Minutes of the

Erie County Fiscal Stability Authority Meeting

August 2, 2011

Present: Chairman Daniel Oliverio, Director Brian Lipke, Director Louis Thomas, Director Mark Walling, Director Catherine Creighton, Executive Director Kenneth Vetter

Chairman Oliverio: "Good Morning everyone. I would like to welcome you to our ECFSA board meeting of August 2, 2011. The first thing I would like to do here is introduce our newest member, Brian Lipke at my far right. We are very happy to have Mr. Lipke as a new member. He brings with him substantial experience because he held a position on the City of Buffalo Fiscal Stability Authority. So he is not new to this. We are happy to have his experience not only for this Board but also for the community to help us move forward. Mr. Lipke welcome"

Director Lipke: "Thank you, very happy to be here."

Chairman Oliverio: "We have four things that we need to do here today. First we are going to hear from the officials at ECC about their budget. We have an efficiency grant item that we are going to discuss. We also have an approval process for a Revenue Anticipation Note (RAN) related to the counties cash flow over the next 9 months or so. Prior to getting in to the agenda, we no longer have Mr. Keysa, our expert Corporate Secretary who handles the minutes. So I am going to ask for a motion to approve the minutes."

Director Thomas moves to approve the minutes, Director Walling seconds and the Board votes unanimously to approve the minutes of the previous full board meeting.

Resolution No. 11-11

APPROVING MINUTES AND RESOLUTIONS FROM

THE JUNE 13, 2011 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its June 13, 2011 meeting and ratifies and affirms four resolutions numbered 11-07, 11-08, 11-09 and 11-10 that were approved on JUNE 13, 2011.

This resolution shall take effect immediately.

Chairman Oliverio: "Mr. Quinn and Mr. Reuter from ECC? The legislation that created the Authority gives us the opportunity to review ECC budget and financial plan. Each year we have Mr. Quinn and Mr. Reuter address us on these items. Mr. Quinn, I would like to congratulate you on your article in the paper. Hurdle number one!"

President Quinn: "Thank you, well it is! We have a few more to make. Thanks again and we are happy to be here. Mr. Reuter will speak to the specifics on our budget today but wanted to say foremost, welcome to Mr. Lipke to the board, good morning to all the board members. We enjoy coming over to share with you general highlights of the college; good news and bad news but this time along with the action last night, work on our historic City Campus that most of you see that you see with the scaffolding that will be up for about 18 months. It's not going down anytime soon. Just so you know it a $9-10 million project that the County has had on the books for a long time and we are happy that it has finally begun. We are looking to get some student housing at the north campus hopefully an academic building and of course the YMCA has a big project near the North Campus as well. So things are headed in the right direction although we should anticipate a leveling off of our student enrollment and a few increase both local and nationwide. We have enjoyed those 5 – 7 % increases which we have talked about here."

William Reuter discusses the following items on the ECC Budget. There are no questions asked of him from the Board through his presentation:

ECC 2011 -2012 Budget Talking Points

REVENUE ASSUMPTIONS

- Projected credit enrollment increase of 1%. Overall FTE's projected 113,774 increase of .6% from prior year budget. In the past 12 years enrollment has increased by over 50%. 8,852 FTE's in 1999/2000
- Unduplicated headcount almost 21,000 students, an increase of 40.89% in nine years)
- Summer enrollment of 5,758 students many of which are four year students taking one or more classes
- ECC's enrolment at City Campus has increased 77.6% over the past eleven years with almost 3,800 attending fall classes. A major reason for this increase is the expansion of 45 Oak Street as well as the additional program offerings.
- A $150 per semester tuition increase; ECC still is the 10th lowest tuition of 30 community colleges and 27.6% lower than the tuition charges by SUNY four year institutions.
- Approximately 65% of tuition and fees covered by Federal and State grants (not loans). Main Federal grant, PELL $5,550. 80.2% of matriculated students received TAP a/o PELL. 32.23% or 4,463 students received TAP of the 13,847 students for Spring semester. Average TAP award $1,023.24. 47.98% or 6,644 students receive PELL. Average PELL $2,204.17. For those receiving the maximum PELL and TAP the entire tuition increase will be covered and stil receive a refund of $4,750.50

- Tuition and fees represent 52.8% of overall budget versus prescribed state funding formula of 33.3% a difference of over $20.6 million
- State aid reimbursement rate reduced by an additional $138 per FTE. In total, reduction of 20.7% in FTE reimbursement rate in less than two years. If the 2011-2012 budget was based upon the previous state aid reimbursement rate an additional $7.6 million in state aid would be received. State aid $2,675 at 9/1/09; $2,545 at 12/1/09, $2,260 at 9/1/2010 and 2,122 at 9/1/11; ECC has sustained steady cuts but maintained a balance budget
- State aid is at 27.6% of overall budget versus prescribed state funding formula of 40.0% a difference of approximately $13 million.
- No change in sponsor support. Represents 16.5% of overall budget versus prescribed state funding formula of 26.7% a difference of approximately $11 million. Includes $1.8 million of equipment funding.

<u>EXPENSE ASSUMPTIONS</u>

- Ranked 29th lowest of 30 community colleges in spending per FTE, Spends $1,719 les per FTE than the state wide average yielding an operational savings to taxpayers in excess of $24 million
- Three of four collective bargaining agreements expired (AAECC, CSEA and FFECC). All terms and conditions of contracts factored in.
- Fourteen vacant full time positions deleted
- From 1993, 845 full time positions, to 2011 with 725 full time positions, staffing has decreased by over 14.2%. In 1999 for every full time staff position = 11.5 FTE's serviced. For 2011=19.00 FTE's serviced, a 65.2% increase in number of FTE's serviced.
- Salaries and wages increased almost $700,000 even with 14 less positions and no projected cost pf living increases for three bargaining units
- Fringe benefits increased approximately $3.2 million or 13.7% increase from the previous year. Health insurance projected to increase 6.6%, dental 2% and retirement costs 51.0%

<u>OTHER</u>

- Middle States
    - Self-Study Design report accepted
    - Self-Study Report to Middle States Team Chair October 2010
    - Middle States Team Chair visit October 2010
    - Middle States visit March 2011
- Awaiting Middle States recommendation June 2011. Preliminary report ECC met 13 0f 14 standards of academic excellence. Previous Middle States Report ten years ago, ECC was placed on probation. Chair of Middle States met with Commissioners on 6/3/2011.
- June 23, 2011 the Middle States Commission acted "to warn the institution that its accreditation may be in jeopardy because of insufficient evidence that the institution is currently not in compliance with Standard 7 (Institutional Assessment)." A monitory report is due March 1, 2012 "documenting evidence that the institution has achieved and can sustain ongoing compliance with Standard 7. "A small team visit will follow submission of the monitory report."

ACADEMIC INITIIATIVES

- One hundred degree and certificate offerings with ten complete program offerings on –line
- ECC/Erie County Fire Training Academy – 37 Students
- MOU with the Buffalo Fire Department - 39 students
- Certificates in Bio-manufacturing, Green Building Technology, Building trades, Homeland Security, Dental Assisting, Emergency Medical Technician, Human Services and Information Security Systems
- Twenty eight certificates offered – 1,112 students enrolled; 30% increase from previous year
- Police Academy y – Fall 2010 – 19 Pre-employment/Spring 2011-20
- Transfer agreements 2010 – 2011 – Hartwick, Houghton, Syracuse, SUNY Cortland, Franklin University, Medaille and Alfred State
- Offsite – 56 students in faith based locations, 125 students at Geico, 34 at Headstart and 49 at M&T. Continue efforts to cerate a tribal college in partnership with the Seneca Nation.
- Distance Learning – Fall 2010 320 on line courses, 5,227 students; Spring 2011 319 on line courses; 5,591 student
- Articulation Agreement with 35 high schools – 125 courses articulated with these high school's career and technical education (CTE Courses)
- Advanced Studies (concurrent enrollment) 46 high schools – 74 courses, 814 high school students
- Education 2 Recovery – 3,601 from 2004 – 2005
- DADS – 302 in past year, one of the five pilot programs developed in NYS in 2006; more than 1/3 of participants in current year have started to make child support payments
    - Enroll in GED, Pre=Collegiate, Jobs, Conflict Resolution Program, Parenting Skills Program
- Veterans – Spring 2008, 334 veterans, reservist and their dependents received educational benefits. Spring 2009, 393 veterans and Spring 2010, 483 veterans. A two year increase of 44.6%.
    - Fall 2008, 358 veterans, 2009, 447 veterans, 2010, 485 veterans. A two year increase of 35.5%
    - Total veterans, reservist and their dependents regardless of aid – Fall 2009, 487, Spring 2010, 509

STUDENT SURVEY (1,033 useable questionnaire)

- Remain #1 choice of area high school students. Almost 2% of ECC's students come from Erie County which is the second highest percentage in the entire State. Fourth largest community college in terms of enrollment.
- 75% come to ECC to transfer
- 72% come to ECC to get an Associate Degree
- 43% to take a few courses for personal gain
- 46% work 20-40 hours, 35% less than hours

- 24% first person in the family to attend college
- 53% engaged in community services in the past 12 months
- 40% active in the community

CHARGEBACKS

Chargebacks – part of Education Law prescribes the students who attend a community other then their host county can pay that community college's tuition rate but the host county gets billed back a sort of double tuition that is based upon the host counties contribution per resident. In other words, when a resident of Erie County attends Niagara County Community College (NCCC), the resident pays NCCC's tuition and NCCC bills back to Erie County a chargeback which for 2010-11 is $1,970 per FTE. Erie County pays the chargeback to the community college and then re-levies that payment to the community from which the student came from. ***In the past year Eerie County residents paid $3,397,170 in chargebacks to NCCC, an increase of 126.5% in 7 years.*** Residents in the following communities paid as follows:

a) City of Buffalo - $743,722
b) City of Tonawanda - $382,397
c) Amherst/Williamsville - $875,504
d) Grand Island - $481,419
e) Tonawanda/Kenmore - $848,481

The chargebacks paid by Erie County residents account for approximately 6% of NCCC's operating busget and also includes a capital component which helps to fund new buildings. Erie County's budget for the amount provided to ECC has no increased in several years but the amount budgeted to be paid to NCCC has increased dramatically. Impacting chargebacks by adding health science and related academic programs and planned student housing at North Campus will have a significant impact to the region, keeping Erie County residents at ECC and keeping hard earned tax dollars in the County . Nursing is the largest program for which ECC loses students to NCCC. The new ECC Center for Academic Excellence Building will allow for a major expansion of ECC's nursing program at North Campus which currently has 120 seats and acts as a catalyst for the overall upgrade of the campus appearance. Chargebacks are expected to grow as NCCC is embarking on a major capital project in Niagara Falls for its hospitality program. The 2011-2012 state budget included a state share of $4.825 million for this project.

In2008-09 the net difference between Erie and Niagara County was 815.3 FTE. Over 800 more full time students went from Erie County to NCCC versus going from Niagara County to ECCC costing county tax payers over $2 million in additional taxes.

ECC's impact on Erie County's budget will not change for a third consecutive year whereas the amount Erie County residents pay in chargebacks to other NYS community colleges has increased. ECC's chargeback rate - $870; NCCC - $1,970; State average is $2,213

According to 2011-2014 County four year financial plan ECC's funding will remain flat from 2008 to 2914, whereas the amount of chargeback paid by Erie County residents will increase $2.88 million, or 67.8%;

increasing from \$4.25 million in 2008 to \$7.13 million in 2014. NCC has gone from \$1.5 million to \$3.4 million in the past seven years. An increase of 126.7%, No increase through 2014 reaffirmed in 6/6/2011 newspaper article which discusses additional county layoffs in 2012

Chairman Oliverio: "Okay, I imagine there are a few questions and we will start with Mrs. Creighton."

Director Creighton: "Why it is that students are going to NCC? Is it because of the programming?"

President Quinn: "Well this whole topic is something we want to talk about and we want you best informed on this as you should be. I will forward you a 5 page "white paper" on the college that is up to the minute, dated just the end of July. It has all the facts and figures on the topic but it is summarized. There are a lot of reasons why students are going to NCC. By the way President Clysdeck is a good friend of mine. We are friendly competitors; after all we are in the same business. One of the reasons that they are going is because is because there is brand new student housing out there. Mr. Reuter and I happened to be in that student housing the day that it opened, two Septembers ago. What the presidents tell me around that State is that if you think you need 300 build for 400, f you think you need 500 build for 600. I am told that Niagara is getting ready to start up its second round of housing."

Director Creighton: Inaudible question

President Quinn: "No, no, first of all, in our instance you should know that the Amherst story this morning (Article in Buffalo news) and the dorms first ever that we have for ECC are built on private property and a private developer; it does not cost us or the County a nickel. That is the best scenario that we can get because it is that public/private partnership that especially for me who doesn't have to worry about calls from parents about their kids and what they do at 2o'clock in the morning. When it's on private property, I don't have to worry about it and neither does the school. So it is really good for us because we get the best of both worlds; there is the student housing right here in the city. There are 302 beds a block and a half away from where the courses are taught. At north it would be right across from Youngs Road where College Park is right now, so it is the best of both worlds. So to get back to the question on Niagara, certainly they are going to the student housing and we know that in that student housing in Sanborn, New York, 80% of the people in those beds are from Erie County."

"We also know that the courses our student ate taking from Niagara, 8 out of 10 of them, we teach. So that tells me they are not going for the classes, not to mention that we have over 103 degree certificate programs so we think we have a number of wide options here but it is a couple of things; it is the student housing certainly and I'm just going to say this out loud publically and I have said it before. It is the condition of our north campus. No capital improvements in over 50 years, the infrastructure is just falling apart. Some call it a glorified high school with lockers and half of our students are there; almost 50% of our students are there. Mr. Reuter and I don't have votes; we carry out the policy that the trustees give us. They are excellent trustees at our college and they have told us they want us to do something with this north campus and it is a regional project. This is why I want to get this white paper to you Mr. Oliverio because if you ask some questions about it around town, I'm hoping to develop a set of bullet points for our trustees downtown for our first meeting."

"I will send it over to you because this happens to get mixed up with misinformation sometimes but that is the situation with Niagara. They are there because of the building. This charge back issue that Mr. Reuter explained to you of over $3 million, I had a chance to talk to Supervisor Weinstein out in Amherst and pointed out to him two things; that the student housig is better if, I am a former Town Supervisor in Hamburg but that student housing on private property is better because he gets the tax, where if he built the buildings on County property where our campus is located. We also discussed charge back numbers of $890,000 in Amherst. If we had ever had a disruption at north and had to close that campus for whatever reason, you know as well as I do, that not all of the students would come to the city campus. They would be flying up to NCCC and that chargeback number which is about $2.1 million would be $20 -25 million. It really could be staggering."

Director Creighton: "What was that estimated that you quoted that the County should be paying as part of its requirements to ECC?"

William Reuter: "It is $26.7% versus 16.5% and again we have a tendency to focus on the County but the State, their shortfall on a daily basis is higher now since they cut us the last two years. There is something in State law about maintenance of effort that the County cannot reduce its contribution to a community college in either whole dollars or on a per resident FTE basis so there is a bottom amount although that bottom amount has not changes whatsoever in funding from the County to ECC."

Director Thomas: "I would just like to say that ECC has been extremely under supported for a long time and as a result is being underutilized. It could be a great benefit to the local community if the right moves were made, especially in the kind of economy that we have right now. There are not too many places where people can turn to change their lives. ECC is one of them and we are not really taking advantage of it as well as we should be. The other question I have is, your assumptions on enrollment and I know you went into some detail, are they based on what you had, what you already have notice of or are you making pure projections into the next year or two?"

President Quinn: "Well I will give it a try Mr. Thomas. We ae basing that on the number of students that have already applied and it is based on the students that have already applied."

Director Thomas: "So you know you have those"

President Quinn: "Right, Right and we can tell at this time of year by what is in the door compared to last year and the year before. Now we run two summer schools which I think is a great recruit in getting students to come here and stay here. Although I think that many of the students who we talked with the other day about these marticulation agreements, we've got students that are at Cornell, taking courses at ECC for the summer. Number one because they are in the price range for dad and they get them ahead when they go back to Cornell or where ever they are at. Those assumptions are based on what we have had before. We agree that at $3,600 or $1,800 a semester that it is not cheap education, it is quality education for a good price. You are right, the economy is going to drive students to community colleges all across the County. We want to be ready for them when they are driven to us at the North Campus, the City Campus and the South Campus."

"Mr. Chairman, one of the things that Mr. Reuter and I say "we get off our script" is because we get so excited about some of the things that are happening at Erie. Part of my job is to get that word out. When the school year starts I work at City Campus and walk around the halls. It is mayhem and disorganized. I saw about 4-5 gentlemen that looked about my age and they looked scared to death. I walked up to them, discovered they were students who former steelworkers who were out of work. They were taking advantage of the TAA money that you helped me put together years ago to help them come back to school. Three in pre law, two in nursing and 5 in construction trades that we teach, so we have nontraditional students. We graduated 2 who were in their 80's last year. So we can talk to you all morning about some of the exciting things we have going on and the cutting edge items."

"We are not only educating students, on traditions and such but we are saving lives along the way. We do that as a partner with Erie County, we could not do that without them. We are not going to complain about the money because this County executive has set aside over $7.5 million for our project at north and is committed to more in borrowing later this year to come up with $15 million that will get matched with SUNY to hopefully build a $30 million project. If you ever have questions during the year about the programs or interest in areas, please let us know."

Director Walling: "I know that our report that we have shared with you has a couple of issues that I would like to address with you. One of them has to do with the sponsor contributions. The County budget has a figure in there of $15,420,000 and your budget in 2011/2012 has a figure of $17,429,000. Can you explain the difference?"

President Quinn: "Sure. I'm going to ask Mr. Reuter to explain this."

William Reuter: "There are two components to the difference. The County going back roughly 5 years ago has started to fund the equipment component of our budget through capital borrowing so their subsidy is a combination of the $15 million in the counties operating budget plus $1.8 million that they borrow for the college for our equipment, so if you look at our expense line in our budget we have a $1.8 million procreation for equipment and if we don't spend it on equipment we don't get the full subsidy from the County, so that is the major part of the difference. The other is a $208,000 difference that we have been discussing at length with County for the past 3-4 years. Last year in December several Legislature s sued the County to get the college the remaining $208,000 and the County did release a check in December of last year. I suspect we will have further discussion on that this year. The bulk of the money, the $17.2 million of the $17.4 million that we have in our budget is a given; it is a local law that requires that the County give us a onetime subsidy payment on or before April 15th of each year. So the Counties budget doesn't necessarily match but you have to take the counties operating plus the $1.8 million in the capital to match our funding."

Director Walling: "My other question has to do with the saving part. I'm not actually sure what sure I understand what is being discussed here, so I would ask if I could read it to you and ask for your response. It says:

"In 2011-12 alone, the college is expecting a 6.1% reduction in the full-time-equivalent (FTE) reimbursement rate, which represents a $1 million cut.

Despite the recent downward trend in State revenues, the college is anticipating a $100 increase in the reimbursement rate for each year of the plan starting in 2013-14."

"So I guess the basic question is, if you are receiving a cut through State funding, why does your budget anticipate an increase for each year going forward starting in 2013 and 2014?"

William Reuter: "It is sort of two different things. One you have our operating budget for 2011-2012. Our operating budget starts probably around page 85, we provide the five year financial projection. The five year financial projection is what you are referencing we are expecting a $100 increase. We expect no increase in next years State budget and the following year. Again it is a projection, it is a best guess at this point in time. We know that State is going through some financial difficulty at the time but we believe the governor as well as the president are very supportive of community colleges. We are very hopeful that President Quinn will be the head of the Community College Lobbying group throughout the community college presidents and we feel that we have a very good chance of seeing some incremental increases considering how much we have been cut over the past two years. Again this is just a projection, it is not a part of our 2011/12 budget it is just a financial projection."

Director Walling: "So it there some statutory minimum that the State has to provide aid and if so what is that?"

William Reuter: "Their statutorily required to provide us 40% of our budget. They are currently at 26.7%. There is no maintenance of effort requirement at the State level. That is honestly a problem in some counties where there are some counties saying that they have a maintenance of effort requirement that they [the County] can't cut the appropriation for your community college but how does the State get away with cutting your appropriations? That is being looked at right now and it is of grave concern to community colleges if that maintenance of effort requirement is not sustained. The State has cut us September 1st, 2009, we were getting $2675 per FTE and we have almost 13,700 projected for next year and we are down to $2,122 per FTE; two years of significant cuts, over 20%."

President Quinn: "Thank you Mr. Reuter. It is in the law that it is in the States percentage. I have only been here 3 years. I have said the same thing and they have never met 40%. So as a group of State colleges when we put in our legislation package together, some of my collegues want to fight to have them go back to 40%...well they are cutting. Two years ago we got cut $1 million, midyear. Our budget was already sent to you folks, the County Executive and the Legislature and we got a midyear cut and a cut following that. This year we got a little bit restored. I don't see the life of budgets in Albany getting much better and that is why Mr. Reuter has built in for us 2011/2012 numbers never will so it would not be financially prudent for us to put those numbers in there so we don't. So there is a maintenance of effort with the County and some complain that the County contribution for us in Erie has been static; it has not improved in 6-8 years but compared to what the State is doing, that is least a number that we can count on. The students have to pick up the rest of the share and our total is $1,800 a semester."

Director Lipke: "I don't have any specific questions. I have a few comments. In listening to the presentation today including reports on your revenues, expenses, projections and problems, I am very interested in the strategic plans that ECC plans to take with regard to the success/failures of other colleges and the issues that go along with that. All in all I think you have put together a very nice budget."

President Quinn: "Mr. Chairman, I would like to continue our discussion on efficiency grants even knowing that we are rated 29 out of 30 but 2 from the top on how efficiently we run our campus. I would like to explore some possibilities. I know that they are very very limited and are specifically designed for County relationships with the college but there is a lot of that there. If you don't mind we will continue to pursue that at our college with our team and maybe get back to you within the next 30 to 60 days."

Chairman Oliverio: "We would welcome that Mr. Quinn. If there are no others questions, I would personally like to say that every time you and Mr. Reuter come before this board you are always prepared. We appreciate that immensely and applaud you for that."

President Quinn: "Thank you and we appreciate your time this morning."

Chairman Oliverio: "According to our mandate we are not required to approve or disapprove this budget. However under advisory status we are given the opportunity to provide commentary. With that I would like a motion to approve our commentary today to note that we did comment on this as an advisory board."

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

Resolution No. 11-12

COMMENTING ON THE 2011-12 ERIE COMMUNITY COLLEGE 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 step toward fiscal stability;" and

WHEREAS, section 3951 of New York Public Authorities Law ("Public Authorities Law") defines a "covered organization" as "any governmental agency, public authority or public benefit corporation which receives or may receive moneys directly, indirectly or contingently from the County;" and

WHEREAS, the ECFSA Board and staff have reviewed the 2011-12 ECC budget document, which was adopted by the ECC Board of Trustees and subsequently approved by the Erie County Legislature ; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA encourages ECC to continue to provide a high quality education at an affordable price without placing an undue burden on Erie County taxpayers, which is essential to producing the highly skilled work force that is and will continue to be a major driver of Western New York's economy.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ECFSA directs ECC officials to review the risk items put forward in the ECFSA's August 2, 2011 review of the ECC budget and financial plan and report back prior to the beginning of the 2012-13 fiscal year on the progress in addressing those risk items..

This resolution shall take effect immediately.

Chairman Oliverio: "The next item on our agenda is an efficiency grant that deals with County vehicles. Mr. Sentz would you like to come up? Good morning and thank you for coming."

Gerald Sentz: "Good morning and thank you for having me. Basically the request in front of you is the request to begin a three year program to replace Sheriff's vehicles. What we would be doing the first year is looking to replace 26 Sheriffs' vehicles. We would be replacing g the old Town Victorians with a new Chevy Tahoe. The second year we would basically take the 26 that we just replaced and trade those in. What we are finding is that government rates on buying new cars is very attractive and although these cars have over 90,000 miles on the, there is still quite a resale value on them to be able to trade these in. In addition there are some high way pickup trucks that we are considering in there. There are some municipalities that are trading in their vehicles every year and believe it or not can get more money on the trade in then they do at the original purchase price because the government rate is so attractive. So the plan is to do this over three years and buy 26 cars. Trade those in next year, buy another 26 cars and in the next year take those 52 and trade those 26 new cars so by the next year we would be buying 77 new cars every year."

"Where we see the savings is in mileage. The Crown Victoria's, if they see 10-12 miles a gallon it is a lot. The new Tahoe's with two wheel drive will see close to 17-20 miles a gallon. With gas prices exceeding $3 – 3.50 a gallon and driving 90,000 a year, there is a significant amount of savings there. Obviously, the new vehicle being under warranty, we will not have to pay for new alternators, water pumps, gas pumps, etc it is all under warranty. You do not expect those things to go but if they do go, they will be under warranty."

"In additions, Chevy actually approached us and said they would consider using the County as on of the warranty vendors, so that if we did the work on something that was warranty work, the County would be paid for doing the work. So we could see a lot of different savings with this plan and trading the cars every three years while the value is still high."

Chairman Oliverio: "Thank you Mr. Sentz for your application and your commentary. I would like to open this up to questions at this time. I will start with Mr. Lipke."

Director Lipke: "I am familiar with these vehicles and the problems that you are seeing. We are seeing the same situation occurring but we are not getting the government rate. Trading them sooner rather than later actually does provide a benefit."

Director Walling: "My problem with this is that none of this has been presented to me until this morning. This should have been sent to me several weeks in advance. I can't act on something that just appears in my packet on the day I am supposed to vote on it. It has to be submitted in advance and I would like to see how other counties compare with this. I don't see any comparisons with this. Is there some statistical data that you can provide to us at some point?"

Gerald Sentz: "I could certainly request from other counties what they do. I know there are certain townships where every year they are replacing certain pieces of equipment. Part of the problem is that we are fairly large County. They might be looking to buy 5 new police vehicles where I am looking to take over a lot more so we are doing this over a number of years. I can certainly ask some of the other County representatives that do trade very quickly and many of them also lease. This is not a leasing program, this is a buy and a trade but with leasing agents they know that they are going to turn them over quickly."

Director Walling: "It seems like a County comparison would make more sense than a comparison to a town. I would rather see a comparison with a County, something comparable to our size, like Monroe County. I just don't see enough data to support this at this point especially without any backup data to consider."

Director Thomas: "What is the system now? Are you leasing?"

Gerald Sentz: "Right now we purchase our cars. We make a capital budget request and we have purchased no new Sheriffs cars in the past two years. That would go through a capital budget request. We would then put out a bid and purchase those vehicles.

Those vehicles would then stay within the fleet until they can basically now longer function."

Director Thomas: "Why is that though? Why don't you trade them sooner?"

Gerald Sentz: "That is what we are proposing here to now start a systematic program where on a regular basis, we are trashing our cars. Some of these cars have upwards of over 200,000 miles. We are still out there running them and you can imagine the maintenance on these."

Director Thomas: "I understand and that makes sense. I am just curious why you weren't doing that before and why you need a grant to do it now?"

Gerald Sentz: "The grant is to get seed money to get the program under way. The County has pledged to continue the program once the seed money is secured. We didn't do it in the past because capital dollars are limited."

Director Creighton: "So what you are saying is that when you trade these in, you are going to make money. I don't see how an efficiency grant is going to help you. If you are going to save money, just do it. I'm not sure why you need seed money to do that; just start the program."

Gerald Sentz: "We are hoping to kick the program off and then the County has said that they will match it in the future. We just need the seed money to get this program started. You would give us the money for the first batch and then they would budget the rest after the initial seed money."

Director Creighton: "Isn't this something that the County has to do in its regular course of business?"

Gerald Sentz: "Vehicle money has been very scarce in the past few years. Two years ago we received $4 million which we used for dump trucks because they were old."

Director Creighton: "So you are asking for an efficiency grant to buy vehicles. Whether you buy them or trade them in at a certain point is irrelevant. You are going to start doing this anyway because it saves money. You just want us to give you efficiency money to buy new vehicles; that is what this sounds like."

Gerald Sentz: "Yes to buy new vehicles, get this program started so that we can buy them and trade them for profit instead of running them into the ground where they are worthless."

Director Creighton: "Whether we give you efficiency grant money or not is it your intent to save money by trading them in earlier?"

Gerald Sentz: "Yes."

Director Lipke: "If I understand what you are saying, currently, you do not have the money to go out and start this plan. It is not in the budget?

Gerald Sentz: "That is correct; it is not in the current budget."

Director Lipke: "To start this program, will there be enough money in future budgets?"

Gerald Sentz: "I have been assured by the budget department that once we have achieved the seed money and those initial savings that they will continue to fund that."

Director Lipke: "So once this program is in place they are committed to funding it going forward."

Gerald Sentz: "That is correct."

Chairman Oliverio: "In year one you are asking us for about $800,000, is that right?"

Gerald Sentz: "I believe the year one request was about $1.1 million. The second year $1.6 million and the third year is $2.1 and then it levels of to about $2.7million."

Chairman Oliverio: "So over $3million. In my mind that is a lot of money for vehicles. My problem is you have to buy police cars every so often whether you ride for five years or you drive them for one. The County has to buy police cars. My problem is that it seems to be a lot of money for an ordinary capital expenditure that the County has assumed for years and years. What you are changing is that you are just trading them earlier and whether we give you the money or not, it is not going to result in any efficiency in my mind; rather you are just changing your scheduling for rolling over these cars. These seem to me to be capital expense that should be routine. I must admit you are not convincing me that this is a proper use of efficiency grant money; it seems to me that if you have 26 cars that need to be traded in then there should be a budget item indicating that you need $1 million to buy 26 new Tahoe's. The County is sitting on a fairly nice surplus; it seems to me asking us to do something that the County should already do. It is a relatively small amount of money and a simple change in procedure; it's not really efficiency for the County. Maybe you want to come back to us with some additional analysis or data but I'll be honest with you, I don't know if I can be in favor of this today."

"I'd like to entertain a motion to table this resolution until we receive some more information."

Director Thomas moves to table, Director Lipke seconds and the board votes unanimously to unanimously to table the efficiency grant application pending more information.

Chairman Oliverio: "Alright we have one more item today. We have some more ECFSA borrowing. The County Executive has filed a Certificate of Need with the County Legislature that would allow the ECFSA to borrow up to $90 million in working capital financing for the County. We have done our own internal analysis that indicates a nine month savings if we borrow versus the County borrowing of over $600,000 and an annualized savings of over $900,000. This is something that is short term and will pay back in the short term."

"I would ask Mr., Vetter to describe the borrowing. We also have one of our financial advisors, Mike Neumunster, and our bond counsel, Milan Tyler to answer any questions you might have."

Executive Director Vetter: "Yes Mr. Chairman, very briefly, there is a resolution in front of you that has been reviewed and approved by bond counsel that is one of the steps necessary for potential ECFSA borrowing on behalf of the County, in which the ECFSA would authorize itself to borrow up to $90 million in cash flow for the County and this is a companion to two other resolutions. One has already been passes where the County has authorized a $90 million RAN and the second was tabled at the last Legislature meeting which would have authorized a certificate of need which would have allowed the ECSA to borrow up to $90 million. So in essence what we have done in the past to solidify our offer to the County is that we have approved our own resolution, we have done our analysis. The County Executives sent a certificate of need to the Legislature based on the analysis. This will really memorialize the ECSFA position to go forward at this point."

Chairman Oliverio: "As I understand the Legislature has approved the fact that they need to borrow up to $90 million?"

Executive Director Vetter: "Yes."

Chairman Oliverio: "But it has by and 8-7 vote deferred on the certificate of need that the County executive filed with the Legislature to have us do the borrowing."

Executive Director Vetter: "Yes. The item was sent to committee. The problem that posses with us is that her are no meeting until September and the counties need for the funds makes it problematic that if the Legislature even came back on September 8th and voted to approve this resolution that the ECFSA would have the appropriate time to go to market and secure the money."

Chairman Oliverio: "Is there any chance that if we approve this resolution today and the Legislature comes back in the near term or if Mr. Collins asks them to and they somehow change their vote and it goes 8-7 the other way, where we can save the taxpayers of Erie County $600,000 at practically no cost."

Executive Director Vetter: "The Legislature is coming back. It looks like August 15 or 16th and from what I have seen; this item is proposed to be on the agenda for consideration at that time."

Chairman Oliverio: "It is this type of action that disturbs me to no end. This is $600,000 in savings the easy way. Go buy some police cars with it. It is this type of silly seasoned political stuff is what holds this County up in large measure. We have managed over the last two years to cooperate with the County Executive, the Comptroller and the Legislature to save a substantial amount of money in borrowing because of this authorities higher bond rating. To have this be deferred or sent back to committee when the savings are indisputable is beyond me. I would encourage that we pass this resolution today and hope that the Legislature does what they think is right

> while encouraging them at the same time, not to be silly about it. That is $600,000 that can be well spent on something else; more parks, more roads, more police cars. To me this is a no brainer and if the Legislature can't vote on this 15-0, which is not good government that is politics."

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

Resolution No 11-13

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, based on County cash flow projections, the County Comptroller's Office has identified a need for the County to issue up to $90,000,000 in Revenue Anticipation Notes in September, 2011, and such borrowing was authorized by the Erie County Legislature on July 21, 2011;

WHEREAS, pursuant to the 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 $90 Million;

WHEREAS, the County Legislature has to approve a Declaration of Need for an ECFSA borrowing on behalf of the County, as required by Section 3961 of New York Public Authorities Law, to enable the ECFSA to realize such 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 Bond Anticipation Notes and/or other note instruments in an amount not to exceed $90,000,000, in order to purchase said County Revenue Anticipation Notes to allow the County to meet its short term obligations;

BE IT FURTHER RESOLVED, that the power to set the financial terms of such Bond Anticipation Notes 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 copies of 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.

Director Walling moves to adjourns, Director Creighton seconds and the board votes unanimously to adjourn.

Respectfully submitted,

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Daniel Oliverio, Chairman

August 8, 2011