

ECFSA
June 18, 2008
Full Board Meeting

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

Chairman Baynes: “Good morning I would like to call this meeting of the ECFSA to order. I welcome my fellow Board members, public officials, interested members of the public, media and press.”

“Today’s agenda includes a presentation of efficiency grants as well as a brief discussion of a potential BAN. The first order of regular business is to approve the minutes of the meeting on May 18, 2008. They were submitted by Secretary Keysa and circulated in your Board book prior to the meeting. Could I get a motion to approve?”

Vice Chairman Glaser moved approval of the minutes of the prior ECFSA Full Board meeting, Director Goodell seconded the motion, and the following resolution was unanimously approved:

Resolution No. 08-61

**APPROVING MINUTES AND RESOLUTIONS FROM
THE MAY 15, 2008 MEETING**

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its May 15, 2008 meeting and ratifies and affirms five resolutions numbered 08-58, 08-59, and 08-60 that were approved on May 15, 2008.

This resolution shall take effect immediately.

Chairman Baynes: “Erie County has forwarded a number of contracts and I would ask Mr. Vetter to take us through those.”

Executive Director Vetter: “Thank you Mr. Chairman before you is a matrix of contracts and exemptions. The first item to consider is for the approval of items 1-1 through 3-4 on the contract matrix. Staff has gone through them and there were some questions but it appears that all the questions on these items have been answered and staff would recommend that all these contracts be approved as a slate.”

Chairman Baynes: “Could I have a motion to approve contracts 1-1 through 3-4.”

Director Johnson moved the following resolution, seconded by Secretary Keysa and unanimously approved:

Resolution No. 08-62

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

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

WHEREAS, the ECFSA first imposed a control period upon the County of Erie (the “County”) by adopting Resolution 06-49 on November 3, 2006; and

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

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

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

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

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

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

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

Department	Description	Amount
Erie Community College – Purchase Contract	Provide & install 130 compartments, 6 entranceways & 4 urinal screens in the restrooms of CEE North	\$88,975.25 – all college expense
Erie Community College – Lease of Cell Tower Space - Nextel	North Campus cell tower lease with Nextel	\$107,025 – college revenues
Erie County Libraries – Purchase Contract – Nylink SUNY	Renewal of subscription to the NYLINC/OCLC shared cataloging system	\$73,503 – all library funds
EC Central Police Services – Purchase Contract – Agilent Technologies	Agilent 5975 Series Mass Selective Detector for Central Police Services analysis of controlled substances & flammable liquids	\$80,495.72 – no local share
EC Central Police Services – Purchase Contract – Leica, Inc.	Purchase of Leica Comparison microscope for Central Police Services forensic lab firearms analysis casework	\$58,109.01 – no local share
Erie County Emergency Services – Purchase Contract – Motorola	Purchase of interoperable communication system equipment	\$193,072.57 – no local share
EC Environment & Planning - Service Contract – Waste Mgt. Inc..	Pickup and disposal of sewer plant incinerator ash	\$20,000 – all local share
EC Health Department – Receipt of Grant Funds – NYS DOH & Related Vendors	Children with Special Health Care Needs grant. Contract period 10/1/08-9/30/09	\$69,062 – no local share
EC Public Works - Purchase Contract – Trason Development Corp.	Change order for Family Court Building Noise Alleviation Project	\$6,387 – all local share
EC Public Works - Purchase Contract – Cloverbank Construction	Change order covering work being performed at “BB” building in the ECMCC campus – HVAC system & laboratory floor	\$49,560 – all local share
EC Public Works - Purchase Contract – Occhino Corporation	Ralph Wilson Stadium Outdoor Grass Playing Field Replacement	\$288,012 - all local share

This resolution shall take effect immediately.

Executive Director Vetter: ‘Mr. Chairman there is a second group of contracts but because of delays at the state and federal level the information will come in later. Staff recommends approval of exempting these agreement.’”

Director Kruly moved the following resolution, seconded by Director Goodell and unanimously approved:

Resolution No. 08-63

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 Health Department – Grant Exemption – NYSDOH, Partners for Prevention	Partners for Prevention Grant – Grant period 4/1/08 – 3/31/13 Grant purpose is to support a network of breast & cervical cancer screening providers for low-income, asymptomatic women age 18 and over	\$2,644,985 – no local share
EC Central Police Services – Grant Exemption – NYS DCJS & related vendors	IMPACT grant - Grant Period 7/1/08 6/30/09 provides funding to reduce violent crime and help in Firearms backlog of cases.	\$199,463 – no local share

Director Goodell: “The implicit in this is that the final figure when the RAN goes through is very close to what is here.”

Executive Director Vetter: “Director Goodell what the amounts are based on are award letters and if they are they will be reviewed and if there are any material difference if for some reason the grant is less than anticipated.”

Chairman Baynes: “We have three representatives from the County who will be reporting on six sigma, space utilization and alternatives to incarceration to answer questions and update us on their progress.”

Al Hammonds: “Good morning I just wanted to briefly update the Board and I was really looking forward to this meeting after all that help that I have gotten from the committee to help forward six sigma initiatives. This is what I consider my first quarterly benchmark to report. So I have five or six quarterly bench marks in the first quarter and all of my quarterly bench marks have been completed. We are about half way into the second quarter and 2/3 of those have been complete so we are on track that way. In terms of the projects; there are nine pilot six sigma projects. I won’t go into the detail on all of them but if you would like to ask questions, I would be happy to entertain them.”

“Two of the projects; the fleet management/fleet consolidation project and in mental health/children’s system of care, those two projects alone are targeted to save \$500,000 towards the \$1.1 million we have projected for this year. We are well on track on that and I just wanted to touch on that very briefly. On the fleet services, what I outlined for you are my findings. So what I promised you that I would report in the first quarter was getting into the define and measure phase. What we see is that there are \$3.1 million spent to handle fleet services, \$2 million of the \$3.1 million is in automotive supplies alone so obviously based on our data collection so far we are deep diving the auto supply line and also we cannot ignore the fuel costs. We have focused our efforts as well on how fuel is consumed as a supply expenditure.”

“Shifting gears to the children’s system of care, a radically different project. For mental health, the children’s system of care, what we have here is a situation where we have juvenile delinquents who need foster care and housing, so there is a residential treatment housing program that is set up where a significant amount of the money there is county share. There are other programs that are already in place that do not require County funds and what we are trying to do is reengineer the way we do screening for the juvenile delinquents to prevent them from having to go over to the special residential treatment facility to get them

more counseling. We are getting more details in those areas and it will be managed by a program called Family Voices Network. It is 70% funded so we are really looking at that in conjunction with a lot of cross functions with the department of social services, probation is involved. Those are just a couple of highlights of where we are in our initial phase. So we are on track to hit our saving for this year which is just over a million dollars. So we feel very confident about that. It has been quite a learning experience and I will say this. You guys kind of warned me that it would be different. I came in with a lot of zeal and excitement and I am still excited. I have been beaten down a little bit with the political waters and systems, you think you have gotten these variables figured out and then something pops up here and there. So it has been quite a challenges and I am not going to stand here and pretend that this is going hunky dory, it has been very hard work. Obviously we are going to stay the course and I would like to close out by saying that I have been very encouraged by union participation at different levels and a couple of members of the Board here to make sure I do not leave out the union, so we are working very closely with them especially the CSEA and AFSME. They have attended all of our champion trainings and they are watching my back on all of our steering committee work and coaching me. So that is it, are there any questions?"

Vice Chair Glaser: "I am sure there are a lot of surprises."

Al Hammonds: "Absolutely."

Vice Chair Glaser: "I applaud you for your efforts. Could you share you biggest most pleasant surprise to give us a sense of what you are running up to on a daily basis?"

Al Hammonds: "The biggest good surprise which is something I feel is watching the process; talking to the people as we are getting into the detail, you know the roll up your sleeves work, the stuff needed to do their jobs. We are very much document driven and to use the analogy of walking back into the 1960's and 1970's in the way that we are doing a lot of the processes. Everything is paper and everything is reporting, there is very little electronics so that was a surprise. I knew there would be some of that but it blew me away how paper driven and very little electronics and media so we definitely want to move more in that direction in our reengineering efforts. We will look at workflow and using electronics to help us. The biggest surprise is really when we look at the road blocks. I knew we had a lot of functional issues. We have about two touches and I think I said jokingly that documents may be touch

15-20 times and one of you said double that. You were right, there is a basket here and a basket there and put it here and put it there and people once they put it there they are done. It is a lot and it is very overwhelming and the culture change is tremendous. Beyond the six sigma statistics and the techniques the culture change that has to accompany the six sigma technology and statistics is huge and that is what we are working on. I am really trying to work on some culture change team building thing that we are trying to get underway and that is huge to. So I hope that answers your question.”

Vice Chair Glaser: “It seems to me and I try to take a page out of the private industry that one of the difficulties in most every bodies business is trying to figure out how to handle those less touches. It can be something as simples as populating information on one item and it seems to be twenty different places that you need to populate that same information. Are there work rules to prevent you from being efficient in that matter or is it a matter of processes.”

Al Hammonds: “I think at this stage, we are probably a year away from having work rule issues that I am dealing with in my project. We have so many basic items that we have to get under our belts first. The process changes and the reengineering efforts we are going to do, we and do well under the work rule constraints. I can’t confidently say that a year from now we will probably hit up against some of those. The biggest thing, really quick and here is one example is there is a piece of paper in the Department of Social Services that that is called a deferral. The cycle time to get that deferral complete is anywhere from 15 to 25 minutes for one deferral. What drives the cycle time is the social security number is not on that document when they get it. So if the social security number was on that document when they get it, the cycle time is more predictable and closer to the 15 minutes or less which at the volume of referrals that we process on a daily and weekly basis and we are talking 100’s to 1,000’s a week. That adds up and if you can knock 10-15 minutes of the process time we can get the back log down and save County share by just looking at that referral and how we process that and using electronic media that is available today. Making sure the feeding department gives us the social security number, etc.. It is a lot of those kinds of things and people don’t even see it. I am trying to train people eyes for flow eyes for waste but people just aren’t trained. They have great hearts, they are hard working, they want to do the right thing but really getting people to think differently about there jobs.”

Vice Chair Glaser: “One last question, is there anything at this point that you need from this Board that you are not getting?”

Al Hammonds: “At this stage no, I really wanted to have this meeting to kind of just kind of get in front of you guys and give you an update without asking for anything. When I come back for my second quarter report in August, that is when I will have to provide you with some substantial documentation or basis that we are on track, we will see some savings and at that time I will ask for the fall monies that I will need to get the next wave of projects running but you will need more information from me in August but I definitely wanted to do that. I wanted to make sure I took advantage of today so that you would get a parameter of how things are going on.”

Director Goodell: “Thank you it sounds like you are making real progress there, especially in discussing the paper shuffling which I always felt was caused by the auditors. I do have a couple of questions on your project charters. I am looking at the one that says reduction in overtime.”

Al Hammonds: “There are a couple of them. Is it Social Services or is it Buildings and grounds?”

Director Goodell: “This one is for Social Services. Benefits impact, \$100,000 and then we come down to the fact that in 2005 the overtime is \$919,000 and today it is \$2.9 million. So what we are seeing is an increase of about \$2 million and you are only hoping to get a \$100,000 which is 3-5%. What is holding back from getting half of that?”

Al Hammonds: “I want to make sure I have my numbers. No, honestly what I have learned on that one is that I have hit a major road block and in my learning of the way government works, our parado charts show three different categories that where we are attacking where the money is; where is the \$2.9 million. It is food stamps, temporary assistance and medicate. Food stamps and medicade are 100% reimbursed by State and federal funds. So where we thought that we were going to have this plethora of savings and we were all excited. I was thinking that this was going to be a home run project but what we are finding on those two projects is that even though we are going to do major reengineering and use lessons learned over and where the real money earned over in the youth detention and services our savings on that particular project from a county share stand point will only come from the temporary assistance bucket. The reimbursement amount for the County share

is 20.72% for the temporary assistance. So when you calculate the savings we will be doing good to get County share savings of just over \$100,000. We are going to see far greater savings overall but County share of just over \$100,000. I do foresee that we will exceed the \$100,000. I am looking at this year's savings in 2009 and in 2010 that is when you will see bigger savings that we can take a look at but I don't foresee much exceeding \$100,000 of County share. Partly because of the food stamps and medicaid equation."

Director Goodell: "Okay, then I would like to ask that our Executive Director dig in and see whether the County is reimbursed for that overtime as well as the normal processing cost?"

Executive Director Vetter: "Director Goodell, I can tell you because I worked in the Department of Social Services for years before working in Budget. I think what might be helpful is that you are looking at the \$919,000 versus the \$2.9 million. I think using ballpark reimbursements rates, the local share of the over time went from about, using round figures, about \$200,000 to \$600,000 so that the total opportunity is only about \$400,000 so if there is only \$100,000 in savings that is about a quarter of the entire opportunity."

Al Hammonds: "That is fair. "

Director Goodell: "One other question. This is somewhat confusing this is on the FP benefit enrollment. The objective is to increase the number of eligible participants enrolled thereby increasing revenues through reimbursement and getting dollars back from the feds of our tax dollars. Does this mean that we are not getting reimbursed for something nor does that mean that the personnel that we have can handle a greater work load?"

Al Hammonds: "The root cause of that issue to get to the real cause of that; if I am a person in need of family planning and benefit dollars and services, the person in that department of health who interviews me and takes care of all of my information. There is a way to process that application in a fair and competent manner such that if that application is done effectively that there is up to the 210,707 that we can get that is available to us at the state level to fund FPB individual families. So what happens is based on the inefficiencies and the ineffectiveness on how we handle the clients during the interview process, it is costing us County share dollars to provide those family share benefits where the money is available at the State level. So when it talks about in that charter getting \$220,000

that is money that is there to be had that we are not tapping into because of the process; the interview, the paperwork, etc.”

Director Goodell: “That gives new meaning to the word low hanging fruit; that is an easy one.”

Al Hammonds: “Exactly and most of the projects, well there is some difficulty with some of these projects and there is some easy stuff. We are doing a lot of quick hit.”

Vice Chair Glaser: “Just tell me, if I could ask a question. Basically if we were in the medical sector you would be saying that there is some improper coding or something like that. So that is what we have, is there a review process for that coding?”

Al Hammonds: “No and part of what 6 sigma will do is if you look at the demand process, define, measure, analyze, improve and control. When you get to the control mechanism, we are going to put monitoring systems, control charts in place to monitor the process so that we understand what is going on in an ongoing basis but as of today there is a review process but it is very loose, very loose.”

Vice Chair Glaser: “Again, I look at this as an opportunity to look at using computers and bringing us into the 21st century where you can generate a report that says here are 20 items that we need to look at because something is not right and you will be able to improve on them.”

Al Hammonds: “Exactly. A lot to of the jobs that we are digging into at every detailed level are very dependent on individuals 100%. There is very little standardization with jobs and processes which means if someone is out or having an off day, we feel it from a County budgeting stand point.”

Goodell: “I am delighted with the way you are going about this and what you are finding. I think that you are right on. I never called it six sigma, I called it make sure the blocking and tackling is done right and you are getting right down into where all that takes place and could work”

Al Hammonds: “We are trying. We have 81 different people engaged. We have the 9 green belts and they each have about 9 people per team that they are working with. So we have engagement as well but it’s hard. I will not pretend that it is easy.”

Director Kruly: “Fleet management and farm consolidation both are to shut down some of the highway barns that are in existence now?”

Al Hammonds: “Well it is funny that you ask because coming into the project in January that is what we thought the big issue was going to be; that we have X amount of barns and we have to figure out that that may be part of it but once again out of a \$3.1 million spent in fleet service but when we looked at the data, that data said that \$2 million out of the \$3.1 million is in auto supply. Now part of that is because of where the barns are located but we are focusing in on the management of auto supply and we are working on but I don’t want to jump to this fix to soon because the team is still working on it but preventative maintenance type measures. We are looking at so we don’t have to buy so many supplies. Once again there is just a lack of controls state. So there may be some barn consolidation but the low hanging fruit and the big opportunity is in the automotive expense and the fuel consumption.”

Director Kruly: “So it is less likely that you are going to try and shut one of the barns down?”

Al Hammonds: “They haven’t talked about that in the team; they haven’t talked about that at all. Not that we won’t get there but that is not where the immediate focus is.”

Secretary Keysa: “They haven’t talked about that service delivery, particularly in the winter months becomes critical that you have barns on either side of the snow belt; that you have the ability to travel to get to either side that you need to serve. The vehicles it would be difficult and some degree of consolidation might work but the location of those barns is important.”

Al Hammonds: “The location and how the barns are managed; the supplies and the labor, how we balance the hours. That is a big thing and the team is looking into that.”

Keysa: “What are the obviously to some extent for example, the delivery from outside but from the central inventory source.”

Al Hammonds: “A tremendous part of fleet management project is inventory, they are going to have a data base using Microsoft Access to access a database using Microsoft to manage inventory. You are right on the mark. One of the pieces of the puzzle and we would like to try tying into and I don’t want to steal too much thunder from my August report but we would like to try tying into what we are doing to SAP. SAP has a lot of untapped capability. We are not even beginning to tap into what we paid for SAP and it has some

awesome things. If you flip the switch for SAP to help us we are going to create bridges of fixes and connect it to SAP so that we can be more efficient with our controls. That is what you are going to see is some inventory management databases from the fleet project.”

Executive Director Vetter: “If I could, two things. One is that the Minitab software?”

Al Hammonds: “Yes.”

Executive Director Vetter: “I wanted to see how that was working and in the original efficiency grant application you were looking for about \$15,000 in software if there are any anticipation of additional software on top of the mini tab at this point?”

Al Hammonds: “It is hard to say, number one is that the money that I have allocated for software has been more than enough with what we are learning so I won’t need anymore monies for software. What I will say and where I am getting a little bit confused on the rules If I need software and can do it within the monies that I was allocated for software I guess I am okay with because at the beginning we got the money for Minitab which we are using and we will continue to use for he future belts but we may want to do something on a minimal scale the links with preventative maintenance type software as a bridge to quick savings in our pocket for the budget and then link it up to SAP because the link to SAP does not happen overnight. We will need time to link that with DISS so we might need money to link it up to that but we have enough money to work with at a software standpoint.”

Vice Chair Glaser: “As you keep on going forward with that and keep on getting surprises there will be some adjustments and we want to be as flexible back.”

Al Hammonds: “That will be great, yes I appreciate that.”

Vice Chair Glaser: “Just keep us appraised and we will do all we can.”

Al Hammonds: “Thank you very much.”

Director Johnson: “Mr. Al Hammonds, before you leave we talked about a couple of pieces here about juvenile delinquency and residential treatment services and the use family forces network is 70% state funded. Are there any local community based resources that are involved in this preventive services process?”

Al Hammonds: “I can’t answer that. I would say yes based on the team meetings that I have sat in on. As we continue to peel the onion of what is available to us, any untapped resources that are available for us to get our hands on to manage these funds, I would say yes but I don’t know specifically at this time. I know that the community based organizations tie in with the family voices network that I know.”

Director Johnson: “Let me put a caveat on the table than because of the long history of service I would strongly encourage that we do every thing we can for those youngsters that have ended up in residential treatment service by meeting there needs by meeting their needs within the context of their biological and extended families because those families needs being met within the community in conjunction with government but rather than the old approach of taking a child and putting them over here and putting a band aid on it and sending them back to the same family problems, we are not going to be able to eradicate the conditions that precipitate this young persons problems if we do not deal with the whole family issues and that is just one caveat. I am interested in knowing, as the delinquent services teams keep moving, how involved are they getting or engaging those community based organizations? We are looking at 70% state funding on some pieces, you have community based organizations that could be holding the trump card on the other 30% and County government could be seeing some savings overall.”

Al Hammonds: “Thank you for your input.”

Chairman Baynes: “Are there any other questions. Thank you Mr. Hammonds and we appreciate you taking the time. See you again in August and again in the mean time if you need anything we are available. Ms. Mazzone?”

Michelle Mazzone: “Good morning gentlemen. I am here today to provide you with an update on the progress that has been made with regard to the County Executives space utilization initiative. I would also like to take the opportunity to thank the board for all of its enthusiasm and cooperation. As we are all painfully aware, this community has discussed the need for the County to reengineer the way in which it uses space for many years. Most recently, the EC stabilization report prepared in 2005 and the space consolidation report approved in January of 2007 by this Board to provide a master plan, phase one for space consolidation and relocation. When considering some of the projects we have been working on some of the criteria we have used includes potential cost savings, more

efficient work flow and space utilization, user friendly and customer service space decisions and collaboration with the departmental management team. Some of the projects that I will be talking about today involve various department team leaders. “However today what I would like to do is to focus on some of the major projects we are working on. The first one is the department of motor vehicles. The elimination of this lease will save approximately \$910,000 over the next five years. The proposed action plan will be achieved by terminating the existing third party lease at 77 Broadway and moving the DMV into more efficient designed space located on the County owned facility known as the Rath Building. This initiative will allow the DMV to provide additional services to their customers while maintaining a limited amount of increased square footage by reengineering their space to achieve an efficient design”.

“Project #2 is the County Attorney’s office. The elimination of this lease will save a little over a million dollars over the next five years. This project involves terminating the lease at 29 Delaware and relocating the County attorneys to the 16th floor of the Rath building. Something that has been discussed in this community for quite some time and we are quite proud of that.”

“Other projects involve labor relations, budget, EEO, veterans and the status of woman. The use of space and customer service aspects in these divisions were analyzed and it was concluded that the services could be provided more efficiently by reengineering the space and could result in the utilization of less space. This relocation effort will also allow departments to service customers through collaboration. Overall the above mentioned space utilization projects will result in an anticipated average reduction of 42% of the current space used by the various departments involved. This is a result of space reengineering and departmental collaboration efforts.”

“A few other projects that we are working on that we consider potential opportunities are evaluating and reengineering the 12th floor of the Rath Building as well as the 15th floor. We are currently department of Health leases at several locations to potentially move Environmental field workers back into a County owned space which would result in an estimated savings of approximately \$130,000.”

“Continuing to review and renegotiate leases to ensure that the County is paying market rate. We are also evaluating various departments to ensure space efficiencies and recommending new

opportunities. We are currently working on a program to increase the common areas and utilize those areas by installing security doors and thereby providing additional space within the Rath Building to use as usable square footage.”

“We are also in the process of implementing a formal space request procedure that would require each department to outline space request and the reason for those requirements including potential costs. We are standardizing our current lease contracts to be used for most of the Counties future leased spaces including in short and long term leases. This will reduce the risk to the county and also increase productivity by reducing the amount of time spent by our County attorneys negotiating these leases. We are also working with various municipalities to provide free space to the County as opposed to using third party leases and we have had a pretty warm welcome with various communities. We are also working with a number of private developers and non profit agencies to see what their commitment is to the community on these projects and see if there is any opportunity for us there. We are also working with some of the wick locations to see if there are any community opportunities as well.”

“The County Executive’s space utilization initiative will continue to report on the findings in anticipated savings that will result as the effort to improve efficiencies and reduce costs continues throughout Erie County. The initial projects highlighted above will produce savings of over \$2 million over the next five years.”

Chairman Baynes: “It is \$2 million over five year and you are requesting from us for \$1.7 million.”

Michelle Mazzone: “Yes.”

Chairman Baynes: “That is \$2 million for the first five and that will continue forward.”

Michelle Mazzone: “Correct.”

Chairman Baynes: “... and the building on 95 Franklin, who owns that or who do we lease that from or 77 Broadway?”

Michelle Mazzone: “77 Broadway is currently lease from Uniland Development Company.”

Chairman Baynes: “That lease expires this year?”

Michelle Mazzone: “That lease expires in April of 2009.”

Chairman Baynes: “And the other space where the County Attorney is located now.”

Michelle Mazzone: “That lease expires in December of 2009.”

Chairman Baynes: “That is 69 Delaware?”

Mazzone: “Correct.”

Chairman Baynes: “Is that owned by 69 Delaware?”

Michelle Mazzone: “I am not quite sure who the landlord is, hold on let me look. Yes the landlord is 69 Delaware, LLC.”

Director Kruly: “On the move from the Motor Vehicles office to the Rath Building, there is no parking that you can provide customers. Are there any arrangements that are being made for handicapped customers that need to get into the building, parking in a ramp or something like that?”

Michelle Mazzone: “We have spoken with the Parking Board with regard to parking availability. There are surface lots near the Rath Building that we feel would be appropriate. There are other opportunities along the Pearl Street where we are going to be providing an additional entrance. We did talk to the DMV about providing parking potential so that some one could just pull up if they are handicapped and walk in. It would only result in 2 – 3 spaces at the most.”

Director Kruly: “The third item that you talked about in moving Labor relations, EEO, etc where are they going? Are they relocating in the Rath Building or relocating somewhere else?”

Michelle Mazzone: “We would relocate them to the Rath building. What we did with the majority of those additional uses is we utilized the existing modular walls that were within Erie County and have already moved forward with moving some of those offices and will continue to move the remaining office once we have received efficiency grant funding.”

Secretary Keysa: “To follow up on what Director Kruly has said, one of the interesting things that the NFTA has done is at the airport they have placed a service lot on the far side of the airport realizing that most people today have a cell phone, so than rather than take up

paid space or the valuable parking space while you are waiting for someone to come in. You can go to one of these other lots and wait for the phone call and pick up someone who is arriving. Many of the people who will be utilizing the Rath Building will need very short term parking and I can recall vividly many people sitting there around the building waiting for someone to be serviced. Would it be possible to find a service lot or someplace nearby where they could wait without having to pay parking fees until they get a phone call for someone to pick them up?"

Michelle Mazzone: "We talked a little bit about the parking issue when we met with the DMV and one of the conclusions that we came up with was that the majority of people that would be utilizing the downtown DMV work downtown. Typically the suburban community would use suburban DMV's but we could certainly look into some parking."

Vice Chair Glaser: "First of all, I am going to ask you the same question I asked Mr. Hammonds. That is after several months now, I am sure you've had some surprises. What would be the biggest positive and negative surprise that you have found so far?"

Michelle Mazzone: "I think one of the biggest surprises that I have found is the overall attitude of the County worker. We hear a lot about County workers and I think there is a very large misconception these people would love is to come to work and do their best and I think you need to help them with the tools necessary to do so."

Vice Chair Glaser: "Is that the positive or the negative?"

Michelle Mazzone: "That was the positive. The negative I guess is coming up here and talking to you gentlemen."

Vice Chair Glaser: "In terms of surprises early on it was a very difficult task for folks to even find all the leases that were out there. Do you feel that you have all the leases now or is there still a question of you don't know if you have all the leases now?"

Michelle Mazzone: "Wow that is a great question and it was quite a task. I feel very confident now that I do have all the leases but once again I could be surprised. I tried to contact all the division to be sure that I have all of the leases so hopefully we are on track. We have our formal lease list in place and we will hopefully have that available and on the internet for the public in the next month or so."

Chairman Baynes: “Could we get a copy of the spreadsheet of the leases? That I something that we have been asking for some time.”

Vice Chair Glaser: “The second question is the same thing we asked Mr. Hammonds. What else do you need from us and are we holding you up in terms of getting your job done.”

Michelle Mazzone: “I think everyone has been wonderful and cooperative. At this point the only thing I really need to get these projects in place is the efficiency grant for \$1.7 million and as soon as we get that we can move forward with the DMV and the County Attorney’s office.”

Chairman Baynes: “Maybe we should set up a meeting for this. Mr. Goodell is the Chairman of the committee.”

Director Goodell: “Mr. Vetter and I have had several telephone conversations on this and Ms. Mazzone has provided us with most of what I thought we might need but let me speak to that \$1.7 million. I am concerned that the \$1.7 million is a pit more than 10% of the efficiency grant funds that we have. I am uncomfortable with committing the whole thing at once on basically three projects. Furthermore I am concerned with committing it when there is no track record in terms of implementing a project. That we would be more comfortable approving these if we could see that promises have been kept as we move along. Mr. Hammonds is at the point where he is showing us some progress and it makes me feel a little more comfortable so what I would ask is that if you could help us break this down into pieces so that we could a step forward, measure your availability to excuse, take another step forward along that way. I realize that this is not that easy to move half of a department but maybe there are other ways that his could be broken down. We are not wholly confident of the Counties ability to execute these projects. I think we will hear something about that when our next speaking engagement.”

Michelle Mazzone: “May I give you additional information that may give you an additional comfort level with regard to the construction costs.”

Director Goodell: “It is not the costs. It is the ability to make it happen once you have the funds. That is where my discomfort comes into play. Perhaps you, Mr. Vetter and I can sit down and see if we can put this in pieces so we can dole out the \$1.7 million in chunks and I don’t know the size of those chunks right now.”

Michelle Mazzone: “I would suggest that, considering my backgrounds, and this very minute project from what I have worked on in the past. This is by no means in my previous world a large project, so this is a very manageable project and when we look at the total construction abilities and time line. I think we have to remember when the space report was issued they gave us a number of about \$69 million. The DMV project when initially priced in 2007 came in at \$1.9 million and it is important for us to note that we are doing not only the DMV project but the County Attorney’s and the real property from \$1.7 million. Really our cost per square foot is substantially lower due to the fact that we have really gone in and analyzed how this will work and how we can compare this to the private sector.

Vice Chair Glaser: “So you bid these out in a manner that was not piecemealing; we were going to do it all at one time?”

Michelle Mazzone: “If we don’t do this as a whole we will lose our cost savings.”

Vice Chair Glaser: “Do you have the project bids in already or do you have to get them going still?”

Michelle Mazzone: “We really need to get the project moving along, we need to go out to bid and that is why I really feel that is necessary to all three projects at once.”

Vice Chair Glaser: “It might be helpful along with the information that you already have and it sounds like you are really close anyway could you provide us with the timeline of working backwards from the time you sent bids with the biggest thing being that if a lease expires in April of 2009 you have to work back from that.”

Michelle Mazzone: “Could you say that again?”

Vice Chair Glaser: “If your lease expires in April of 2009, you have to be out of there?”

Michelle Mazzone: “Right, that is why our timing is important.”

Vice Chair Glaser: “That is what I am coming to, if this needs to move forward quickly we need to know that and don't hold it up.”

Michelle Mazzone: “If I may, let me give you an example that we put together with the assumption that the efficiency grant would be approved today and we would move forward with Legislative approval when the legislature returns from recess in September. Our anticipated completion date based on and this is prior to, we were assuming that

we were going to be talking about the efficiency grant today so this was done prior to that but we anticipated that but we anticipated an August 4, 2008 completion date. This is based on all of the projects that we have and there is more involved than just the three projects that we have to temporarily house the real property folks while we are doing construction so there are other things involved in the construction process.”

Chairman Baynes: “The \$1.7 million from us is to take care of all the construction costs? Are you just going to abate the asbestos or are you removing the asbestos?”

Michelle Mazzone: “We consulted with an outside engineering firm on the asbestos and we were advised that because of the work we were doing that the asbestos abatement was not required on the 1st or the 16th floor and they did advise us that the abatement was required for a new entrance. So the numbers include a new entrance but the numbers only include asbestos abatement for the floor only.”

Chairman Baynes: “So that \$1.7 million is for the first floor and the 16th floor completed construction.”

Michelle Mazzone: “Correct.”

Secretary Keysa: “There is an economy to scale by doing the two projects together that will be lost by separating them. Do you have any kind of projection of what that would cost if they were done piecemeal?”

Michelle Mazzone: “We don’t have an estimated cost if it were piecemeal but just from experience we know the cost would be substantially higher if we tried to separate the projects. I think it was enlightening for me to come from the private sector and see some of these construction estimates and I have to tell you I was taken back.”

Secretary Keysa: “Let me ask you on that, is that simply because it is public sector or is it evidence of David Bacon, Wicks law?”

Michelle Mazzone: “I think it is a combination of, well in the private sector it is a developer’s money that he is putting into a building and there is a bottom line that needs to be met. So he is going to make sure that he evaluates that project and if asbestos abatement is not necessary he is not going to abate that project. In the public sector it is done a little bit differently because in the past things are sometimes not thought of as our money. I typically ask people when they give me an estimate, “what would you do if this was your home.”

Chairman Baynes: “You just said that it was thought of as not our money.”

Michelle Mazzone: “Right and this is the mentality that are trying to change and we are trying to think about the County as a private enterprise.”

Vice Chair Glaser: “You are going to go out for bid on this project right?”

Michelle Mazzone: “Correct.”

Vice Chair Glaser: “Just to comment on what Secretary Keysa said, do we have any problems with this Wick’s Law, is it going to add costs? Can we avoid this?”

Mazzone: “According to the engineering company we do not have to abate the project. We are using union workers who will be going out to bid and will be following all the laws.”

Chairman Baynes: “Does anyone have any further questions?”

Director Goodell: “One further observation, this move of the Labor Relations department, Budget, EEO and Real Property and all of them together with a reduction of space of 42% that sounds like another candidate for Mr. Hammonds in terms of the silo concept and maybe there is some personnel savings there as well.”

Michelle Mazzone: “Yes, Mr. Hammonds and I have been working together on a lot of these projects.”

Chairman Baynes: “Are there any further questions?”

“What we will do is get a meeting scheduled. Ms. Mazzone if you can contact Mr. Vetter and/or Mr. Goodell we will get a meeting scheduled to discuss so we can discuss the \$1.7 million. We don’t want to hold you up and want to get moving on this.”

Mazzone: “Great, thank you so much.”

Chairman Baynes: “Thank you. I understand Ms. Martin is ready to make her presentation. I understand that this is your first time here and you are leaving in July. I hope we didn’t scare you away.”

Anne Martin: “Thank you for those kind words. This is my first opportunity and I want to start out by saying good morning. I do welcome the opportunity to present an update as to where we are on the efficiency grant and answer any of your questions. With me today

is Bridget Corcoran from the Budget Office. Ms. Corcoran as you know has been very involved in the grants and certainly was a part of this before I became the director of the department. I was Deputy at the time and George Alexander, my predecessor was in charge at that point.”

“I think it is important to mention that the initiative that is the subject of this efficiency grant is in fact part of a larger endeavor on part of the County address the jail overcrowding, the need to reduce and look at the populations in the jail. The subject of jail overcrowding reduction was part of another efficiency grant that funded a study by the Regional Office of the University of Buffalo entitled Alternatives to Incarceration. During the course of the development of our efficiency grant project, we were working very closely with UB as they were developing their report and I just think that it is important in one of the major findings in the UB study is that there are many variable contributors to the jail overcrowding and solution is multifaceted as well.”

“What I am going to talk about today is in fact the grant of \$515,000 which was to supply 50 units of GPS and 135 units of electronic monitoring and to specifically target individuals who are in the Erie County jail or the correctional center being held that may offer alternatives to release. So that is really what I am going to address today. I think it is also helpful to remember that we are also part of the larger overall criminal justice system and that our number one overriding concern is public safety and in working with the courts and the members of the judiciary; the District Attorney, local police officers, etc. It has been an important task if keeping everyone engaged and part of the discussion.”

“The original plan as I noted for GPS and what we decided in the discussions with Budget and considering all the implications was that the County was not ready to develop ATI's. At this time at least, it is very cutting edge and becoming more and more a mainstream technology and it is very costly because it relies not only on technology but the ability to respond to an alert when someone is released from jail on GPS. Someone needs to be tracking that in what is called real time. If someone violates the parameters of their GPS, a person, someone actually has to be able to go out and track down that individual. It is not something that can wait until Monday morning or the next day and so for that reason we decided to move forward with the electronic monitoring and then consider the GPS at a later date. We did purchase and receive in December of 2007 the first 1/3 of the 135 units which is 45.”

“In talking with members of the judiciary, the Sheriffs and local police departments, the DA it became clear that we needed to look at a number of different places in terms of where we might consider for release on electronic monitoring. The reason that the probation department was chosen initially to be the contractor and receiver of this is because we in fact have a server in our building and office at 1 Niagara Plaza and we have electronic monitoring units we use with people who are on probation both adults and juvenile offenders. We today have 78 individuals on electronic monitoring as a condition of probation. The server allows us to check whether they are in violation and that typically is done in the morning and that then might become the basis of a violation of probation. What we realized is that if we were talking about using electronic monitoring to release people who would otherwise be in jail that had to respond again in real time. In December of 2007, Sheriff Howard made a commitment that he would in fact have his staff available to do that response. The fact that we had the server and the probation department really became irrelevant at that point. The alternative and that is where we are at as we speak is that we will be developing a contract with a vendor for behavioral interventions. They will do the monitoring through a contract. The alert, essentially when the bell goes off will go to EC central police services. A dispatcher will notify the Sheriff’s and a road patrol car will go out to the home of the individual almost on an immediate basis so that is how the response is to be handled. That is quite different from the way we originally envisioned it and that has contributed to us needing to develop a specific contract and the law department taking on a different role and making sure the language was appropriate and revised our contract. The County attorney yesterday sent a letter to the vendor, telling them that an updated version of the software should be sent here and essentially that is where we are at with that. The target population, if I could just take a moment, will be individuals who are in jail who have been interviewed by our department’s pretrial services and in cases where we the probation department made a record of recommendation for release and the judge declined that recommendation and continued that individual in jail. We have been tracking that number and in a typical month it is about 20 individuals so that will be where we begin. So again, those individuals that we had a chance to interview according to our criteria determined that they were good candidates for release but for any number of reasons the judge declined to release the individual and set bail or low bail.”

Vice Chair Glaser: “This has been going on for a while and there have been some problems. Is this a pilot program in the country or are there other municipalities around the country that are doing this? Going to my point is, are we talking to them because many of the problems that you are probably facing have been faced by other people if in fact they have gone through this.”

Anne Martin: “As part of the UB study, a search of literature review was done and in terms of the GPS as well as the electronic monitoring of post disposition and pretrial and we certainly did learn from the UB study and have some guidance from them in terms of what categories we should be looking at.”

Vice Chair Glaser: “So the main stumbling block is the judges?”

Anne Martin: “Well we needed to develop a contract. We had not envisioned the monitoring by the vendor if you will and a whole different response. That required a whole different contract and that has been going on.”

Secretary Keysa: “I assume that when you originally looked at the fact that you had the server that this requires 24 hour/7 day surveillance?”

Anne Martin: “The way that we use electronic monitoring in the course of probation typically is that we have a server. We have 78 individuals today who are on electronic monitoring and a member of our staff does a check of the data to see what violations went off. There is no immediate response with our typical population. Now when we are talking about our offenders we are making a recommendation to a judge to release early on electronic monitoring and home confinement which is a different in application. We realized that the courts wanted something more, that they wanted an immediate notification and in order to do that instead of us paying over time 24/7 is an enormous cost. The Sheriff has road patrols 24/7 so Sheriff Tim Howard made a commitment to use his resources to respond.”

Secretary Keysa: “This outside monitoring would allow an immediate type of response as opposed to a delay of a day or two?”

Anne Martin: “That is correct the contract will allow for well our server is irrelevant at this point.”

Secretary Keysa: “Are the economies of scale coming from a separate monitoring system at this point?”

Anne Martin: "Correct, correct."

Secretary Keysa: "Without reviewing or jeopardizing security of the system could you tell us what kind of items trigger an alarm?"

Anne Martin: "The most common is when the individual leaves the house."

Secretary Keysa: "So there is a unit within the house that indicates when they leave?"

Anne Martin: "Exactly there is an ankle bracelet and the unit is attached to the land line phone and when the individual goes out of range the bell goes off if you will. So what BI would do and that is again the vendor is the first step they would take is to telephone the number that that unit is associated with to see if perhaps there is something that is unusual."

Secretary Keysa: So there is not something that is not something like the "help me I have fallen" type of senior alerts?

Anne Martin: "Correct."

Vice Chair Glaser: "It seems to me that this has been around for a while and it seems that here are a number of stumbling blocks. What kind of priority had this been given? Is it a low priority or is it a high priority? It almost seems that it is something that should receive some six sigma to go in there and kind of root out the problems because it seems that it shouldn't be that difficult. I don't want to make light of the problems because I know there are a lot of problems but we are not getting at it so is it a low priority or is it a high priority?"

Anne Martin: "Thank you for recognizing that it is complex and a large system and we again the business of public safety to make sure that we develop the most well thought out plan and certainly had not anticipated one of the variables here was we had to have a different way of responding if we were making that the judges expected something other than Monday morning or the following morning an notification to a judge that were making a recommendation to a judge, to a defendant that he or she was not going to release that he or she wanted to be sure that the court would be notified that there would be an immediate response and the shift in that direction took us to Sheriff Howard developing this contract."

Vice Chair Glaser: "I understand that but is it a high priority or a low priority?"

Anne Martin: “As I am saying on the part of the County Attorney there were some conflicting priorities that the County Attorney was working on and is back on track.”

Vice Chair Glaser: “Okay but is it a high priority to a low priority?”

Anne Martin: “Today it is a high priority and we are all concerned about jail over crowding and we are all concerned about the commissioner in corrections possible issuing an order to transport prisoners to other jails in the state.”

Chairman Baynes: “If one of this home confined people have an ankle bracket and leave the house on a Friday evening and there is a holiday on a Monday. The County will not know until Tuesday? Would they know on Saturday or Sunday; is somebody monitoring this?”

Anne Martin: “In this model...”

Chairman Baynes: “Today are they monitoring Saturdays, Sundays and Holiday’s?”

Anne Martin: “Today not in the probation department they are not. The current utilization in the probation department in Erie County does not include an immediate response. These are individuals who are on probation. One of the conditions is electronic monitoring. Many of them are DWI offenders’ and we do have special funds that support overtime for officers to go and check up on DWI offenders. The new application of electronic monitoring will immediate response.”

Executive Director Vetter: “I think just to put this into context for the moment that Erie County has had an electronic monitoring program for an extended period of time. If I could put a phraseology that what this is doing isn’t the low hanging fruit because anyone who would normally through existing systems be on electronic monitoring would have already have been in on electronic monitoring, this is the next phase beyond those who are normally in Erie County on Electronic Monitoring so that to actually do this and part of the reason that it is taking time is that there are so many people involved and so many technological organization systems that this is not something that is very simple and I am not sure if you wanted to go through what is actually involved from the judiciary and anybody else who is there.”

Anne Martin: “Thank you, sure it is a matter of an individual meeting a criteria to be considered and it is a matter of a judge being asked to issue an order of conditional discharge with electronic monitor the Court is

involved the jail staff will be supplementing an evaluation screening, members of the DA Counsel will have to be supportive of this and then the alert will from the vendor to central police services and the each commander for the Sheriff's who will dispatch a vehicle and home visit to the location will be to confirm that individual if he or she is found will brought into custody and taken back to jail. There can be an order to that effect or a warrant will be requested and the individual looked for because he or she essentially is serving or awaiting disposition of a case on home confinement."

Director Goodell: "I have one, perhaps the last question. You say that BI is the vendor. Are their other installations in the US of BI's material?"

Anne Martin: "Yes BI is a national corporation and have many departments in NYS and throughout the country."

Director Goodell: "Have we contacted those other locations to understand how they solve these problems. Particularly the ones in NYS."

Anne Martin: "I don't believe that we have and I don't know if anyone else has. I did frankly work in another large County in NYS where BI was the vendor and they were very highly regarded. They offer a lot of literature and training. They are experts in this field."

Director Goodell: "If they were experts in this field don't you think they would have warned us of some of these land mines that we are stepping on?"

Anne Martin: "I think it was our own fault in developing this process. We realized that the judges would need assurance that they would need an immediate response."

Director Goodell: "BI wasn't aware that that was important?"

Anne Martin: "I don't know that we had had that conversation with BI."

Secretary Keysa: "It seems to me that this is a relatively unsophisticated system and in essence it is home arrest and no ability for the person to go from their to work and monitoring that is irrelevant? Would that require GPS capability?"

Anne Martin: "It could. If there was a defendant who was otherwise a good candidate for electronic monitoring and release. There could be certain parameters built into the software. That is the way we do it with our 78 people; they go to school they go to work, they go to church, they may go to a doctors appointment with this software

they will be serving there time waiting for a court date but if allowing the individual to go to work makes the most sense that can be built into the software.”

Secretary Keysa: “So there is a GPS transmitter of some sort.”

Anne Martin: “No all that will happen is when the gentleman went to work the bell would not go off if you will. Let’s say I was on electronic monitoring and I was going to work at 8:30 in the morning and returning at 5PM, it would be programmed in but it would not track me, only GPS does that.”

Secretary Keysa: “So it may be a little bit less sophisticated than what is available at this point.”

Anne Martin: There are many tools and at this point they offer different things.

Chairman Baynes: “Thank you Ms. Martin.”

“We have been in discussion with the Administration on issuing a Bond Anticipation Note better known as a BAN for the Counties capital projects for 2008. These discussions have been very informal and good in context of getting people to rally around an idea that would help get capital projects done and save taxpayer dollars. David McNamara, our legal counsel has two resolutions that have been circulated to you that memorialize our understanding of borrowing authorization. Mr. McNamara?”

David McNamara: “Good morning, I will be talking about two proposed resolutions. The first that I will speak to is the two pages resolution entitled “Authorizing the Issuance of Bonds with BAN to fund Erie Counties 2007 and 2008 Capital Projects. It is relatively simple resolution authorizing the authority to issue bonds in the aggregate amount of \$63,105,000 in BAN’s to cover the 2007 and 2008 capital program of the County as the County has reported that program to us recently. That is made up of capital borrowing for 2007 in the amount of \$27,438,450 and for 2008 capital projects of \$35, 666,550. Again this resolution authorizes the Authority to issue bonds. In the event that progress is made, the negotiations with the County and the appropriate authorizations from the County are received subsequently to today to permit the Authority to proceed on issuance of a BAN.”

“The second resolution is tied to these discussions that have been ongoing with the County. Those discussions entail or envision a comparative analysis of the expense of borrowing or the issuance

of a BAN on behalf of the county and on behalf of the control board. There will be a side by side comparison and the discussions that have taken place it is contemplated that if this Authority can achieve savings in the BAN issuance that the County would then authorize the Authority to proceed with that BAN Issuance and if the comparative analysis with that BAN issuance indicate that there will not be material savings by virtue of the issuance by the ECFSA than the ECFSA will in turn upon a n appropriate application by the County authorize the County to proceed with its BAN issuance. Materiality during the discussions to this point have been focused on the construct of an anticipated \$87 million in capital project borrowing for 2007 and 2008.”

“The number that was discussed as being the trigger point for material savings was \$100,000. Given that the counties borrowing needs have been scaled back from \$87 million to \$63 million we will anticipate materiality of savings will have to be changed to reflect the lower number of borrowing that the County now anticipates. The second resolution entitled “Requesting The County Comptroller To Present The County’s Estimate of the Costs Of Issuing Bond Anticipation Notes” simply requests that the County Comptroller provides you with the anticipated costs of the County and its issuance of a BAN for \$63 million by Friday June 20 at 5:00pm which is a date that the County Comptroller has indicated that that information would be available. That information would then facilitate your analysis of the comparative cost of financing and drive your determinations with respect to that financing going forward.”

Chairman Baynes: “Does anybody have any questions for Mr. McNamara?”

Director Goodell: “Yes, some of the discussions that we have had involve the definition of the word cost and what I remember in particular is bond insurance and that the County would have to pay for bond insurance but the control board would not and the County tried to use the comparison of their borrowing cost with out insurance compared to ours. Is this issue dealt with in this resolution?”

David McNamara: “It is not dealt with in the context of the resolution. That is an issue that would be dealt with in your further analysis upon receipt from Comptroller Mark Poloncarz of the statement of the Counties anticipated costs. You would then be in a position to examine and determine whether or not the assumptions that are embodied within that document are correct or not correct and be in a position to compare it to your own cost of borrowing.”

Vice Chair Glaser: “And we respond to that because when we had our discussions the agreement that was reached was that they would include all the cost of borrowing on both sides exclusive of any cost relative to running the control board. They should really be apples to apples; that was the whole basis without playing any games.”

Chairman Baynes: “May we have a motion to approve the first resolution Mr. David McNamara had covered?”

Secretary Keysa: That is the resolution “Authorizing The Issuance Of Bonds And/Or Bond Anticipation Notes to Fund Erie County’s 2007 And 2008 Capital Projects.”

Secretary Keysa moved the following resolution, seconded by Chairman Baynes and unanimously approved:

Resolution No. 08-64

**AUTHORIZING THE ISSUANCE OF BONDS AND/OR BOND ANTICIPATION
NOTESTO FUND ERIE COUNTY’S 2007 AND 2008 CAPITAL PROJECTS**

WHEREAS, Chapter 182 of the New York Laws of 2005 (the “ECFSA Act”), as amended, 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, New York Public Authorities Law (“Public Authorities Law”) section 3961 provides circumstances under which the ECFSA may finance Erie County’s costs, including the costs of capital projects; and

WHEREAS, pursuant to Public Authorities Law section 3961(1), the ECFSA may commence such financing only upon a request “made by and through the county executive after approval by the [county] legislature;” and

WHEREAS, Public Authorities Law section 3959(2)(i) requires Erie County (the “County”) not to pursue capital borrowing on its own, “unless first reviewed, commented upon and approved by the [ECFSA];” and

WHEREAS, the County cannot borrow for capital projects without the approval of the ECFSA, while the ECFSA cannot issue bonds to fund the County’s capital projects absent a request from the County Executive after approval by the County Legislature; and

WHEREAS, on January 4, 2008, the ECFSA adopted Resolution 08-12, which authorized a “mirror bonding” transaction that would allow capital borrowing for County projects to move forward; and

WHEREAS, the County withdrew its support for the mirror bonding transaction in April 2008; and

WHEREAS, representatives of the ECFSA and the County have discussed circumstances under which the ECFSA might issue bond anticipation notes (BANs) to fund the completion of \$27,438,450 in projects in the County’s 2007 Capital Program, and \$35,666,550 in projects in the County’s 2008 Capital Program, for a total of \$63,105,000 in capital projects;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA is hereby authorized to sell and issue up to \$63,105,000 in bonds, and/or notes in anticipation thereof, to fund the County’s 2007 and 2008 Capital Programs, which bonds and/or bond anticipation notes may be secured by the County’s sales tax revenues.

This resolution shall take effect immediately.

Chairman Baynes: May I have a motion to approve the second’s resolution entitled “Requesting The County Comptroller To Present The County’s Estimate Of The Costs Of Issuing Bond Anticipation Notes”

Vice Chair Glaser moved the following resolution, seconded by Director Kruly and unanimously approved:

Resolution No. 08-65

**REQUESTING THE COUNTY COMPTROLLER TO PRESENT THE
COUNTY’S
ESTIMATE OF THE COSTS OF ISSUING BOND ANTICIPATION NOTES**

WHEREAS, Chapter 182 of the New York Laws of 2005 (the “ECFSA Act”), as amended, 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, on June 18, 2008, the ECFSA Board of Directors adopted a resolution authorizing the ECFSA “to sell and issue \$63,105,000 in bonds, and/or notes in anticipation thereof, and to accept [Erie] County notes in security therefor;” and

WHEREAS, the proceeds of such bonds, and/or notes in anticipation thereof (“BANs”), would fund the completion of certain projects set forth in Erie County’s 2007 and 2008 Capital Programs; and

WHEREAS, the prospect for the issuance of such bonds resulted from discussions that included the ECFSA Chairman, the ECFSA Vice Chairman, the Chairman of the ECFSA Finance Committee, and representatives of Erie County (the “County”); and

WHEREAS, the ECFSA supports their efforts to bring about the most cost-effective financing of capital projects for the taxpayers of Erie County; and

WHEREAS, those discussions concerned circumstances that, inter alia, would determine whether the ECFSA or the County would issue BANs to finance the cost of the County’s 2007 and 2008 capital projects; and

WHEREAS, a determination as to whether the ECFSA or the County would be the primary issuer of BANs will depend upon a comparison of their respective projected costs of issuance;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA requests the County Comptroller to present the County’s estimate of its cost to borrow \$63,105,000 to fund the County’s 2007 and 2008 capital projects in writing to the ECFSA by 5:00 p.m. on Friday, June 20, 2008, for the purpose of allowing the ECFSA to analyze and determine the anticipated expenses associated with such proposed borrowing, and to compare such expenses to those anticipated in connection with the issuance of BANs by the ECFSA.

This resolution shall take effect immediately.

Chairman Baynes: There being no further business today I would entertain a motion to adjourn, is July 16th a good date for us to meet again?

Director Kruly moved to adjourn, seconded by Director Johnson and unanimously approved.

Respectfully submitted,

Stanley J. Keysa
Secretary

July 15, 2008