ECFSA Full Board Meeting
Erie County Library Auditorium
July 26, 2010

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

Chairman Oliverio: "Good morning today is July 26, 2010. This is a meeting of the ECFSA. We have one item on our agenda today and that is the authorization for the ECFSA to borrow on behalf of Erie County. I would like to turn matters over to our Secretary Keysa for the approval of the minutes from our prior meeting, Mr. Keysa?"

Secretary Keysa: "Thank you Mr. Chairman, you have before you the hard copies of the edited version of the minutes of the last meeting which were also circulated via email, if there are no changes to those they are ready for approval."

Director Thomas moved to approve, Director Creighton seconded and the Board voted unanimously to approve the following resolution:

**Resolution No. 10-25**
**APPROVING MINUTES AND RESOLUTIONS FROM THE MAY 14, 2010 MEETING**

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its June 29, 2010 meeting and ratifies and affirms three resolutions numbered 10-18 10-19, 10-20, 10-21, 10-22, 10-23 and 10-24 that were approved on June 29, 2010.

This resolution shall take effect immediately.

Chairman Oliverio: "I would like to turn things over to Director Ken Vetter who will outline for us briefly the $65 million that has that has been authorized by the Erie County Legislature as well as the County Comptroller and the County Executive."

Executive Director Vetter: "Thank you Mr. Chairman, very briefly, there is a resolution in front of you that has been reviewed and approved by our bond counsel that would authorize the ECFSA to borrow up to $65 million on behalf of the County at a savings to the County for full year RAN. The savings to the County is about $485,000 net amount. The authorization OF $65 million, $45 million is anticipated for a RAN to the County that would go for a full year and an additional $20 million if necessary would be for a line of credit for the County. One of the issues the County has been dealing with recently is that the state reimbursements have slowed to a trickle. At this point the County has indicated that over $100 million is owed to Erie from NYS and if that worsens in the future because there have been conversations with the State Division of Budget stating that some of that money would start to flow in the summer. If that worsens or that money does not flow, the county will need more then $45 million but we had a very good conference call with the Budget Director, the Comptroller, our financial advisors, legal counsel and really determined what would be the best path for a for a $45 million RAN and for another $20 million line so that if the worse case does occur, the money could be borrowed on a short term basis."

Chairman Oliverio: "Thank you Executive Director Ken Vetter. Are there any questions?"

Director Creighton: "I have a question about the length of the borrowing. Is this a long term or short term borrowing?"

Executive Director Vetter: "Anything less then a year is considered a short term borrowing, so the plans are for $45 million and the County generally has a one year RAN done each year. Last year it was for $65 million, this year it would be for $45 million. If additional funds are required, that might be for a very brief period. Given the uncertainty out there, that could be for a matter of weeks or a couple of months. When we all talked about this we determined it wouldn't be worth the additional interest costs to borrow an additional $20 million not knowing if we might have to repay it 2-3 weeks later."

Director Creighton: "So is this similar to other borrowings that this Authority has done in terms of short term borrowing?"

Executive Director Vetter: "RAN, yes. The line of credit, is fairly new and there is a great deal of uncertainty and we really want to make sure that we don't borrow to much on the RAN and get locked into an interest cost but don't want to get cut short so that State revenues are not coming in."

Director Walling: "I have a couple of follow up questions. How did the decision making occur on the $20 million?"

Executive Director Vetter: "On the $20 million? What we have talked about is that we would have two sets of loan documents. One between the Authority and the financial institution and one between the Authority and the County. The county would update its cash flow and make a request from the Authority for that money and the updated cash flow would really determine how much money the County needs for one period of time."

Director Walling: "So in essence the County would have to come back to us later on for the $20 million?"

Executive Director Ken Vetter: "Right, or some portion thereof. It doesn't necessarily have to be $20 million but say that Stare revenues don't come in as anticipated because the cash flow assumes that starting at the end of August/beginning of September that the State revenue will start freeing up a little bit. If that does happen the County could come back and say they need an additional $5 million to make it through September or October and our cash flow supports that coming back in January. We would sign a set of documents indicating that there would be $5 million or whatever the County might need for that period."

Director Walling: "How much higher is the interest rate for that $20 million or is that yet to be determined?"

Executive Director Ken Vetter: "The interest rates are based on markets but just as a general rule, the interest rates for a line are about double of what the interest rates are for a RAN, plus or minus a little bit. We all struggle with this but came to the consensus with the Administration and the Comptroller that this would be in the best interest for the County's cash flow situation."

Director Walling: "Well the one thing that makes me feel supportive of this is a $20 million additional amount of borrowing may or may not happen as you say it may be if it occurs at all maybe quite a bit less then $20 million."

Executive Director Ken Vetter: "Again, at this point we don't want to get cut short 4,000 employees because we did not get the money that was needed."

Chairman Oliverio: "Are there any otter questions?"

Secretary Keysa: "I see this as delegating to you the terms of the borrowing?"

Executive Director Ken Vetter: "Yes, in terms of specific documents, legal counsel is preparing documents between us and the County. The County would have to give us cash flows just like the RAN, they have to justify the amounts and I think from a practical Secretary Keysa point what we would do is send the information to our board any requests before entering into any kind of deal."

Director Creighton: "So my concerns are more of the historical nature of who is borrowing; the Comptroller versus the ECFSA. My concerns are with the County's ability to borrow money in the future although I thing the savings justify the means. I have concerns going forward about this board borrowing and perpetuating its existence indefinitely by borrowing on behalf of the county long term."

Chairman Oliverio: "That issue has been discussed in length prior to you joining the board. What basically happens and I think this is fair to say is that a savings of $20 million mitigates some of the concern about the ECFSA. There was also discussion about the authority being in existence but there is a difference about being in existence and being in a control period and the county saving significant amounts of money by taking advantage of the ECFSA and I think there is a significant amount of money that can be saved."

"If there are no other questions I would seek a motion to approve the resolution authorizing the ECFSA to borrow on behalf of Erie County."

Director Kruly moves and Secretary Keysa seconds and the Board votes unanimously to approve the following resolution:

**Resolution No. 10-26**

**APPROVING THE ISSUANCE OF NOTES BY ERIE COUNTY FISCAL STABILITY AUTHORITY**

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";

WHEREAS, as a result of its high bond rating, the ECFSA can issue new debt at a lower cost than the County can;

WHEREAS, by issuing new debt through the ECFSA at lower interest rates, the County can reduce its cost of borrowing, and thereby save taxpayer dollars;

WHEREAS, by issuing new debt through the ECFSA, the County will not affect the longevity of the ECFSA, which shall periodically intercept a portion of County tax revenues and New York State aid through December 31, 2039, pursuant to Section 3964 of New York Public Authorities Law;

WHEREAS, the issuance of new debt by the County through the ECFSA will not predetermine the status of the ECFSA as an advisory board or as a control board;

WHEREAS, based on County cash flow projections, the County Comptroller's Office identified a need for the County to issue a minimum of $45,000,000 in Revenue Anticipation Notes in early August, 2010, with the potential need for an additional $20,000,000 in cash flow financing, and such borrowing was authorized by the Erie County Legislature on July 8, 2010;

WHEREAS, pursuant to New York Local Finance Law, the County Legislature delegated to the County Comptroller the powers to authorize the issuance of and to prescribe the terms, form and contents for the sale and credit enhancement of such Revenue Anticipation Notes through approval of its Resolution, up to an amount of $65 Million;

WHEREAS, the County Legislature has approved ECFSA borrowing on behalf of the County, as required by Section 3961 of New York Public Authorities Law, to enable the ECFSA to realize savings for County taxpayers;

NOW, THEREFORE, BE IT RESOLVED, that, the ECFSA does hereby approve and authorize the Erie County Fiscal Stability Authority issuance of Revenue Anticipation Notes and/or other note instruments in an amount not to exceed $65,000,000, in order to allow the County to meet its short-term obligations;

BE IT FURTHER RESOLVED, that the power to set the financial terms of such Revenue Anticipation Notes, as well as the other notes approved in this resolution is hereby delegated to the Chairman and/or the Executive Director of the ECFSA;

BE IT FURTHER RESOLVED, that the Chairman and/or the Executive Director of the ECFSA, acting together or individually, be hereby authorized and directed to execute and deliver any agreements, certificates, documents, papers or other written instrument, to make any changes, modifications or amendments as may be necessary, to do all other things and to take all other actions necessary and appropriate to consummate the transactions contemplated by this resolution; and

BE IT FURTHER RESOLVED, that this resolution be provided to the County Executive, the County Comptroller, the County Legislature, the Director of the State Division of the Budget, the Chair of the State Senate Finance Committee, the Chair of the State Assembly Ways and Means Committee and the State Comptroller.

This resolution shall take effect immediately.

Chairman Oliverio: “Welcomes a motion to adjourn.”

Director Creighton moved to adjourn, Director Walling seconded and the Board voted unanimously to adjourn.

Respectfully submitted,

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Stanley J. Keysa, Secretary

July 26, 2010