

ECFSA
Full Board Meeting
December 23, 2010

(Note: the following is a draft copy of minutes of a meeting of the Erie County Fiscal Stability Authority ("ECFSA"), which was held December 23, 2010 in the Auditorium of the Buffalo and Erie County Library. These minutes will not become final until approved at a subsequent meeting of the ECFSA, and may be amended before approval.)

Present: Chairman Daniel Oliverio, Secretary Keysa, Director Louis Thomas, Director Kenneth Kruly, Director Mark Walling, Director Catherine Creighton, Executive Director Kenneth Vetter

Chairman Oliverio: "Good afternoon everyone. Welcome to the December 23rd meeting of the ECFSA. This is a full Board meeting of the ECFSA. We are here today to vote on a number of items, including some efficiency grants that are related to the County Comptroller's office and the probation office. We also have some issues that involve the ECFSA's budget and also some discussion on resolution that we just had at our finance committee meeting. I will first hand the meeting over to Secretary Keysa to discuss the minutes of our previous meeting."

Secretary Keysa: "Thank you Mr. Chairman, you have before you the edited meetings minutes from our October 20th meeting of the full board. I missed one item. I missed the bold face date on the top of the page that says October 10, 2010 and it should be October 20th. Other than that they are ready for approval unless there are any additional corrections."

Director Kruly moves, Director Thomas seconds and the board votes unanimously to approve the following resolution:

**Resolution No. 10-31
APPROVING MINUTES AND RESOLUTIONS FROM
THE OCTOBER 20, 2010 MEETING**

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its October 20, 2010 meeting and ratifies and affirms two resolutions numbered 10-29 and 10-30 that were approved on OCTOBER 20, 2010.

This resolution shall take effect immediately.

Chairman Oliverio: "Thank you Mr. Secretary Keysa".

"Next on our agenda is the report from the finance committee report from Mr. Kruly. By the way this will be Mr. Kruly's last finance committee report. This is his last meeting so let's not forget to give him a round of applause and some thanks. Mr. Kruly?"

Director Kruly: “Thank you Mr. Chairman. We had three efficiency grant that we were reviewing. You, I and Secretary Keysa had the opportunity to hear from Mr. Poloncarz and Mr. Vito. I would rather not belabor that with the board but would rather have Mr. Poloncarz and Mr. Vito come up to be available to answer questions for the other three board members that were not on the committee.”

Secretary Keysa: “I don’t think we need another renewal of the presentation because the Board members were here during that.”

Comptroller Poloncarz: “Yeah, I have no interest in redoing the presentation so I will be glad to answer any questions that the Board members may have.”

Director Thomas: “Just one question relative to the audits. Does our committee have the right to ask for certain audits if we saw fit?”

Comptroller Poloncarz: “I don’t know if it is actually in your charter. I have never seen it. We have always taken requests for audits from any entity. We could with any entity like we did with the County Attorney’s office with regard to the photo copier. So if there is a particular audit item that the ECFSA is interested in that we could pursue. First we would sit down and see if it was feasible. There are a number of audits I would like to do right now but they are just so large for the number of staff I have right now. We could certainly sit down if there is something you are interested in, I’d be interested in it and we will see if it makes sense.”

Executive Director Vetter: “Director Thomas, with regard to our authority, we have the authority to perform audits on the County and we could work with the comptroller on audits.”

Director Thomas: “Do we have the right to ask?”

Chairman Oliverio: “That is correct; the act states that we have the authority to do that.”

Director Walling: “My question is really not for him. I do have a question for the chair which is based on your conversations with Mr. Vetter; maybe this a question for Mr. Vetter himself. How much money do we have available as far as efficiency grants are concerned?”

Executive Director Vetter: “There is just over \$139,787 for unrestricted efficiency grant money that have never been awarded for any efficiency grant purpose at the County. Originally we were looking at a couple of grants that had been awarded but were not drawn down. One was for probation for \$440,000 subsequent to informing the Administration, the Legislature and this body of that, is a Probation grant to reallocate money, the purpose to widen the scope of that grant for probation purposes. There is a thin client efficiency grant for \$1.685 million that the County has not drawn down and my understanding is that the County may come back to this board to repurpose that or some portion of that, not necessarily the \$1.685 million for some technology purpose. Those funds are still available but the county would not be coming back for all of that to begin with.”

Chairman Oliverio: “I can comment on that. For the thin client grant, they applied for the grant but did not realize that it was included in a prior capital request, so when we borrowed that

\$175 million, that project was actually funded. So I talked with Craig Turner and Mr. Vetter. They have been working on a project with the people on the state level to revamp the technology as the key note. The intake process with Social Services, they want to change the entire thing. Believe it or not they process 1 application per day per 1 person. They say they increase productivity, they hoped to improve that. He is going to present that in an efficiency grant after the first of the year. Believe it or not and I will believe it when I see it; this was created from a Six Sigma review. So I think that it would be prudent, since it is a project that seems to be worthy of funding. We keep some of that grant money in a place that we can get to it; obviously he is not going to need the entire \$1.2 million so we have a little leeway there.”

Executive Director Vetter: “There is one other that window of potential may be closing in that in July of this year, this Board voted to approve \$166,000 for a Six Sigma Coordinating position starting in January of this year. As of right now, the County Legislature has not voted to except those monies.”

Executive Director Vetter: “There is one other that the potential window may be closing on that in July of this year, this board voted to approve \$166,000 for a six sigma coordinating position, as of right now the County Legislature has not voted to except those monies. Legislative approval is part of the process. I spoke with a legislative staff member and approval of that grant will be considered at a meeting that is going on right now. So that may have been a possibility but that window may be closing as we speak.”

Director Walling: “Let me return to the topic of thin client technology. What I am essentially hearing is that it has already been paid for through other money, so doesn’t that actually negate that action of having approved that grant?”

Chairman Oliverio: “I don’t know if it was entirely paid for, all I know was that he was going to revise his grant application to reflect some of the additional points that I just made; that is all that I am aware of.”

Director Walling: “I am not asking you to give me that much detail but what I am wondering about is, as we sit here today, how much can we approve for efficiency grants in the aggregate and still make sure that we have funds to give those efficiency grants? That is the real question. I understand the points that you have made but let’s say we have about 5 proposals for efficiency grants which is not the case but if it were, what is the aggregate of what we can vote on today?”

Executive Director Vetter: “The actual new requests, total just over \$554,000. What Mr. Vito and Mr. McLaughlin are looking for here for is to simply expand the language on a grant that was already authorized for the County. Those would not be new dollars nor would they be an allocation to any other grant, that is simply expanding the purpose from being electronic monitoring devices solely to being electronic monitoring devices plus kiosks, software, etc.”

Director Walling: “I understand that and maybe I am not making myself clear enough. We have \$147,000 in unrestricted funds. If we want to vote to give the Comptroller’s office more than that, do we have the authority to do so? That is my question.”

Executive Director Vetter “Yes. My understating is and we have adjusted grants before. After we approve this, the information goes to the State Division of Budget. They may ask questions about what we do because they do their own review but this is money that is encumbered at the state level authority. This money is encumbered based upon our resolution, so if we amend our resolution at the state level to say we are repurposing a portion of a grant that we already approved that becomes the amended purpose for that grant.”

Director Walling: “I think that clears it up.”

Secretary Keysa: “Thank you basically the same questions. Basically what we are looking at here is that the finance committee looked at three efficiency grant; all members in favor with Director Kruly for the efficiency grant reallocating moneys for probation. Essentially though the probation funds would be existing funds that are already allocated for probation that will be repurposed. So that takes \$400,000 off the table. Considering the \$166,000 we have for the Six Sigma program in front of the Legislature, I think it also might not be wise to consider that today. I think it wise that we allow the Legislature to do what they will with that. We may have that back again. So basically we have short of \$400,000 in unrestricted funds. As I read it we can tap the \$.685 million thin client software, so that we should essentially have enough to provide all if not most of the funding that the Comptroller is looking at.”

“One of the concerns I have is that the funds that were requested do not have, the benefits attached to them. It would be my preference. Even if there are other funds still available under the funding that was provided already for benefits, that we can still consider the benefits applicable to the various positions. We also did not make a recommendation in the committee as to how positions we would fill out of the requests that we have. Essentially under the collections were looking at 3 requests. There is a request for 7 positions for auditing.”

Comptroller Poloncarz: “I would be glad to go over all of those positions. I know there is one position in there that you probably take a look and say why would you include this in the collections area? That is for the secretary position. He does nothing secretarial. The secretary is person the name of Robert Farmer; we hired him a few years ago and works solely in collections. He used to a specialist with GE Capital and was one of their best collections agents. We brought him into the County works in conjunction with property tax departments, in both hotel tax and property tax and he assists the Probation department with Lorrie Neecham. He does nothing secretarial and does everything related to collections. I want to remind you folks that out of the 15 jobs that were proposed to be cut I did not ask for all the 15 back. I only asked for 10 which were 7 in the audit function and 3 in the collection section. Regardless of what happens with the passage we will have to close the cashiers in Erie County. There will be no individual who can pay their taxes in cash. They will have to pay it with check or money order because the cashiers are not included in this and will have no one to serve the cashier function. This also means that folks that pay cash through other facets of Erie County Comptroller’s office the cashiers will be closed; I have no choice. We made an agreement in deciding how to craft these efficiency grants to bring back the people that provide the most productivity and savings to the taxpayers.

One of the things that will happen is we will be able to process electronic payments but no longer in cash. Mr. Farmer, whose title is Secretary is going to be in control of all that. He is going to be the manager because the other accountants are going to be in charge of handling that other areas of tax collection. I just wanted to note on the requests by some of you I did not ask for the entire audit staff, I asked for the ones that I felt were needed to get my job done.”

Secretary Keysa: “We may need to brief recess on this so that we can determine e the numbers that we have.”

Chairman Oliverio: “Before we do that, Mr. Vetter could you explain what you just explained to me and what I explained to Mr. Kruly? How much we would need assuming we funded the requested auditors and the tax collectors.”

Executive Director Vetter: “Yes, Mr. Chairman, I think based upon the information given to me, if 6 of the seven positions, who have positions of Senior Auditor, 3 staff auditors, 2 accounting auditors if those are funded through an efficiency grant, that totals up to about \$333,000. If we need to add fringes to that, actually the County fringe rate is just under 45%. Again to fund those position, I would assume a little bit higher at maybe 47% to fund those position in total assuming the County would need fringe benefits, that would be \$489,533 for those positions. For the tax collection people and that is assuming only those that have accountant in their title; that would \$101,719 in salaries assuming that fringe benefits have to be there is \$47,807. The total amount if this body were to vote for those positions plus associated fringes the total for this body would not exceed \$639, 059.”

“I distributed the information to this body regarding fringe benefits, I had extensive conversations with the Deputy Comptroller regarding fringe benefits but as a precaution that a fringe calculated is included here but if it be the pleasure and direction of this board in a draft resolution together, if there are funds that the County does not need for whatever purpose for this grant then those funds would not be drawn down under this scenario that was just brought to me. It would max out at the \$639,059 amount.”

Chairman Oliverio: “In terms of how I understand this, whether the County picks up the fringe benefits or not, our number is that it will not exceed \$640,000. My rough calculations we have \$130,000 so we will have to pick up \$500,000 out of the thin client fund to do this and hopefully less if the benefits are coming from the County.

Comptroller Poloncarz: “The fringes across the budget are all overstated. If you look at the document that we provided yesterday...”

Chairman Oliverio: “Not to intercut you but in terms of time...”

Secretary Keysa: “I’m going to suggest that some point that we take a minute to recess to go over the figures that we have come up with. We are not finished with the finance committee report. We are in the process of asking if there are any questions and I think we have completed that.”

Comptroller Poloncarz: "I would be happy to answer your question on the fringes. In 2009 in our office alone, the fringes were just about \$100,000 difference then salary with \$793,000 in salaries. The administration has overstated fringes throughout the entire budget; we didn't ask for that money they put it in there. That is why we didn't, when we sent the efficiency grant over we did not ask for a corresponding rise in fringe because that is how he is padding his budget."

Chairman Oliverio: "Mr. Poloncarz please...If the fringes are taken care of by the County then they will not need to be paid by this body in the grant and that is what the resolution says. Correct? If there are no other questions, let's move onto the remainder of the finance report."

Director Kruly: "The other efficiency grant relates to probation and some changes in a previously submitted efficiency grant. Mr. Vito is CPS Commissioner of Probation. He is here and he can answer questions for members who were not on the finance committee."

Director Thomas: "The original request some time ago for the bracelets is there any reason why it was allowed to sit and fester like that over a period of time?"

Commissioner Vito: "Sir, that was well before my tenure and we had tried to implement that but because of reductions in staff it just didn't work and we didn't want to buy equipment that we weren't going to utilize."

Director Kruly: "Thank you Mr. Vito, a motion would be in order to move this resolution. I am not going to move this because I am not in favor"

Chairman Oliverio moves, Secretary Keysa seconds:

DISCUSSION:

Director Walling: "Well I am certainly not prepared to vote on this. I don't think it makes sense that spending additional money, as was so eloquently stated by Mr. Kruly, that with massive cuts in probationary staff, it just doesn't seem to be making sense from my point of view to be giving this grant at this time."

Director Creighton: I missed the remarks from Mr. Kruly in the Finance Committee meeting. Mr. Kruly, could you repeat those?"

Director Kruly: "My feeling is Mrs. Creighton that the probation department is substantially cut in the budget; between 28 – 30 people. Many of them probation officers and my personal feeling is that probation officers are the front line in the criminal justice system. I think this is a poor substitute for having probation officers. I understand that kiosks are cheaper; they don't take vacation and don't call in sick but there are some things that money needs to be spent on a portion of which is coming from the State of New York as a reimbursement. I am against this resolution because I think it is a band aid on a major hemorrhaging and it really doesn't solve the problem that they have in probation right now."

Director Creighton: “This sounds like another example of pennywise and pound foolish, where decimating the probation department may lead to huge increases in incarceration costs. I think that the judges are struggling with it as well.”

Chairman Oliverio: “I don’t know if you caught my comments or not but I have some experience with this. We have been short staffed in the probation office for a long time, certainly before Mr. Vito. The kiosks though, I have seen work in other venues including federal courts. They really work in terms of freeing up time for the PO’s. With the PO’s that we have left in this County, this will certainly result in an efficiency that is substantial for them because non violent felony offenders or felony offenders who are at the end of a probationary period that appear to have reformed to have them go to a kiosk instead of taking 30 minutes of a PO’s time is substantial. This works whether you have a full department or not. It makes people more efficient and it works, from my personal experience, I know that it is effective. So I am in favor of this”.

Director Walling: “I will say something else, a long time ago, I was an intern in a probation office and I don’t think there is any substitute for the personal contact from the probation officer. I just don’t buy the idea that kiosks are going to do the job.”

Chairman Oliverio: “Is there any other discussion.”

Director Creighton: “It’s not so much whether the kiosk will do the job so much more then it is for the reallocation for the electronic bracelets. I think that was also an efficiency that wasn’t used because there was not enough staff to develop it.”

Secretary Keysa: “I think there is also the question of, when they asked for these things, we thought that they would have a monitoring process going on. We discovered after the fact that no they didn’t. Every two or three weeks we go back and look at where they were and it was absolutely ludicrous as far as serving any type of barrier for something they shouldn’t have done.”

Chairman Oliverio: “The bracelets are something that is functional but there has to be monitoring. I have clients who have used the kiosk, I have seen the kiosk and it is something that will definitely help our PO’s do their job. By the way they are very durable; they are similar to arcade games with minimal maintenance.”

Secretary Keysa: “I think know that we have lost the probation officers and I regret that. Nevertheless, we are going to have to recognize that there are a whole series of things that are going to have to take place, that is what we are looking for going forward, we have to make things more efficient and this is one of the ways of doing that.”

Chairman Oliverio moves, Secretary Keysa seconds and the Board votes on the resolution as follows:

Director Walling	no	Director Thomas	no
Secretary Keysa	yes	Chairman Oliverio	yes
Director Kruly	no	Director Creighton	yes

The resolution fails.

Chairman Oliverio: "I am sorry Mr. Vito, the resolution fails."

Secretary Keysa: "I think we had one other topic on the finance committee?"

Director Kruly: "Actually we have two. We had the discussion of looking at going into a control status. I have taken the liberty of preparing a resolution which I have provided to the board last evening and I will distribute hard copies now. I am not going to belabor the discussion, I had my say. I think I can make a good argument for the fact that we have had the law violated and that we should be in a control period. I respect the and we are all entitled to our own opinion on the whole thing but I would like to move this resolution for purposes of putting it on the table, so that we can discuss it."

Director Kruly moves, Director Walling seconds:

Discussion:

Secretary Keysa: "The discussion I would have is that, I would like to see more recognition of Mr. Oliverio's comments at the finance committee meeting because they are very valid in terms of the fact that we need to have a plan. I would also like to see more of these specific comments Mr. Kruly had made in discussion earlier added to this resolution so we are pin pointing what we are concerned with so that people get a greater understanding of the risks and threats that are out there as we move forward. They should be part of the resolution."

"The other concern I raised previously, is that I have been watching a number of things; "Crystal Ball" type of gazing, nevertheless I would like to have some information for the past server of months as to what took place this season and what is taking place with the general economy because I think that will affect the decision. It may affect it adversely and it may affect it positively. There are things that the Legislature and the County Executive have in play at the moment, not the least of which is the Legislatures disallowance of a number of positions and so forth results in a reduction of the real property tax. If that in fact is supported by the courts, that means we have a reduction in real property tax this year but it adds as much as \$78 million to the gap going forward in the 4 years going out. We need a little more information then we have in place at this time. I would move to table this item with the request that the staff in communication with the members more fully develop the resolution but also develop a plan of what the board would do if it were in a control period."

Keysa moves to table, Oliverio seconds:

Discussion:

Director Creighton: "I concur with Mr. Kruly that for the four year outlook the assumptions are not reasonable or appropriate and that we could at this time go to a hard control. However, I also agree with the comments that Mr. Oliverio made that we don't have a plan in place at this time but in addition that we said in our last resolution of October 20, 2010 that we would give a period of time, until February 1, 2011 so that

the county should submit additional information or action plans. That date has not yet come but I think we should let the county executive know that we are serious about this and are interested in seeing this information. I also agree with what you said Mr. Keysa.”

Secretary Keysa: “I would add to the motion to table that we seek that information by February 1st and that we act upon that by the end of February.”

Director Thomas: “I would also like to give my opinion on the issue itself. When we look and discuss a the last meeting what the budget was, it was iffy at best. It was the “crystal Ball” things: whose plan was better than the others. Long term I think we all agreed that it was a problem and we wanted to sit back and see whether it was going to get affixed and be in a better place before this meeting. I don’t think that it is in a better place. I don’t think the position of the State is good. It is not just looking at the national problem as far as income to communities in concerned, I think we really need to concentrate on how much trouble our state is in because that is what we are a part of and that is thin g that we have to pay the most attention to. What is going to happen with the state? Personally I have not seen anything good. We are about to find out after the first of the year what direction our state is going to be that will give us a better idea of what is going to happen in our county. I remember when we were a hard board, I remember when we tried to convince the county to borrow through us to save money when the numbers were even worst then they are now. I credit the chairman with getting the County to finally agree to borrow and finally save some money. Let’s use what we have available to us to finally make a difference. Those things could have and should have been done before and they didn’t. The problem is that there a lot of things that could and should have been done.”

“I think it was very unnerving for me to see that part of the budget cutting the auditors; the checks and balances. I also feel that looking at the report that Mr. Poloncarz gave to us the last time, the number of the recommendations that were made to the County, were the County could have accepted them and save money as well. I think we need to look at efficiencies; how can we do things better. Let’s not make this political, let’s be part of the solution and not the problem. I really think that e has the justification to become hard under these circumstances but I fully support tabling this motion so that we can put information together to allow us to take a look at a plan and make decisions as to how we should proceed after we get the documents from the County.”

Director Walling: “I have a few comments if that is alright Mr. Chairman. During the finance committee meeting there were a lot of things said that made me realize that things have gotten worse since our last meeting. It is pointed out that the gap in future years will be effected negatively by the fact that it appears that this budget will rescue the real property tax base and if that is the case then the deficits in future budget years will be worse. That is certainly not factored in to the budget. I certainly agree with what Secretary Keysa and Director Kruly said in the finance committee meeting about the unrealistic projections in the County Executives budget for the growth of real property rate and tax rates. Secretary Keysa is right; it makes no sense for a 1.7% growth projected for the US Economy for somebody in WNY to say the growth will be 3%. I don’t understand that kind of reasoning at all. I was certainly

considering voting for the resolution to go to a hard control status and I see nothing in the current situation that makes me less inclined to vote in that direction. As Director Kruly said, we are the last bastion in protecting the taxpayer. I haven't seen any indication since our last meeting that the county executive takes our role seriously and I think he is ignoring our role in county finances. I think the basic facts that are set forth in Mr. Kruly's resolution are virtually impossible to refute. The only reason that I don't think this matter should be voted on today is that we want to make sure we get our ducks in a row. In fairness we did set a February 1st deadline, in retrospect, I think it would have been wiser to set a December 1st deadline in our resolution but that is hind sight and that is 20/20. It is overdue for the County Executive to take this body seriously and I don't think that is currently happening."

Secretary Keysa motion to table, Chairman Oliverio and Director Kruly opposes.

Chairman Oliverio: "I suggests that on this issue, this body schedule another meeting for early January and at that meeting we can discuss several things; I would like to hear from our lawyer David McNamara about what our powers are, what alternatives we have and what we can do in a control period. I would like a summary of that Mr. McNamara for the entire group because we have some new members."

Secretary Keysa: Could I suggest that be done behind camera.

Chairman Oliverio: "Mr. Keysa we will talk about that but my opinion is that we represent the citizens and taxpayers of Erie County. I will consider the request but would feel..."

Secretary Keysa: "It is normally a client –attorney privilege."

Chairman Oliverio: "I understand and I think I will be willing to waive on something like that."

Director Creighton: "I would not be willing to waive on that."

Chairman Oliverio: "We will talk about it when the time comes. I would be happy to think about that and if we have to vote on it, we will vote on that."

Director Walling: "Excuse me, I think I am missing the impact of this discussion. So the discussion is whether we would be getting advice from our attorney record on or off the record. I will state from my opinion that it is always better to have the attorney client privilege protected and I am not prepared to give it away."

Chairman Oliverio: "I am not asking for legal advice, I am just asking him to review the statute with us but if you would like, I will obviously defer to the other lawyers on the committee."

Secretary Keysa: "If he is just going to read the statute to us that should be public. If there is discussion beyond that, I think that should be a privileged occasion."

Director Thomas: "There is going to be discussion beyond that and I think that is the point. We can all read. I guess this is what happens when there are too many lawyers."

(laughter)

Chairman Oliverio: “I guess what you are getting to is my second point. The second thing I think we need to do is to should sharpen our pencil and set forth a plan. We talked about growth rates by one source being 1.7%, we have to look at the Counties budget projections and say which ones we think are wrong, why and which ones we think they should be. We need to put together a proposal amongst ourselves and a plan to ask the County what they are going to do to remedy some of the items that are problematic because when February 1st comes, depending on what we have and I will get to that in a minute. We have to have a plan in place. These are some of the things I will like to talk about at that meeting.”

“The third thing, I will with Mr. Vetter’s assistance, personally take the lead in drafting a letter to the County Executive and the Legislature that will set forth and I will pass it by every member of this body of course for your approval, that will set forth what information we need and by when, a deadline and how we propose to use that information. I will have it hand delivered over their and we will see what response we get. Then we will take it from there. I personally want to know, what the actual practical things we can do as a body to move these bodies forward to get where we want them to go. That is what I am looking for Mr. McNamara to discuss and then we can ask questions. I was not around for hard control status, so I’m not aware of what that entails.”

Secretary Keysa: “I would comment that it is not our job to run the County and has not been. It is our job to oversee the fiscal stability of the County and it is only on a last resort that we would run things on a day to day basis. Hopefully the Legislature and the County Executive will understand our concerns and start doing things between them and together in a way that they have not been doing so that it unnecessary for us to make this change.”

Chairman Oliverio: “I agree and I want to give them the very best opportunity to do that by providing them with the information they need, what our opinions are and what we feel needs to be done in an advisory capacity. We are perfectly capable of doing this as an advisory board. That is something that we can to. If they do not provide us the information that we have requested, then it will be very easy for us to go into a control period.”

Director Thomas: “What is going to interesting is how our requests for information are going to be dealt with. If memory serves me right they have been ignored.”

Director Kruly: “We have the Authorities budget Mr. Chairman. I could have Mr. Vetter go through it briefly.”

Executive Director Vetter: “Mr. Chairman, the proposed budget has been distributed to the board members for a period of time. The 2011 proposed budget which was recommended for approval by the finance committee totals over just \$511,000. It is just under 20% below the 2010 budget. Significant items that have been reduced as a result of lesser use of outside services and consultants: in particular legal fee. I think a change in managements conduct to go staff to staff and fewer involvement with Authority legal counsel and County legal counsel has saved some cash. We are attempting to save

money just like everyone is. I am proposing this budget that would allow us to perform our duties and try to be as efficient as we can in doing so.”

Director Kruly moves, Director Walling seconds and the board votes unanimously to approve the following resolution:

Resolution No.10-32

APPROVING ECFSA BUDGET

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

WHEREAS, Title 2, Part 203 of the New York Codes, Rules, and Regulations (NYCRR) requires public authorities to prepare an annual budget and financial plan in accordance with several provisions set forth within; and

WHEREAS, Title 2, Section 203.10 of the NYCRR identifies the ECFSA as a public authority for purposed of Part 203; and

WHEREAS, ECFSA staff prepared a proposed annual budget for the 2010 fiscal year and a financial plan for the 2011 through 2013 fiscal years; and

WHEREAS, Title 2, Part 203 of the NYCRR also requires that the annual budget and financial plan, and all amendments or modifications thereto, be approved by the Board of each public authority; and

WHEREAS, the Executive Director of the ECFSA has certified that, to the best of his knowledge and belief, the attached budget is, after reasonable inquiry, based on reasonable assumptions and methods of estimation with the applicable regulations being satisfied; and

WHEREAS, the approved budget and financial plan must be made available for public inspection, whenever practicable, not less than seven days before the commencement of the next fiscal year and must be submitted to the State Comptroller within seven days of approval by the Board in an electronic format prescribed by the State Comptroller; and

WHEREAS, the ECFSA Finance Committee met on December 23, 2010 to review and opine on the budget and recommended approval by the full board at its December 23th meeting.

NOW, THEREFORE, BE IT RESOLVED that the attached ECFSA budget is hereby approved as recommended by the ECFSA Finance Committee at its December 23, 2010 meeting; and

BE IT FURTHER RESOLVED that this Board directs ECFSA staff to make the adopted budget plan available for public inspection and to submit the document to the State Comptroller as directed in Title 2, Part 203 of the NYCRR.

This resolution shall take effect immediately.

Secretary Keysa moves that we take a recess, Director Thomas seconds and the board votes unanimously to recess.

Chairman Oliverio: “Can we please reconvene. We recessed for a moment so that we could get our numbers in order for the efficiency grant from the Comptroller proposed to restore two of the position in the tax collection area. I will take a stab at it, at least as far as the numbers go.”

“It is my understand ting that we propose to restore two of the positions that have accounting responsibility in the tax collection area with fringe benefits \$149,526.”

Director Kruly: “Mr. Chairman, just a question, are we specifying these on title? We should.”

Chairman Oliverio: “That is a good idea. The two positions are the supervising accountant and the junior tax accountant. They have annual salaries of \$101,719 and the fringe benefits at 47% amount to another \$47,807 the total for those two position for a year is \$149,526.”

“As for auditors, we proposed to restore the titles 6 positions out of seven requested. The Senior auditor, 3 staff auditors and 2 accountant auditors at a total that is \$333,017 and then with fringe benefits at a whopping 47%, \$156,517. That total is \$489,534. What you are looking at a total of \approx \$639, 000 that this Stability Authority is committing to the auditors and tax accountants in the Comptrollers office. That is a not to exceed number because as we understand it and Mr. Kruly make sure I get this right, the county budget as currently proposed includes fringe benefits for the Comptroller’s office as it now stands. So if those fringe benefits are actually paid, that amount of \$639,000, it will be roughly reduced by 47%. In addition the resolution will provide that Mr. Poloncarz identify to us within a period of 60 days the specific audits he intends to accomplish with these audits, the reason why he has chosen these audits and a schedule of when he proposes to complete them. In accordance with Mr. Keysa’s request, that we receive a quarterly report that we receive a quarterly report of where we are with those audits and the progress we have made. Also and I don’t know whether we settled on 30 or 60.”

Executive Director Vetter: “Yes Mr. Chairman, there was a discussion about the counties internal approval processes. I am not quite sure we resolved that it would be 30 days, some said that we should strike that altogether. That was put into this resolution because of the situation with the six sigma grant this year where it was allocated by the authority in July and the Legislature may still be backing out. Assuming it still was approved by the Legislature today, it went from July to December to actually accept the grant.”

Chairman Oliverio: “In my view 30 days is plenty of time. That is just my view, if anybody has any comments about that time please chime in.”

Director Creighton: “This is where I have some uncertainty. Mr. Collins said and from what I understand publically that he is going to object to this efficiency grant. If I understand what that internal process is, it won’t be approved in 30 or 60 days.”

Executive Director Vetter: “Again, I think this was put in just as a reaction to one grant. I guess in some form or another and I guess I would leave that up to the County to follow their own processes. I think Mr. Poloncarz I simply indicating that this is something his office can propose to the legislature, that the Legislature would vote on this item and again I am paraphrasing Mr. Poloncarz, that once there is legislative approval to accept the money and establish the appropriations in the budget, that the process that the County has to follow to have the auditors and tax collector positions is complete.”

Director Creighton: Is 60 days sufficient time?

Comptroller Poloncarz: 30 days is fine.

Director Walling: “The problem I have with this language is that it says the Counties adherence to the process in accepting the grant. I’m not sure what that means. Does that mean the County Executives adherence to accepting that grant because if so I would like to change the language.”

Executive Director Vetter: “How about this, under the direction of this body, if we need to change the language we will. The reason that was maintained as being nebulous because we would accept the “County” indicating that they have completed their process whatever that might be; we would not dictate the process to the county. We are simply saying, whatever your processes are, you complete them and you will receive the money.”

Director Walling: “Maybe it could say County Executive or Legislature,” I don’t know, I just don’t want there to be some legal battle over what the phrase the “county” means.

Executive Director Vetter: “Maybe if at the direction of this Board to hone that in that language maybe if I could be directed to work through our legal counsel to provide reasonable assurances that language is appropriate and not an impediment.

Director Walling: “That is my idea yes.”

Chairman Oliverio: “Okay so we will seek out the language requirements of that one from our counsel. Otherwise I think that fills in all the blanks on the resolution. Am I correct?”

Executive Director Vetter: “Mr. Chairman, if I could suggest, I had a brief conversation with Mr. Kruly that because these are two separate functions that we have two separate resolutions; one for the auditing and one for the tax department.”

Chairman Oliverio: “Okay, so the one that relates to the auditors will of course have the reporting requirements and the 60 days to determine the audits. The other since it is tax collectors will not need that language at all. They will both have the language that Mr. McNamara selects for us and a 30 day period for completion of the administrative process.”

Secretary Keysa: “From what we had handed out here there appear to be two small changes. One is the dollar amount on the auditors. It had in there \$386,000; that should go to \$489,534 and instead of the word plus down below it should say including. One further change in that, after the word restore in the first whereas there should have the word senior auditor.”

Director Thomas moves, Director Walling seconds and the Board member vote to approve the following resolution:

Resolution No. 10-33

APPROVING AN EFFICIENCY GRANT FOR COLLECTIONS UNIT

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 3957-a of the New York State Public Authorities Law (“Public Authorities Law”) provides that, subject to appropriations during State fiscal years 2006-07 through 2010-11, the ECFSA shall provide grants to the County of Erie (the “County”) to support activities that achieve savings through innovations and reengineering; and

WHEREAS, the County Comptroller submitted an application for an efficiency grant to fund collection activities intended to result in savings through the collection of current and delinquent property taxes to reduce the county’s bad debt expense related to property tax collections (the “Application”); and

WHEREAS, the ECFSA Finance Committee met on December 23, 2010, to discuss the Application; and

WHEREAS, on December 23, 2010, the ECFSA Finance Committee voted to recommend to the ECFSA Board of Directors that efficiency grant funding be made available to the County to be used in accordance with the Application;

NOW, THEREFORE, BE IT RESOLVED, based on the recommendation of the ECFSA Finance Committee, that the ECFSA hereby grants up to \$149,527 to the Erie County Comptroller’s Office in accordance with the Application, with the following restrictions: that those funds be used to restore the supervising accountant and junior tax accountant listed in the Application, and to subsidize any reasonable fringe benefits associated with those positions; and

BE IT FURTHER RESOLVED that the County Comptroller’s Office, within 60 days of the grant approval, is hereby directed to provide the ECFSA with a list of activities that the supervising accountant and the junior tax accountant are proposed to undertake for the period of the grant, the payback potential for those activities, and implementation steps to achieve savings; and

BE IT FURTHER RESOLVED that the County Comptroller's Office is hereby directed to provide quarterly progress reports to the ECFSA on reductions in bad debt expense related to property tax collections performed using ECFSA efficiency grant funding; and

BE IT FURTHER RESOLVED that approval of this efficiency grant is contingent upon the County's adherence to its legislative process of accepting the grant, within 30 days after ECFSA approval; and

BE IT FURTHER RESOLVED that ECFSA approval of this grant shall be deemed to be rescinded without further action or notice if the County's legislative acceptance process is not completed within 30 days after adoption of this ECFSA resolution; and

BE IT FURTHER RESOLVED that if the County, in its own budget, restores collections positions that in the sole judgment of the ECFSA obviate the need for the grant awarded hereby, then the grant will be terminated without further action or notice and no further funding will be provided under the grant; and

BE IT FURTHER RESOLVED that quarterly disbursements for the salaries for collections personnel to perform the services contemplated in the Application shall be made once the ECFSA has received appropriate documentation from the County as to the actual funds expended to maintain those positions; and

BE IT FURTHER RESOLVED that the source of efficiency grant funding for this item is to derive from the previously approved, but not drawn down, \$1,685,000 "thin client" technology grant, it being understood that the County consents to dollar for dollar reduction in the ECFSA's "thin client" technology grant for funds provided to the County pursuant to the Application ; and

BE IT FURTHER RESOLVED that the ECFSA Executive Director send, via first-class mail, copies of this resolution to the County Executive; the County Comptroller; the Chair, the Majority Leader, the Minority Leader, and the Clerk of the County Legislature; and the Governor, the State Comptroller, the State Senate Majority Leader, the Speaker of the State Assembly, the Director of the State Budget, the Chair of the State Senate Finance Committee, and the Chair of the State Assembly Ways and Means Committee.

This resolution shall take effect immediately.

Director Thomas moves, Director Kruly seconds and the Board members vote unanimously to approve the following resolution:

Resolution No. 10-34

APPROVING AN EFFICIENCY GRANT FOR COUNTY AUDITORS

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 3957-a of the New York State Public Authorities Law (“Public Authorities Law”) provides that, subject to appropriations during State fiscal years 2006-07 through 2010-11, the ECFSA shall provide grants to the County of Erie (the “County”) to support activities that achieve savings through innovations and reengineering; and

WHEREAS, the County Comptroller submitted an application for an efficiency grant to fund audit activities intended to result in savings through innovations and reengineering (the “Application”); and

WHEREAS, the ECFSA Finance Committee met on December 23, 2010, to discuss the Application; and

WHEREAS, on December 23, 2010, the ECFSA Finance Committee voted to recommend to the ECFSA Board that efficiency grant funding be made available to the County to be used in accordance with the Application;

NOW, THEREFORE, BE IT RESOLVED, based on the recommendation of the ECFSA Finance Committee, that the ECFSA hereby grants up to \$489,534 to the Erie County Comptroller’s Office in accordance with the Application, with the following restrictions: that those funds be used to restore the senior auditor, three staff auditor and two accountant auditor positions listed in the Application, and to subsidize any reasonable fringe benefits associated with those positions; and

BE IT FURTHER RESOLVED that the County Comptroller’s Office, within 60 days of the passage of this resolution, is hereby directed to provide the ECFSA with a list of audits proposed to be undertaken for the period of the grant, the payback potential for those audits, and implementation steps to achieve taxpayer savings; and

BE IT FURTHER RESOLVED that the County Comptroller’s Office is hereby directed to provide quarterly progress reports to the ECFSA on audits performed using ECFSA efficiency grant funding; and

BE IT FURTHER RESOLVED that approval of this efficiency grant is contingent upon the County’s adherence to its legislative process of accepting the grant, within 30 days after ECFSA approval; and

BE IT FURTHER RESOLVED that ECFSA approval of this grant shall be deemed to be rescinded without further action or notice if the County’s legislative acceptance process is not completed within 30 days after adoption of this ECFSA resolution; and

BE IT FURTHER RESOLVED that if the County, in its own budget, restores auditing positions that in the sole judgment of the ECFSA obviate the need for the grant awarded hereby, then the grant will be terminated without further action or notice and no further funding will be provided under the grant; and

BE IT FURTHER RESOLVED that quarterly disbursements for the salaries for audit personnel to perform the services contemplated in the Application shall be made once the ECFSA has received appropriate documentation from the County as to the actual funds expended to maintain those positions; and

BE IT FURTHER RESOLVED that the source of efficiency grant funding for this item is to derive first from unrestricted efficiency grant monies up to the amount of \$139,787, with the balance from the previously approved, but not drawn down, \$1,685,000 “thin client” technology grant, it being understood that the County consents to dollar for dollar reduction in the ECFSA’s “thin client” technology grant for funds provided to the County pursuant to the Application to the extent such funds exceed \$139,787; and

BE IT FURTHER RESOLVED that the ECFSA Executive Director send, via first-class mail, copies of this resolution to the County Executive; the County Comptroller; the Chair, the Majority Leader, the Minority Leader, and the Clerk of the County Legislature; and the Governor, the State Comptroller, the State Senate Majority Leader, the Speaker of the State Assembly, the Director of the State Budget, the Chair of the State Senate Finance Committee, and the Chair of the State Assembly Ways and Means Committee.

This resolution shall take effect immediately.

Chairman Oliverio: “I think that brings us to the end of our meeting. Before we have a motion to adjourn, I do want to address one item; Ken Kruly. I have had the pleasure of working with Mr. Kruly for a few years now. Although we didn’t always agree, I’ll tell you one thing, we both have the same focus and the same focus as everyone on this board and that is the benefit of the tax payers I this County. Your knowledge is incredible. Thank you for serving. I don’t know how we are going to replace you, maybe we can draft you to come back but you have certainly served your four year term well in the five years it took you to complete. Congratulations and we will miss you.”

(STANDING APPLAUSE FOR KENNETH KRULY)

Director Walling moves to adjourn, Secretary Keysa seconds and the Board votes unanimously to adjourn.

Respectfully submitted,

Stanley J. Keysa, Secretary