment, and approval by the ECFSA, pursuant to Public Authorities Law section 3959(2)(i);

B. Erie County's Dismal Bond Rating

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

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

WHEREAS, the bond ratings assigned by Fitch and Moody's to the ECFSA are seven grades higher than the bonds ratings assigned to Erie County; and

WHEREAS, Fitch and Moody's each have assigned Erie County the lowest bond rating of any county in New York State; and

WHEREAS, along with eight other counties – none of which has a population greater than 70,000 according to 2007 estimates from the United States Census Bureau – Erie County has the lowest general obligation bond rating of any county in the United States of America; and

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

WHEREAS, for this reason, the ECFSA on August 30, 2007, adopted Resolutions 07-82 and 07-83, which recommended that the County finance the costs of capital borrowing through the ECFSA; and

WHEREAS, on the basis of the comparative analysis set forth in the attached Schedule A to this Resolution, the ECFSA has since determined that the County would save $1,941,526 at present value, or $2,771,553 on a budgetary basis over the life of the bonds, if it elects to finance the Capital Expenditures via issuance of ECFSA bonds; and

WHEREAS, such financing would yield far greater savings for County taxpayers than would have the "mirror bond transaction" originally authorized by the County Legislature on December 31, 2007, and by the ECFSA upon its adoption of Resolution 08-12 on January 4, 2008, but later abandoned by the County in March 2008;

C. Responding to Misconceptions About the Permanence of the ECFSA

WHEREAS, Public Authorities Law section 3952(3) ("Section 3952(3)") provides that the ECFSA "shall continue until its control, advisory or other responsibilities, and its liabilities have been met or otherwise discharged, which in no event shall be later than December thirty-first, two thousand thirty nine;" and

WHEREAS, only the New York State Legislature may act to amend Section 3952(3), and thereby to extend the life of the ECFSA beyond December 31, 2039; and

WHEREAS, notwithstanding Section 3952(3), some elected officials have argued that such bonding would guarantee the ECFSA's existence, potentially as a "hard" control board, for as long as such ECFSA bonds remain outstanding; and

WHEREAS, in reality, no provision in Title 3 of Article 10-D of the Public Authorities Law (the "ECFSA Act") requires such an outcome; and

WHEREAS, pursuant to Public Authorities Law section 3959(1), the ECFSA shall terminate the control period presently in effect over Erie County, "when it determines that none of the conditions which would permit the [ECFSA] to impose a control period exist;" and

WHEREAS, once the ECFSA makes such a determination, it must end the control period, even if bonds previously issued by the ECFSA have not yet been refunded, discharged, or otherwise defeased; and

WHEREAS, in previous public comments before the ECFSA, County Comptroller Mark Poloncarz has cited the continued existence of the New York City Municipal Assistance Corporation ("MAC") in an attempt to demonstrate how the ECFSA could exist beyond December 31, 2039, provided that ECFSA-issued bonds have not yet been refunded, discharged, or defeased as of that date; and

WHEREAS, Public Authorities Law section 3033(1) requires the MAC to "continue for a term ending the <u>later of</u> July first, two thousand eight <u>or one year after all its liabilities have been fully paid and discharged</u>" (emphasis added); and

WHEREAS, because the MAC has not yet fully paid and discharged its outstanding debt service obligations, the Public Authorities Law mandates that it continue to exist beyond July 1, 2008; and

WHEREAS, by contrast, the ECFSA Act contains no similar provision that would require the ECFSA's existence until some time after payment and discharge of all its liabilities; and

WHEREAS, any concern that ECFSA bonding to finance the County's Capital Expenditures would necessitate the ECFSA's existence beyond December 31, 2039, is therefore unsubstantiated; and

WHEREAS, the County Comptroller has also contended that ECFSA bonding will require the ECFSA's expenditure of funds to retain professional services and to employ personnel to oversee the service of its debt; and

WHEREAS, if the County were to issue bonds to fund its capital projects, the County would incur such expenditure regardless; and

WHEREAS, by requesting the ECFSA to issue bonds to fund such projects instead, the County would still reap nearly $2 million in present value savings for County taxpayers in connection with bonding for the Capital Expenditures, and even greater savings could be achieved through the subsequent issuance of ECFSA bonds;

D. Responding to the County Executive's Objections to ECFSA Financing

WHEREAS, notwithstanding the cost savings that the ECFSA can produce by bonding to finance the County's Capital Expenditures, County Executive Christopher Collins has declared his opposition to such financing in correspondence dated March 28, 2008, to the ECFSA (the "March 28 Letter"); and

WHEREAS, the March 28 Letter purported that the Public Authorities Law required ECFSA approval of a four-year financial plan for the County as a condition precedent to the issuance of ECFSA bonds; and

WHEREAS, this conclusion relied upon Section 3961, which requires consistency between ECFSA financing and "the adopted budget and financial plan of the county required under sections 3956 and 3957 . . ., as applicable" (emphasis added); and

WHEREAS, the County must adopt a budget for each fiscal year within the time frames established by Article 26 of the County Charter; and

WHEREAS, with regard to four-year financial plans, Public Authorities Law section 3957 ("Section 3957") only requires the County Executive to submit one to the ECFSA "not later than the date required for submission of [his proposed] budget to the [County] legislature pursuant to the county charter;" and

WHEREAS, because Section 3957 does not require the ECFSA to adopt or approve a four-year financial plan for the County, the word "adopted" in the third sentence of Section 3961 must modify "budget," but not "financial plan;" and

WHEREAS, Section 3961 only compels any financing of County costs by the ECFSA to comply with (i) the County's adopted budget for fiscal year 2008, and with (ii) the 2008-2011 financial plan that County Executive Joel Giambra submitted to the ECFSA in October 2007; and

WHEREAS, the March 28 Letter also purported that the ECFSA needed to "formulate and adopt its own modifications to the 2008-2011 Erie County financial plan," as another precondition to the issuance of ECFSA bonds; and

WHEREAS, Public Authorities Law section 3959(2)(a) does empower the ECFSA to modify the County's four-year financial plans, but only as the ECFSA deems "necessary;" and

WHEREAS, the ECFSA has deemed any unilateral effort to amend the County's 2008-2011 financial plan as unnecessary and impracticable, in the absence of reasonable assurance that the County would implement the ECSFA's modifications; and

WHEREAS, the March 28 Letter also claimed that the ECFSA needed to establish a Debt Service Reserve Fund before issuing any bonds on behalf of the County; and

WHEREAS, the ECFSA in fact must create such a Fund only in the event of a precipitous drop in County sales tax revenues, a contingency that the County has repeatedly asserted to be unlikely; and

WHEREAS, it has not been determined that such a Fund will be needed at the inception of an ECFSA bond issue; and

WHEREAS, in the March 28 Letter, the County Executive also objected to a provision of the "mirror bond transaction," whereby the County would agree that its gross sales tax revenues would equal at least twice its yearly debt service on the contemplated mirror bonds; and

WHEREAS, such a proviso should not prevent the County from bonding through the ECFSA, because the County's sales tax revenues are significantly greater than its anticipated debt service; and

WHEREAS, in the March 28 Letter, the County Executive also claimed that "a fixed interest rate [could not] be established" for the proposed mirror bonds; and

WHEREAS, a fixed rate could have been established, had the County not insisted on achieving its unsubstantiated hope of converting its bonds in the future to retire ECFSA bonds;

WHEREAS, notwithstanding the concerns raised by the County Executive in the March 28 Letter, the County can realize maximum savings on the costs of financing the Capital Expenditures by requesting the ECFSA to issue the necessary bonds on its own; and

WHEREAS, the County's financial circumstances and anticipated future financial circumstances should cause the County, in the interest of responsible fiscal management, to make such a request pursuant to Section 3961; and

WHEREAS, if the County can alternatively prove its ability to issue bonds pursuant to terms equal to or better than those available to the ECFSA, the ECFSA would be favorably inclined to approve a request from the County to undertake such an issuance to fund the Capital Expenditures;

E. <u>Resolutions</u>

NOW, THEREFORE, BE IT RESOLVED that the ECFSA again recommends that the County request the ECFSA, pursuant to Section 3961, to issue bonds to fund the County's contemplated Capital Expenditures; and

BE IT FURTHER RESOLVED that the ECFSA would consider approval of the County's issuance of bonds to finance those Capital Expenditures, provided the County Comptroller can provide reasonable assurance to the ECFSA that the County's All-In Total Interest Cost ("All-In TIC"), which includes the costs of issuance, the underwriter's discount, and bond insurance, associated with a bond issue to fund the Capital Expenditures would not exceed the ECFSA's All-In TIC; and

BE IT FURTHER RESOLVED that the ECFSA would be inclined to reject any proposed County bond issuance that would not satisfy this criterion; and

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

This resolution shall take effect immediately.

Chairman Baynes: "I believe Mr. Legislator Konst would like to say s few words. Thank you very much for coming."

Legislator Konst: "Thank you and good afternoon. As the Chairman of the finance and management committee, we are not responsible for actually doing the borrowing but it is important to us as we represent the citizens of this great community that we address the things that are so important to us. We are talking about money here, but that money represents certain tangible things that are important to our infrastructure, it represents replacing a roof on the correctional facility that is long overdue, it represents all types of things that contribute to preserving the assets in this community. I think it is very important to understand that our job is to protect them, as it is yours, as it is the Administration's and for too long I think that that has gone on and sort of fallen to the wayside. So in this discussion of borrowing and the amount to be borrowed, lets not forget that we make sure that our assets are protected and what I am here to ask for today is for an understanding of what that magic number might be because we are in a control period and ultimately whatever we come up with and whatever projects we chose to support, that number needs to be approved by you all here. Our body has met several times with the Administration and the different department heads to discuss what those needs are. We have presented before us a package of over \$51 million. I am trying to get an understanding from others in the body, my colleagues, what number they are comfortable with. There is \$9.2 million worth of projects that are contractually obligated by us to pay for; we are in some sort of agreement where we are obligated to pay for some of those items. Than there are other projects such as road projects that get federal or state aid that if we see a match on it really makes it worth our while if the County share is only 5% obviously we would want to do those as well. Then there are other projects that are our share totally, like the \$2.5 million to replace the roof at the Correctional Facility. There has got to be a number that we can come up with. It could be the case that the \$51 million is really what we need to do because there is no fluff in that budget, there are no items in there that aren't important, that don't need to be addressed but I don't want this to be an exercise in futility where we are arguing and then we come forward with our budget and the ECFSA says "well guess what this is beyond what we believe is responsible." I think we are trying to do the responsible thing."

Chairman Baynes: "I think we understand that. I think we even put $53 million in the number so I don't think we have a problem with your $51 million. How much does it cost to put the new roof on?"

Legislator Konst: "$2.5 is what the roof cost is."

Chairman Baynes: "We can save $2.7 and you can have a free roof. Would you like to do that?"

Legislator Konst: "I would like to do that."

"Beyond that Chairman Baynes, we do understand that there is the potential for a $23 million obligation to ECMC and again is that above and beyond the $51 million that we are looking at now, if not is it something that is built into that item."

Chairman Baynes: "That is $23 million; I think the County Executive will want to discuss that."

Legislator Konst: "That is fine. I don't want to address that, so we are just looking at the numbers. What it is, our obligations are to the County and to make sure that our assets are protected and if we have received for instance based on the 2007 borrowing package that the Legislature approved that has not been borrowed for. The County Comptroller has advanced cash to do some road work and things like that and we don't want to."

Chairman Baynes: "Do you now how much cash was advanced?"

Legislator Konst: "I think it was around $13 million."

Chairman Baynes: "Do you remember last year when we were trying to do the borrowing? The articles in the newspaper saying that the County didn't have the money to fund those; the Zoo was calling looking for money, Buffalo Bills were complaining but they got paid right?"

Legislator Konst: "At the time, I remember, they did have the cash on hand, yes."

Chairman Baynes: "I am not pointing at you, trust me. Does anybody have questions for Legislator Konst?"

Director Goodell: "I would like to offer one suggestion that might address your question. I believe Director Kruly has mentioned earlier in the meeting how debt service is growing in the County so dramatically. I think we had open discussions back some time last year about his desire to see a gradual reduction of debt service costs over time. I think if you keep that in the back of your mind that maybe a noble goal for the Legislature, recognizing that there may be some years that we are going to violate that but I would think that you might consider that and maybe consider it in a context of what other counties like ours have in terms of debt service cost per capita and how they are dealing with it. That is just a suggestion in terms of scoping out a target number."

Legislator Konst: "I appreciate that and that is something that we are trying to consider, but again, without putting in jeopardy those assets that we have, the infrastructure that we have; roads in disrepair, bridges in disrepair and other things in disrepair, and I don't want to ignore those as you wouldn't ignore them in your own house."

Vice Chair Glaser: "I think, as an additional comment, I'd like to say, and I think that we talked about this a little bit, about trying to prepare some longer term capital plan. You may not be able to do some of it this year but you can do some of it next year. I think if I am not mistaken County Executive Collins has started to work on something like that or I thought that was being worked on so you probably we need to get together to determine what those things are. I think the control board would look favorably on protecting the assets of the County and we want to do the same thing."

Legislator Konst: "Absolutely and the Administration presents those to the Legislature where we end up deliberating over those."

Director Kruly: "Over the last few days, I have heard about some individual Legislators proposing add-ons to the $51 million. I heard about someone wanting $5 million to demolish a couple of houses, $5 million for Olmstead, $5 million for roads in Buffalo and of course some Legislators support the ECC City Campus that the County Executive has shot down. Are those things still actively in front of you or are they have they been dismissed?

Legislator Konst: "They are still in front of us. We are going to continue our conversation on Monday so that each of those items with respect to my colleagues will be addressed and there will be an opinion from the County Attorney's office as to whether or not we even have the option or the ability to borrow for items that we do not have an interest in. That will be discussed out of respect to our colleges and that determination will be put forth to the Legislature to vote, hopefully on May 8 and we will know then hopefully what we will have before us."

Secretary Keysa: "Mr. Chairman, I know a number of times we have suggested that the Legislature hire a qualified budget analyst. Is there one on board, Legislator Konst?"

Legislator Konst: "With you approval, we split the position to two part-time positions. We hired two gentlemen, both retired from the NYS Comptroller' office, with 65 years experience between the two of them. One of them is here in the audience, Don Przybyl. He has not started yet, but he has come on-board looking over some of the things and we are encouraged that we will be able to have qualified help looking over the capital projects as well as the budget coming up and the budget hearings. Thank you for asking."

Secretary Keysa: "That is a major step. Good, good."

Chairman Baynes: "Does anyone have any further questions?"

Director Johnson: "I have one, Mr. Chairman and in listening to the very proactive resolution in terms of capital borrowing I certainly, as a Director of this Authority, would encourage all of us to look very closely as we get the pieces in place that we not our making sure that our most precious asset in the County be taken care of that our people. In terms of saving to the taxpayers and improving service delivery for those in need; our seniors and our youth, etc. and right now things are a little shady."

Legislator Konst: "Director Johnson, ultimately we all have the same goal in mind and that is to protect the taxpayers as well as the assets that we have on their behalf. So I appreciate the opportunity and I am hoping that I get some, well you actually did give me the $51 million so that is where we are at."

Chairman Baynes: "We will get you that answer and again you are the hardest working lady in the Legislature. Thank you."

Legislator Konst: "Thank you, Chairman Baynes."

Chairman Baynes: "Would you like to say something, County Executive Collins?"

County Executive Collins: "So where do I start? I don't know. I actually was not prepared for this at all today. I just came to support my Budget Director who was reporting on the BMR for the first quarter. So I guess what I will start with is for the purposes of everyone here setting the stage of the financial condition of Erie County so that we all understand that there are some very big differences between Erie County and the City of Buffalo. Erie County today can go to Wall Street and can borrow money in the bond market which is not true in the City of Buffalo. Erie County today has one of the lowest property tax rates in the State of New York; it is about $4.94 a thousand. If you go 60 miles down the street to Rochester I want to say it is in the $9.00 range. So the County today is no where near taxing limit; in fact we have today one of the lowest property taxes in the State at the County level."

Chairman Baynes: "County Executive Collins, yesterday the Chairman of the City Control Board said that the City was going to market, so they are going to borrow."

County Executive Collins: "Okay, so you are saying that their control board can't save them money?"

Chairman Baynes: "No, they are just going to market. It's not that they can't go to market, they are going to look at numbers."

County Executive Collins: "So they are going to borrow money?"

Chairman Baynes: "I didn't say that; I said that they are going to look at numbers and they have the ability to borrow and you are saying that they don't have the ability to and they do."

County Executive Collins: "Well they didn't have it".

Chairman Baynes: "But they do as of today."

County Executive Collins: "I don't want to be argumentative here. The point is that the County can borrow money today."

Chairman Baynes: "I don't want to argue with you either but is 4 or 3% a better interest rate?"

County Executive Collins: "If you would like me to continue Mr. Chairman?"

Chairman Baynes: "I just need an answer."

County Executive Collins: "I would appreciate your consideration of my presentation."

Chairman Baynes: "I would love to hear it but is 4% or 3% a better interest rate?"

County Executive Collins: "Respectfully, if you don't want to listen to my presentation?"

Chairman Baynes: "I would love to listen."

County Executive Collins: "Okay, the point is that we can borrow money in the County. We have always been able to borrow money in the County. We have had three years of surpluses in the County. I have submitted to your consideration a revised four-year set of numbers that I firmly believe are in balance and I am respectfully requesting that this board revert back to advisory status after you have had a chance to review those numbers. I would also point out that on what I will call a credibility factor. In 2007, the County did end up with a $10 million surplus which included an $8.8 million unexpected hit from IGT to ECMC. It also included the fact that we did not sell our tax liens which was about a $15 million hit and, if I am right, this board assumed we would have a $15 million deficit. So this board missed that target by $50 million".

Chairman Baynes: "Does that include the $15 million to ECMC?"

County Executive Collins: "What the…no because that is bonded money, Chairman Baynes, if you didn't understand that."

Chairman Baynes: "No, I understand it."

County Executive Collins: "Oh okay, if you were trying to mislead the people here, I don't know. So at any rate the fact is that this board predicted a $15 million deficit. They were off target by $50 million so there is some credibility here. Let's put that out for what it is."

Chairman Baynes: "Is that 5-0?"

County Executive Collins: "I would also like to point out that there were a lot of negotiations that took place prior to me taking office between the Governor, the State Comptroller, our Comptroller, members of the Legislature, the ECFSA and after an extraordinarily contentious 9 months or there about, the mirror bond issue was brought forward as the acceptable way to move this forward. Today what I have hears is that this board has just thrown that right in the garbage can and completely ignored those nine months of negotiations, completely ignored the input of past Governor Spitzer, the Comptroller DiNapoli and is just saying today, let's just go back to where we were, let the control board do the borrowing, forget about mirror bonds and the reason you want to forget about he mirror bonds is because what came forward from you supposed experts has been proven to not be accurate. For instance they assumed when those where negotiated that the County side of the mirror bond could be done at a fixed interest rate, as he stated today, that is no longer he case. The County can no longer fix their interest rate on their portion of the mirror bond and therefore it makes no sense whatsoever for any intelligent person to pursue a mirror bond today. We agree on that but I would say shame on this panel for then presenting to the public the concept of mirror bonds when in fact you knew that they wouldn't work. Were you just trying with smoke and mirrors to trick the public?"

Vice Chair Glaser: "I don't think so, County Executive Collins and I think that it is disingenuous to say that. That is insulting. The mirror bonds were brought up by the Legislature as the only way that they would do this. Let me continue and we are responding to your letter. You were the one who pulled the borrowing of the table so all we are doing today is responding to this letter."

County Executive Collins: "Very simply Vice Chair Glaser, did you know last year when the mirror bonds went forward that the County side of it could not be done at a fixed rate?"

Vice Chair Glaser: "That it couldn't be done at a fixed rate?"

County Executive Collins: "Did you know that?"

Vice Chair Glaser: "Well we were negotiating for quite some time and felt like we had a moving target."

County Executive Collins: "No that is not a moving target, that is just a statement of fact from your bond counsel. Could or could not a four-year mirror bond be priced at a fixed rate?"

Executive Director Vetter: "Yes, County Executive Collins. I think you maybe mixing the County's interest rate to the Authority and the bonds that are sold to the public. The discussion of the issue was with regard to the bonds sold in the market and the discussion was that those bonds should not be variable, that there is too much risk and that those would be fixed. That was the issue and I guess I don't understand."

County Executive Collins: "That again. You talk about being disingenuous. Why in God's green earth would the County want to put forth a mirror bond if they could never sell them? Why did anybody waste their energy discussing a four-year mirror bond?"

Vice Chair Glaser: "You should ask the County Legislature that."

County Executive Collins: "Vice Chair Glaser, it was presented by the Governor's staff and then…"

Chairman Baynes: "The Governor's staff did not present anything."

County Executive Collins: "The State Comptroller presented…"

Chairman Baynes: "The State Comptroller did not present anything. It was presented by Mr. Poloncarz, not the State staff."

County Executive Collins: "Then what you are telling me is that you negotiated a mirror bond. You knew that the Authority could borrow at a fixed rate. You knew that the County could not borrow at a fixed interest rate, that the County's interest rate would vary the day their bond replaced yours. We spent six months negotiating this to negotiate something that you knew wouldn't work, that you knew was not in anyone's best interest, that your advisors never bothered to tell anyone that the County piece would have to be done at a variable interest rate and then you have the audacity today to step up an say well lets just throw it out the window, throw all these discussions out the window. Today we are changing the game and here we stand."

Chairman Baynes: "County Executive Collins, in your letter dated the 8th of March, it clearly states in there "while it may appear that some savings would materialize, it would be no more that an average of $10,000." that is in your letter."

County Executive Collins: "$10,000 a year if both of us sold insured bonds."

Chairman Baynes: "No, no, no you said…and I am reading you letter…"

County Executive Collins: "Let me ask you Chairman Baynes, five months ago I offered…"

Chairman Baynes: "This is your letter."

County Executive Collins: "Would you let me finish?"

Chairman Baynes: "This is your letter and you said $10,000 in savings."

County Executive Collins: "If you are done, I would like to ask you something."

Chairman Baynes: "…and you also said that; you also said that you were pulling of the mirror bonds too, in your letter that you were doing it and we agree with you. Are you saying that you don't agree with that?"

County Executive Collins: "Are you done? You like to put words in my mouth."

Chairman Baynes: "No, it is in your letter. I can read it to you."

County Executive Collins: "If you want to take things out of context."

Chairman Baynes: "No, I will read the whole letter."

County Executive Collins: "Could I continue?"

Chairman Baynes: "No, go ahead."

County Executive Collins: “I offered this Authority free space in the County building to save the Authority and the taxpayer’s money.”

Chairman Baynes: “We are still waiting for it.”

County Executive Collins: “Well I offered it to you and you have not taken us up on it.”

Chairman Baynes: “We are still waiting for it.”

County Executive Collins: Well, when would you like to move in?

Chairman Baynes: “Tomorrow. I asked you specifically when you were running for office. You said yes and I asked you if we should do that borrowing and you said yes.”

Director Goodell: “What does this have to do with the discussion?”

County Executive Collins: Because this board is acting in an almighty way of saving every dollar and I am showing to the public when I offered you free space, Director Kruly and others have not taken us up on it.”

Chairman Baynes: “I am the Chairman and I accepted it. I have not seen it yet, Michelle Mazzone has not called me with it yet, and I have spoken to her several times. So I would love to take it, County Executive Collins.”

County Executive Collins: “Well I wish you had 6 months ago. We will find you space tomorrow, by the way.”

Chairman Baynes: “Thank you.”

County Executive Collins: “Anyways, we went 9 months after contentious discussion and it was agreed to do this mirror bond borrowing that you are now saying you knew wouldn’t work because the County could not get a fixed interest rate but didn’t bother to share that?”

Chairman Baynes: “That is not what we are saying.”

Vice Chair Glaser: “It wouldn’t have given the County the best savings, that is what we are saying.”

Chairman Baynes: “A straight-up borrowing will give the County $2.7 million.”

County Executive Collins: “These are your numbers, so let me continue to set the stage. We are working right now with bond rating agencies that are looking at changing municipal bond rating to a corporate global scale under which we are confident we can get an A rating.”

Chairman Baynes: “Then it is all yours.”

County Executive Collins: “Well we may have that in 60 days.”

Chairman Baynes: “Perfect.”

County Executive Collins: "But we are working on that, but in the mean time…"

Chairman Baynes: "But in the mean time I do not want to delay road projects. If you want to, that is your prerogative. We are prepared to borrow tomorrow."

County Executive Collins: "Had this group allowed the County to borrow 9 months ago, we would have already borrowed the 2007 money."

Director Goodell: "At a high cost to the taxpayers."

County Executive Collins: "We would have borrowed the money."

Director Goodell: "At a higher cost to the taxpayers."

County Executive Collins: "Where we stand today, and let me set the stage again, we need to borrow about $87 million. Every elected official in Erie County, myself included, are proposing that the County go to Wall Street and borrow. You require a determination of need."

Chairman Baynes: "Every elected official?"

County Executive Collins: "Well…"

Chairman Baynes: "I just spoke to one yesterday who says that we should do the borrowing."

County Executive Collins: "Who was that?"

Chairman Baynes: "You said you spoke to everyone and I spoke to one."

County Executive Collins: "Could you tell me who that is?"

Chairman Baynes: "No, I don't want to get into it."

County Executive Collins: "Oh, you don't want to get into it Chairman Baynes?"

Chairman Baynes: "Every elected official in Erie County?"

County Executive Collins: "The 15 Legislators."

Chairman Baynes: "There are more elected officials in Erie County than there are in the United State Congress and that is a fact."

County Executive Collins: "Okay, I appreciate your wanting to nit-pick so I will clarify this. The 15 Legislators, myself and Comptroller Poloncarz. I can tell you that the vast majority if not the unanimous elected officials from the Legislature, myself and Mr. Poloncarz agree that it is in the best interest of the taxpayers for the County to do the borrowing."

Vice Chair Glaser: "Why is that? Why is that in the best interest of the taxpayers?"

County Executive Collins: "Because we have been told by our legal counsel that, if the control board were to sell bonds, it will require that this control board will be in existence for the life of those bonds."

Chairman Baynes: "You just heard our attorney tell you the opposite, County Executive Collins."

County Executive Collins: "With that then, does the control board exist in any fashion if they sell a 30 year bond?"

David McNamara: "The control board is required to exist until December 31, 2039. It cannot go out of existence absent legislative action at the State level by the State Legislature and the Governor. The real question here is, what is the likelihood of that? The existence of debt issued by this control board would mean that that legislative action would not be undertaken but the likelihood that it would be undertaken otherwise is virtually nil based on what we have observed with every other fiscal stability authority created in the State."

Chairman Baynes: "Has there ever been a control board removed from the State, Mr. McNamara?"

David McNamara: "Not that I am aware of."

Chairman Baynes: "Thank you."

Executive Director Vetter: "Mr. McNamara, just one more question. To reiterate, I think the mirror bond agreement was originally put together so that the County would have a higher degree of comfort so that they could take over the bonds at some point. Then I ask again, is there anything precluding, if the Authority issue bonds, that the County at some point say, "We want to take over these bonds and want to issue our own," is there anything precluding them?"

David McNamara: "I would have to refer to Mr. Tyler on that because he is bond counsel and he would know more about the circumstances under which ECFSA bonds could be taken out by County-issued debt or any other County revenues, but it is my understanding based on what he just said here today, that that would be possible."

Secretary Keysa: "Can I also ask one other question? Assuming that this board goes into advisory status and there are bonds outstanding, what is the prospect, is there a need to have a large staff or can that function be handled by a part-time individual?"

David McNamara: "It could be handled in any number of ways. In your advisory status, the only thing that the ECFSA requires is that you meet annually. The Act specifically gives you the authority to call upon the staff of the County or any other covered organization to provide the administrative services or any other services that are necessary to continue your functions."

Legislator Reynolds speaks from the audience but not on the microphone. "Does it guarantee that?"

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David McNamara: "Does it guarantee what?"

Secretary Keysa: "Could you please use the microphone, because it is hard to make minutes otherwise, Mr. Reynolds."

County Executive Collins: "Let me just restate what we just heard for anyone who did not hear it. Your counsel just stated unequivocally that the ECFSA must remain in existence in some fashion for the life of the bonds."

There is general disagreement from the board that Legislator Reynolds did not say what was stated by County Executive Collins.

Secretary Keysa: "Date specific."

County Executive Collins: "Well it is a 30 year bond and that is 30 years."

Secretary Keysa: "No, that is the length specific."

Chairman Baynes: "That is 2039."

County Executive Collins: "Can we deal with one issue at a time? So my question to your counsel is, if this board issues bonds, if it is a 20 year bond, it is my understanding that this group must stay in existence for those 20 years in some fashion."

Vice Chair Glaser: "This group must stay in existence until 2039, if you added 20 years to the bond today."

County Executive Collins: "Can we answer one question at a time?"

Chairman Baynes: "We could pass the bonds off to the County at any time is that correct? We could pass the bonds off to the State at any time, is that correct?"

David McNamara: "That is actually incorrect, but you stay in existence until December 31, 2039 by statute; that is your statute."

County Executive Collins: "Unless other things preclude you from staying."

David McNamara: "Right, by statute, and that is very clearly what I stated. The prospects of the statute changing are very limited because it requires this board to have fulfilled all of its obligations in a control or advisory period meaning that the County has achieved total fiscal stability and that this board's oversight is no longer necessary in any way, sharp or form."

County Executive Collins: "That will happen very soon."

David McNamara: "Okay, and that is what I addressed in my presentation is that it is easy to say that it will happen very soon, but we don't see a basis to substantiate that belief."

County Executive Collins: "But would you please answer my question and you are very good at not answering my question. Let assume that I can go to Albany and get this legislation passed; it is not for you to say that I can't. My question to you is, if this Board does bonds on a twenty-year life, at that point, they must stay in existence in some fashion for the life of the bonds. Is that true or not?"

David McNamara: "It is an interesting hypothetical and it is a true statement that the Legislature and the Governor cannot terminate this control board if this control board had outstanding obligations under the terms of the legislation or if it had outstanding roles to play in the administration of the County's financial affairs."

County Executive Collins: "So that confirms what I said, and I will accept that challenge on behalf of the other elected officials, that I will be moving in Albany for legislation prior to the year 2039 to dissolve this board and what we the elected officials are saying is that we have every confidence that we will show fiscal restraint and we will rebuild our surpluses so that this board is no longer at all required. We will ask our delegation to go to Albany, pass legislation to dissolve this board way before 2039, and our concern is once you sell a bond that date of twenty years then overrides my ability to go to Albany and get this legislation passed way before 2039 and therefore whatever savings that might be incurred today. The overriding concern is 20 years, so therefore it is my decision along with the support of Comptroller and the Majority if not the unanimous support of our Legislature that I will not issue a determination of need to this board. Therefore all of these discussions concerning you borrowing are moot."

Vice Chair Glaser: "Well it is nice that you can do that County Executive Collins but I will say it is a sad day for the taxpayers in this County with you taking that position because we can save millions of dollars and your question as to whether this board stays around or not, even if it stayed until 2039 and we borrowed the money and saved the taxpayers dollars and you did all those things that we hope you can do in this County. The ECFSA does not have to stay in its current…."

County Executive Collins: "Vice Chair Glaser!"

Vice Chair Glaser: "Let me finish, I let you finish."

"It does not have to stay in its present position with staff and everything else. There might be a board here. A board which may be of counsel to the elected officials in this area and we would be here but to just arbitrarily, and that is your position, to be here to try and do away with the control board but to me I think as a taxpayer I would rather save money."

County Executive Collins: "We are the elected officials. This board is not the elected officials. Your board is to determine whether or not what we can do is affordable. I believe you are overstepping your bounds and I would point out that I have saved more money for the taxpayers by eliminating cell phones than what you have been arguing about for close to a year an I would point out that this board costs the taxpayers $700,000 during that year, without savings that I have seen come out of this board at all. So you have certainly cost us $700,000."

Vice Chair Glaser: "I wonder why the board was put here. It makes you wonder why we are here. Oh I forgot, the County had a major, major melt-down and I think that is why we are here. Right, guys?"

County Executive Collins: "I respectfully disagree and would suggest it was a political motivation to setting up this board where the County in fact…I have put forth before you a four-year balanced budget. We had a $10 million surplus last year. Vice Chair Glaser."

Vice Chair Glaser: "Are those audited numbers out now?"

County Executive Collins: "We have put them out."

Director Kruly: "That $10 million is going to be overridden by the $15 million obligation you have to ECMC by the consent decree, so I think what you have just announced is a $5 million deficit for 2007."

County Executive Collins: "Director Kruly, I thought you had a financial background. Bond debt does not hit the surplus."

Director Kruly: "I am not talking about bond debt. I am talking about an obligation to the County. The consent decree is going to…"

County Executive Collins: "That is for capital, Mr. Kruly."

Director Kruly: "On December 31st, you owe $15 million."

County Executive Collins: "Capital."

Director Kruly: "That added to the $15 million means you end up with a deficit for last year."

Vice Chair Glaser: "If I could add, that was actually waived by … in 2008 so it has no bearing."

Director Kruly: "So we are playing a little game?"

Vice Chair Glaser/Poloncarz?: "No ECMC and the County signed off on an agreement that the courts…"

Chairman Baynes: "But if it was…".

Director Goodell: "Could you speak into the microphone?"

County Executive Collins: "Let me clarify for those that are here. When you borrow money for capital it is bonded. It does not go through the P&L and hit the surplus, Director Kruly.

Director Kruly: "Have you paid it?"

County Executive Collins: "No, but even if we did it does not…"

Director Kruly: "What about the interest that we are accruing every month? You are bragging about how you are saving interest by postponing that deal but you are costing every month."

County Executive Collins: "You don't accrue it. Mr. Director Kruly you don't appear to know the difference between capital and operations."

Director Kruly: "I understand that, County Executive Collins, I wish you did."

Chairman Baynes: "Allright, allright come on, this is nonsense."

County Executive Collins: "No this is a very clear…".

Chairman Baynes: "County Executive Collins, I take offense to you challenging my colleague who was a Budget Director; he knows what he is talking about."

County Executive Collins: "Well, obviously he doesn't.

Chairman Baynes: "Let's just stay on facts."

County Executive Collins: "Okay let's go back to the fact. Let me ask Director Kruly."

Chairman Baynes: "That fact is we can borrow and save almost $3 million."

County Executive Collins: "No, no, no, I am not going to let go of this. We have a $10 million surplus last year. Director Kruly, are you saying that had we borrowed?"

Chairman Baynes: "That is not a question. Let's stick to the question."

County Executive Collins: "Because you don't like the answer."

Chairman Baynes: "I do like the answer but that is not the subject matter, County Executive Collins."

County Executive Collins: "Had we borrowed $15 million, would that have turned it into a $5 million deficit?"

Director Kruly: "You have not authorized any borrowing and you still have a legal obligation to pay the money."

Chairman Baynes: "You have not authorized the borrowing and you still have a legal obligation."

Director Kruly: "You have a legal obligation."

County Executive Collins: "Okay Director Kruly, does not understand the difference between capital and operations."

Chairman Baynes: "Director Kruly does understand it and I take offense to that and I wish you would not insult my members please. That is just wrong, County Executive Collins. I would not do that to you; I respect you, I respect the Legislators and I would appreciate you not insulting my board members."

County Executive Collins: "Don't talk over me. Director Kruly stated that our $10 million surplus would have been a deficit had we borrowed the $15 million for ECMC."

Chairman Baynes: “He did not say that.”

County Executive Collins: “Well we will replay the tape.”

Chairman Baynes: “Yes we will. Director Johnson any questions?”

Director Johnson: “Mr. Chairman, thank you. I have refrained from asking this question for quite some time but I am going to ask it today and it’s the “Little Guy” question.”

County Executive Collins: “The what?”

Director Johnson: The “Little Guy” question. It comes from people out there who are struggling because they have lost jobs, can’t pay their taxes and see spending continue to go up. What is it that prohibits us from having a four-way consensus of doing business on behalf of he tax payers cheaper and less expensive even if it doing borrowing for capital projects that is already been demonstrated that it is cheaper by one entity rather than another. What is it that prohibits us from moving forward on behalf of the taxpayers? Forget about your political careers, forget about everything but let’s save something for the “Little Guy” who has come forth and put us here to deal with it. I know why the ECFSA was created. Having sat down there in NYS government for many, many years and in many of them others were created to do the same thing and that was to keep local government out of the state budget asking for money when you can’t do for yourself what you are asking us to do. What is it that prohibits us from having a four-way; the Legislature, the County Executive, the Comptroller and the ECFSA from having a four-way consensus saying that “Little Guy” who just ran out of gas because he was trying to make a delivery in his truck.”

County Executive Collins: “That little guy is paying $600,000 a year for you gentleman to sit there.”

Director Johnson: “I don’t get a penny for this so I don’t know where you are getting that from.”

County Executive Collins: “It is the cost to the County.”

Secretary Keysa: “None of us on this board get paid a cent.”

County Executive Collins: “Well Executive Director Vetter is paid and the cost to the County taxpayers. That “Little Guy” you are referring to is paying $600,000 a year because of the existence of the ECFSA.”

Secretary Keysa: “If we had not been here don’t you think that that debt load per person which went down by about some $30 some dollars in the last year would be about $80 higher? I do and I think most of the people out there do. I am told, for years I was in government and I am going to tell you that I have far more people, unknown, walk up to me and say “thank you, it’s good you are there with that board. Keep doing what you are doing, because we know what is happening to the County and we know what the results are” and the results are that this County is not spending money the way it would be spending money otherwise if we were not here.”

County Executive Collins: "Well I don't need you to tell me how to spend money. I don't waste money. I spend every day looking for savings. We are finding savings for the taxpayers every day and one of the savings that I intend to deliver to the taxpayer is showing that we don't need an ECFSA at a cost of $600,000 a year and the best way for me to ensure that happens is to not allow you to borrow money."

Secretary Keysa: "But you would have the taxpayers of Erie County, for the next four years pay $6 million dollars so you get us out of your supervision, so we are not in a position where we could look over your shoulder. You are willing to have them pay $6 million over the next four years."

County Executive Collins: "Well $600,000 times 30 is $18 million."

Secretary Keysa: "Well look at it for four years that is $2.4 million and that is if we are at that level, as opposed to $6 million savings."

County Executive Collins: "Spread over 30 years that is $200,000 a year."

Secretary Keysa: "And spread over 30 years we have already talked about the fact that this board is not a control board if it is in an advisory role. It can step back to the point that it can actually have one of the County personnel provide the services that are necessary to pay those bonds."

County Executive Collins: "The operative word is "can" and it is apparent to me that the gentlemen here actually enjoy staying in this control period and I am not holding my breath that this group would voluntarily step back and I don't want to take the chance."

Chairman Baynes: "County Executive Collins what happens if we revert back to a soft control board, will you let us borrow and save the County $6.5 million or would you still fight us?"

County Executive Collins: "No because I don't want to have the $600,000 cost whether you are hard or soft."

Vice Chair Glaser: "Let me ask the question this way. What happened between the point in time when you were elected on a platform supporting the control board and now? Now you are against it? That sounds like a typical politician to me."

Chairman Baynes: "A politician overnight."

County Executive Collins: "Well if you want to insult me feel free."

Chairman Baynes: "No I am just saying you are a politician, we are not insulting you."

County Executive Collins: "I answer to the taxpayers. I don't answer to your Board. I was elected by the taxpayers. We will let the taxpayers decide and I am saying to the taxpayers, I am going to work very hard to make sure the need for the ECFSA is eliminated and we have legislation in Albany to dissolve this board sometime in the next four years and I will not take the chance of letting this board borrow money that insures that in some manner shape or fashion that it continue for the next 20 years. That is my decision and the voters will decide whether or not that is the right decision and in the mean time I will not issue a determination of need for this board and I am asking that you allow the County to borrow the money for our infrastructure".

Chairman Baynes: "Thank you but that is not going to happen."

County Executive Collins: "In that case it is your responsibility for the infrastructure not being repaired by your refusal."

Vice Chair Glaser: "No it doesn't work like that."

County Executive Collins: "Yes it does because I can borrow money on Wall Street tomorrow and you cannot borrow it without my determination."

Vice Chair Glaser: "You cannot borrow without our determination"

County Executive Collins: "So we are back to the impasse which to me gentlemen as non-elected officials is not the responsible role."

Chairman Baynes: "County Executive Collins, one thing in your four-year plan, I didn't notice, there are district office for the Legislature at $800,000 a year so for the next 10 years is $8 million years."

Legislator Reynolds is yelling from the crowd.

Chairman Baynes: "Could you come to the microphone."

Reynolds is indicating that he will not come to the microphone and therefore not recording; see video.

Chairman Baynes: "I am not picking on you and there is no fighting. Thank you."

County Executive Collins: "I would like to point out again to people that I was ambushed today so that everyone knows. I did not know that this was going to be on the agenda. Everything I have told you is information that I have had so when you think this board doesn't have an agenda, understand that they deliberately ambushed me today which I am fine with because I can handle what has happened."

Vice Chair Glaser: "With that we are done."

Director Goodell: "Boy you are reaching."

Chairman Baynes: "Thank you do I have a motion to adjourn?"

Director Goodell moved to adjourn, seconded by Director Kruly and the Directors voted unanimously to adjourn.

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Respectfully submitted,

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Stanley J. Keysa
May 15, 2008

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Secretary