Minutes of the
Erie County Fiscal Stability Authority Meeting
May 31, 2013

Present:	Chairman James Sampson, Director Brian Lipke, Director Catherine Creighton, Director Louis Thomas, Director Marlette, Director Stievater
Guests:	Laura Landers, Freed Maxick
	Rick Ganci, Capital Markets Advisors, LLC

Chairman Sampson: "Hello, welcome to this meeting of the Erie County Fiscal Stability Authority. We are holding it here today at Ralph Wilson Stadium in part because one of the pieces of business we have is to do borrowing on behalf of Erie County to help for capital improvements for this stadium which was part of the agreement reached between the County, the Buffalo Bills & NFL to keep the Bills here. It's really gratifying the Fiscal Stability Authority can be a partner with Erie County and this community in this effort."

"We have a number of things we have to deal with today; one is the capital improvements for the stadium but also to do borrowing on behalf of Erie County for Revenue Anticipation Needs."

"Before we do that, I'd like to indicate that we have two new members who have been appointed by the Governor. First is Peter Marlette, who is the managing partner at Damon and Morey and not only being a member of the Fiscal Stability Authority but also Vice-Chairman. Second is Lynn Stievater, who is a CPA and has her own practice. I would like to welcome you to the Authority and also compliment you for your willingness to provide service to this community."

"Before we go any further, I'd like to act as Corporate Secretary and everybody should have minutes from our last meeting and would entertain a motion to accept them."

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

Resolution No. 13-05
APPROVING MINUTES FROM
THE FEBRUARY 19, 2013 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its FEBRUARY 19, 2013 meeting and affirms three resolutions numbered 13-01,13-02, 13-03 and 13-04 that were approved on FEBRUARY 19, 2013.

This resolution shall take effect immediately.

Chairman Sampson: "At the request of the County Executive, last week, the county legislature approved resolutions that would allow the ECFSA to borrow on the county's behalf to reduce interest costs. Before going to market to sell the bonds and the notes this body needs to approve the borrowings. I would ask Mr. Vetter to cover the necessary resolutions before bringing them up for a vote and those resolutions are included in your packet. Mr. Vetter…"

Executive Director Vetter: "Thank you Mr. Chairman, let me start with Resolution 13-06, which is for the $130 million RAN, this resolution would provide authorization from the board to go to market for up to $130 million in cash-flow borrowing for the County. The county is refinishing its cash-flow right now and it may be less than this but bond counsel states our resolution should match the county's resolution and that said $130 million. In terms of going to the market, the county needs the money by the last business day in June; June 28th. We are prepared to do that upon authorization from this board."

"Savings- this savings for one year to the county is just under $600,000 and the interest rate, interestingly is 4/10 of 1%. So, we get a wonderful interest rate, so Mr. Chairman I would suggest to you to go for approval for Resolution 13-06 to enter into the contracts and necessary agreements for the RAN."

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

Resolution No 13-06

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 $130,000,000 in Revenue Anticipation Notes in June, 2013, and such borrowing was authorized by the Erie County Legislature on May 23, 2013;

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 $130 Million;

WHEREAS, the County Legislature on May 23, 2013 approved 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 $130,000,000, 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.

Chairman Sampson: Mr. Vetter…

Executive Director Vetter: "Onto Resolution 13-07, this is long-term borrowing; this is for the venue we are in right now; Ralph Wilson Stadium. The amount that is being authorized is greater than what is needed at this point. We must authorize and reconcile with the county and the actual amount we go to market for may be a little bit different depending upon that reconciliation. The resolution in your packet requests authorization for up to $45 million. This resolution has been approved by our bond counsel- don't anticipate it being greater than $40.6 million but that leeway is necessary because of the reconciliation between us and the county. On this, the interest rate on this is a little bit higher it's 1.65% which is excellent for long-term borrow and the total savings being $1.2 million for this bond. So, Mr. Chairman I would recommend board consideration for this authorization for $45 million in borrowing."

Chairman Sampson: "Can I have a motion for approval?"

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

Resolution No. 13-07

AUTHORIZING THE ISSUANCE OF BONDS

TO FUND CAPITAL PROJECTS OF ERIE COUNTY

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

WHEREAS, New York Public Authorities Law ("Public Authorities Law") section 3961 provides circumstances under which the ECFSA may finance the County of Erie, New York's (the "County") costs, including the costs of capital projects; and

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

WHEREAS, the County desires to issue bonds or notes to fund approximately $40,600,000 (but in any event no more than $45,000,000) in capital projects of Erie County including without limitation certain rehabilitation, refurbishment and other work in and to Ralph Wilson Stadium; and

WHEREAS, an analysis has been done by the ECFSA, indicating that the ECFSA can achieve approximately $1,243,000 in savings by issuing bonds or notes totaling approximately $40,600,000 on the County's behalf.

NOW, THEREFORE, BE IT RESOLVED that the ECFSA is hereby authorized, if so requested by the County, to sell and issue bonds and/or notes in anticipation thereof in the estimated amount of $40,600,000, but in no event to exceed $45,000,000, to fund the County's capital programs, which bonds may be secured by the County's sales tax revenues.

BE IT FURTHER RESOLVED, that the power to set the financial terms of its bonds or notes is hereby delegated to the Executive Director or the Chairman of the ECFSA, acting individually or jointly;

BE IT FURTHER RESOLVED, that the Executive Director or the Chairman of the ECFSA, acting individually or jointly, are hereby authorized and directed to execute and deliver any agreements, certificates, documents, papers or other written instruments, 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 its bond resolutions passed from time to time.

This Resolution shall take effect immediately.

Chairman Sampson: "Prior to this meeting the Audit Committee met and received a presentation of the 2012 financials from Laura Landers of Freed Maxick. I would like Mr. Vetter to give a recap of that meeting before calling a vote to approve the resolution."

Executive Director Vetter: "Thank you Mr. Chairman, Ms. Landers gave a presentation at the Audit Committee just briefly before this meeting indicating the Authority has received clean financials, there are no qualifications. That we have under-spent our budget for seven years straight and do have a significant fund balance and cash balances as a result of those savings over a period of time. I don't know if Ms. Landers has anything to add at this point. If not, there is a resolution in your packet that the board accepts the financial presentation and Audit prepared by Freed Maxick."

Chairman Sampson: "Can I have a motion for acceptance of the resolution?"

Director Lipke moves to approve the minutes, Director Stievater seconds and the Board votes unanimously to approve the following resolution:

Resolution No. 13-08

APPROVING THE 2012 ANNUAL FINANCIAL AUDIT

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

WHEREAS, the ECFSA is a public authority of the State of New York and, as such, section 3971(1) of the New York Public Authorities Law ("Public Authorities Law") requires the ECFSA to select an independent certified accountant to perform its annual financial audit; and

WHEREAS, in adopting Resolution 11-16 on October 20, 2011, the ECFSA, approved the firm of Freed, Maxick, Battaglia, P.C., certified public accountants and an approved vendor for statewide auditing and accounting services by the New York State Office of General Services, to provide audit services to the ECFSA for fiscal years 2011, 2012 and 2013; and

WHEREAS, Freed Maxick, Battaglia, P.C., has completed the ECFSA 2012 annual financial audit and has presented it to the ECFSA Board during an open meeting on May 31, 2013; and

WHEREAS, section 2800(3) of the Public Authorities Law further requires the ECFSA to approve a financial audit for fiscal year 2012; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA hereby approves the 2012 Audit, a copy of which is attached to this resolution; and

BE IT FURTHER RESOLVED that the 2012 Audit be submitted to the Erie County Executive, the Presiding Officer of the Erie County Legislature, the Erie County Comptroller, the Governor, the State Comptroller, the Chair and Ranking Minority Member of the State Senate Finance Committee, and the Chair and Ranking Minority Member of the State Assembly Ways and Means Committee, as required by section 3971(1) of Public Authorities Law.

This resolution shall take effect immediately.

Chairman Sampson: “Now onto Administrative issues because of its status as a public authority, the ECFSA is requires to reiterate certain policies and designations via a board vote each year. There are five resolutions in your packet that I will ask Mr. Vetter to cover.”

Executive Director Vetter: “Thank you Mr. Chairman, just briefly because we are a public authority the board must reauthorize these resolutions each year there have been no changes to the resolutions, if I may I will go through one at a time because our status requires a vote on each one individually. The first one is Resolution 13-09 Approving Investment Guidelines. In essence, the guidelines we have to go with as a public authority are mandated by the NYS Comptroller’s Office. That any funds of the Authority are in no-risk or extremely low-risk investments. Any funds that we have right now are either covered by FDIC or Treasuries or are in Treasury Investment accounts that are tied to US Treasury so that any loss of principal would only occur if the US Government became insolvent at some point. What this is- is approving those Investment Guidelines and I recommend to this body that these guidelines be approved for 2013.”

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

Resolution No. 13-09

APPROVING INVESTMENT GUIDELINES

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

WHEREAS, the ECFSA is a public authority of the State of New York and, as such, is governed by certain state laws that require the adoption of investment guidelines; and

WHEREAS, in order to comply with state law, it was necessary for the ECFSA to adopt investment guidelines, as required by sections 2925 and 3954 of the New York Public Authorities Law; and

WHEREAS, the ECFSA adopted such investment guidelines in Resolution 07-16 on March 2, 2007; and

WHEREAS, in order further to comply with state law, it is necessary for the ECFSA to review and approve its investment guidelines at least annually; and

WHEREAS, the Board of Directors of the ECFSA has reviewed the investment guidelines currently in effect; and

WHEREAS, upon review of those guidelines and the report on compliance, the ECFSA finds that the investment guidelines be amended consistent with a number of procedural changes;

NOW, THEREFORE, BE IT RESOLVED that the ECFSA hereby approves for use the investment guidelines attached to this resolution.

This resolution shall take effect immediately.

Chairman Sampson: "County folks are here! We already approved everything."

"I don't know if anyone from the County wants to address the Issue of the revenue anticipation note? Dr. Callan do you want to do that- briefly since you already got approval?"

Tim Callan: "The request before you is for authorization of the annual cash flow note for up to $130 million. Let me say that we have been working well with the Comptroller's Office on this but we have a few points of contention on this. They estimate, Mr. Gach, Deputy Comptroller that the county needs $130 million in cash flow. We have no way of independently validating that number- we don't necessary know that its accurate- it might be. His cash flow process is a black box and he is the only one that does it -only him personally. There are several technical points we disagree with him on and a few minor things. But under the charter it is the Comptroller's exclusive right to mange cash flow- so we defer to them on the number. If they believe $130 million is the number the county needs through next June then we are deferring to them on that."

"Let me say this, in the last 24hours, the last 48 hours the Comptroller has indicated that he may ask the ECFSA in selling this note to break this into two transactions. The possibility of a $90 million sale in June and a sale in November of up to $40 million. We're not sure why the Comptroller thinks that's necessary. It would be two sets of transaction expense. We're not sure the taxpayers should have to pay two sets of transaction expenses; one for a June sale, one for a November sale. The Comptroller has been adamant including last week in the Legislative caucus that Mr. Vetter attended where Mr. Gach in his statement to the Legislature because we had, Mr. Keating and I, the budget director, have had several meetings with the Comptroller's Office about cash flow because where we weren't sure, we thought the $130 million is high but again, we defer to them. At the Legislative caucus last week Mr. Gach told the Legislature quote, "$130 million gives us confidence we can pay all our bills this year." So we're not quite sure again why he would want to break the sale into two components. If their adamant in their believe $130 million is necessary then why doesn't the ECFSA on behalf of the county, sell $130 million in June and then we don't have to worry about it again and there is not two sets of transaction expenses, duplicative expense- one in June and one in November. That is a technical issue we can talk about. It's not a factor in your decision to authorize yourselves, it's what your resolution is doing, it authorizing yourselves on behalf of the county to sell up to $130 million doesn't mean you are going to sell $130 million for us. We just simply wanted to make you aware of that if you weren't already aware. We know Mr. Vetter is aware of that minor issue of that possibility of two sales."

Chairman Sampson: "Any questions?"

Director Creighton: "Tim, we were told the interest rate is .04%- that's with $130 million. So we have a guarantee- does that mean we would divide it over two different…"

Tim Callan: "No, your FA is here but whatever the interest rate is going to be in November is what it's going to be. If the Feds raise the rate and its 1% then it would be 1% for the up to $40 million then. The rate you have now is only for what you are selling in June."

Director Creighton: "So, we wouldn't be guaranteed that wonderful rate. The other thing is I don't know what you mean by "black box."

Tim Callan: "I'm sorry it's from bureaucratic politics… it's my doctorate in Political Science that makes me talk that way…I apologize. It's the whole concept of decision making, where you know what comes out of the black box, the final result or decision but you sometimes don't know what led to the decision being made, the factors that impacted it within the black box. It's simply the reference that I'm making to Mr. Gach, the Deputy Comptroller, is the only person in County government, in the Comptroller's Office that does the cash flow. He decides exclusively…one person…only him. The budget office cannot validate any of his numbers. I don't know if any of you have seen any of the cash flows the Comptroller's office creates. What it is- is a chart. It's a chart of this size- has at the top receipts at very broad categories and it has at the bottom disbursements or expenses by very broad categories. Social services, sales tax, property taxes, other receipts, RAN proceeds, ECFSA set-asides, On expense side disbursements- Social Service disbursements, for all of our programs, TANF, SNAP, etc, our payroll expense for county employees, vendor expense, our debt service payments, our RAN set-asides, bond set-asides, ECFSA debt service set-asides for the debt you have previously issued in past years for Erie County. These are incredibly broad categories with $20-50 million in each month going in and out. This is the "black box." This is the document that Mr. Gach provides to the Budget office on a weekly basis showing projected cash flows and at month end showing actual cash flows. We call it a black box because he decides exclusively what numbers goes into it."

" We cannot independently in the Budget Office validate it. I'm not meaning that as any kind of negative thing. I'm just saying, only he does it. The Comptroller's Office has that exclusive responsibility under the charter. So when he's projecting, because again, this is a projection…he's projecting we need $130 million based on in this case, four months of actual cash flow results in pre-close for at least through April cash flow results in 2013. It's one reason why we are cautious because of course the $130 million is a large number. It's more than we've issued in recent years. Last year, the RAN was authorized for $80 million, the County sold $75 million. In 2011 $90 million was authorized $87 million was sold. In 2010 $65 million was authorized and $45 million was sold. Then if you go back to other years, in 2007 $100 million was authorize by the Legislature and $75 million sold. It's a moving target. We aren't saying the $130 million is not legitimate but it's his projection and only he determines it. Did I give too much of an explanation?"

Director Creighton: "Is that different than other years past? Is the black box thing unusual or is that how it's been done in years past?"

Tim Callan: "When Mark Poloncarz was County Comptroller, we had a career civil servant in the Comptroller's office after Mr. Gach became budget director for the Collins Administration who did the cash flows. He worked closely with Bob Keating, who at the time was essentially the county's chief accountant, myself was involved and other career civil servants in the Comptroller's Office in that process. It's our understanding since Mr. Mychajliw took office the career civil servants are no longer involved in the cash flow development. Mr. Gach does it himself. Again, we are not saying the $130 million is not legitimate; we just have some questions that have not been answered by Mr. Gach. Again, in the charter the Comptroller's Office has sole & exclusive authority over cash flow. It's specifically identified as their responsibility. So, if they say its $130 million- ok we'll accept that its $130 million based on their representations."

Director Marlette: "But you have questions relative to the timing and relative to the two step process as well. The issuance in June and then the additional issuance in November. The splitting the two & your concerns are primarily the issuance costs the underwriting costs, having to pay it twice, and also an unknown rate.."

Tim Callan: "Those would be some of our concerns Mr. Marlette. Given that Mr. Keating & my various meetings there have been a series of exchanges and correspondences over the past couple weeks with Mr. Gach regarding cash flow and the projected numbers for the RAN. Our concern or caution over this is that they are so adamant that $130 million is the number and they went on record saying that when at one point we thought it may be closer to $100-110 million the cash flow we would need. But because they are so adamant that that is the number and Mr. Gach has backed that up with his testimony before the Legislature. If the Comptroller is saying that's the number than why don't we just sell the note in June because by the end of June we are going to need cash. Have it done with and then we have the cash and we don't have to worry about any cash flow issues later in the year and we don't have duplicative costs of issuance from the ECFSA selling $90 million of the RAN in June and some other number later in the year."

Chairman Sampson: "Mr. Vetter, the resolution we just approved doesn't give authorization to do it twice does it?"

Executive Director Vetter: "Yes, the resolution gives us authorization to go to market and sign whatever instruments necessary for $130 million worth of notes. Whether it's done in one transaction or two isn't germane to that resolution. It's been created by bond counsel – Tim was it in 2010 the county went for a note and Mark went for a line of credit later in the year."

Tim Callan: "I think it was in 2008 or 2009."

Executive Director Vetter: "It has happened in the past- so what we have done is make sure we are covered- is make sure the resolution is open so that we can perform whatever action is necessary and we have to do what is requested by the County. So at the request of the county we can do this in either one or two transactions. Again, it is preferable with the interest rates right now and the transaction costs it is preferable to do this once. I think the last time there were two transactions in one year for the county what we did was an analysis of the relative costs of doing it one or another to have some reasonable assurances that taxpayers aren't paying more than they need to for interest costs."

Tim Callan: "It's not often, members, that two RANS are sold. Since the early 1990's there were two RANS sold in the county in 1996, two in 1997 and then two in 2005 after the Red/Green budgets, so it's not a common occurrence."

Director Creighton: "How would that come about? Who would, when you say the County would ask us to do it twice. Is it the Comptroller's office or County Executive?"

Executive Director Vetter: "At this point the Legislature has given authorization up to $130 million. So, it was really within the County itself – the Comptroller's Office to indicate whether it's one transaction or two or any number of transactions."

Director Creighton: "Do we have any say in that?"

Executive Director Vetter: "We can tell them what we think. We are not in a control status. Outside of voicing an opinion we have no…"

Chairman Sampson: "We can do an analysis of the cost implications."

Director Lipke: "Before we go too far down that path. My question is, while the responsibility for developing the cash flow projections and RAN borrowing lies within the Comptroller's Office I assume the budget office can also come up with its own estimates on what you anticipate might need for the year. If that's true, how much of a difference between the $130 and where you think it might be is there actually."

Tim Callan: "Unfortunately Mr. Lipke we can't. Cash flow is domain, exclusively controlled by the Comptroller's office. As CFO of the County, remember the budget office is not the Chief Fiscal Officer of the County, the Comptroller's office is. There are certain prerogatives designated exclusively to them and they have certain technical expertise and access to certain records and modules in SAP that we don't."

Director Lipke: "If you just took the general categories that you outlined & you showed us on the chart before that the Comptroller uses would you be able to come up with your own set of numbers on that."

Tim Callan: "We have a sense of certain numbers- I guess is what I would want to say. Cash flow projecting & estimating for RAN is as much science as it is art. It's making guesses, its among other things how sales tax is going to come in, budgetary control measures we have imposed during the year so far, are we being successful on limiting expenses, is the Sheriff being unsuccessful on controlling his overtime. Unfortunately, it is bearing out this year that he is over budget on overtime again so far. We are also subject to the timing of our federal & state aid payments through NYS. Right now we do have an issue where does appear to be a lag on getting certain reimbursements and claims getting paid by the state for our social service programs which impacts the cash flow."

"It's not a budget issue…it's a cash flow issue. Those of you who are in business understand the difference between cash flow and budget. Comptroller Mychajliw has not made the differentiation several times this year- which makes us a little anxious. Mr. Gach understands the difference between cash flow and budget. We know what our property tax revenue is; we already got that money in March and April. Sales tax- every month we get two distributions in as Mr. Panek and Mr. Vetter well know as they intercept the money and track it also. Sales tax has been all over the place this year. That makes it difficult to project from a cash flow standpoint as well as when we are going to get the money in."

"One final difficulty in projecting the cash flow Mr. Lipke, is the IGT Payment for ECMC we do not have notification from NYS DOH what those payments are going to be later this year both the dollar amount and the timing. We know in past years there's normally an October and December payment- that has been the model- we don't know the numbers- and that's a big issue impacting the cash flow. That is one reason why if the Comptroller thinks the number is $130 million, why not sell that now and then we don't worry in November right after we made an October UPL or DSH, the two types of IGT payment before another one in December."

Director Lipke: "You always do an excellent job in providing background on all of these issues and I appreciate that. Is it better to borrow to the max level that you think would be necessary or try to cut it closer?"

Tim Callan: "Obviously we don't want to borrow more than what we need because then you would have greater expense. We also are required, bond counsel for both ECFSA and bond counsel for the County, have to validate the estimates and numbers provided by the Comptroller's office to avoid arbitrage problems. So they have to validate that the estimate of what we need for cash flow purposes is legitimate. That's important because that's an independent; those entities are independent entities who are not part of county government in doing that. When I spoke to the county's bond counsel, Ms. Cahill yesterday, she had not had any interactions or conversations with the Comptroller's Office about the RAN so far. I think the Comptroller's Office was probably waiting until after the ECFSA met today to have those discussions, to provide the cash flow estimates for her to validate- to have those discussions - that is normal- that is not unusual necessarily."

"Getting back to Mr. Marlette's concerns- one of our concerns in the budget office is if we can avoid the duplicative expense- that taxpayers have to pay- avoid it. Don't have multiple expenses. If the Comptroller now believes in the last 48 hours the $130 million number is maybe more than is necessary- then we would like for them to have indicate that to us. As recently as last Thursday, Mr. Vetter was at the control board meeting and Mr. Neumeister from Capital Markets, Mr. Gach said $130 million. He was asked by a Legislator if that was a solid number- he confirmed it. If the CFO of the county, and Mr. Gach has been in County government for 30 years doing this sort of thing- thinks that's a legitimate number than the Budget Office is going to defer to the Comptroller's office who has the charter power and responsibility to that, with that number and that would simply be a factor in the question in why there is a need to do two separate sales."

Chairman Sampson: "Thank you Dr. Callan, any further questions? Thank you."

Mr. Tobe

Director Lipke: "Mr. Chairman, due to the fact that we have already passed the resolution – what is our next step?"

Chairman Sampson: Mr. Vetter?

Executive Director Vetter: "Mr. Lipke if I could suggest, what we do anytime the county does the cash flow borrowing- we get the cash flows and we review them. In addition to us reviewing them, as Dr. Callan had indication, other people at the County review those cash flows as well, so do the rating agencies and ask questions about those cash flows and how supportable they are. Sometimes they've ask significant questions and other times they've looked at them and said they are reasonable and doable. We will be doing our due diligence regardless of what happens here. We have spoken with both the Comptroller's people and the County Executive's people on these issues and we administratively try to provide reasonable assurances that what is happening is the most cost effective way to go."

Director Lipke: "Because I can see both sides of this issue. We don't want to borrow more than we need but at the same time if we can avoid doing it twice we should try to do that."

Executive Director Vetter: "And right now cash flow is such an issue with the County, I mean not that the county doesn't have enough cash, but if I can remember correctly cash flow is being produced on a weekly basis at this point. Today is Friday, I'm not sure what day cash flow is forwarded but people can go back to their office on Friday and see how cash flow has changed since last Friday. There is that much of a focus on cash. It's not like an organization where you ask how much cash they have and how much cash they need and they say "hey, we pay our bills."

Director Marlette: "Has there been a time when, the Legislature authorized up to $130 million. We just gave our blessing on that "up to" number. From a historical perspective, has there been a time in recent memory and perhaps Ken you're the one to answer here or someone else, when the Legislature had passed authority in an "up to" amount relative to borrowing and county has not borrowed up to that amount."

Executive Director Vetter: "Regularly…yes. Bond counsel approves these things and bond counsel would not want a resolution to come back to them at the Legislature if the county needed another $2 million or $5 million or whatever. That's why you virtually always approve pass a resolution that is more than you need incase anything happens at last minute."

Director Marlette: "Thank you."

Chairman Sampson: "Mr. Tobe thank you for coming. As you are aware, we have already approved to do borrowing up to $45 million for capital improvements on the building we are sitting in today. We actually wanted to hold the meeting here today because of that action we are taking and we wanted to thank the County Executive for the partnership that we have been able develop with him around using the authority in the best way possible to benefit the county. I think this is particularly important because we are being a partner with the county as the county has worked so diligently to sign a lease with the Bills to keep the football team here for at least a few more years. So, I know you want to spend a few minutes to discuss the improvements that the capital borrowing will help to underwrite."

Dep. C. E. Tobe: "Thank you very much and on behalf of the County Executive's behalf and really everyone thank you for the cooperation. It's a good relationship and I think it helps us all that you are here and helping us and that we do our best to listen to the opinions that you express to us and it's been a very good relationship. And I do have to remind you that Brian and I used to sit on that side of the table when I served on the Buffalo Fiscal Stability Authority, Buffalo control board. So I've been on both sides… more than once. And I know the value that a control board can bring both in the direct fiscal work that you do and the moral authority you hold in helping us all make good decisions and validating the correctness of those decisions."

"With regards to the stadium, we were going to be delivering to you and that is why we were late all the documents. You'll be pleased to hear it's down to only 800 pages, down from 1,000 last time. But we decided not to. What we decided to do today was simply give you an overview of what is going to happen here. I'd be happy to answer any questions about the deal but I think you are thoroughly briefed on that and you've taken several actions to indicate that. If you want to ask questions, please do."

"With me today is Commissioner Loffredo, John Loffredo, our Commissioner of Public Works. He like I have been involved with these issues with the Buffalo Bills for quite some time. I was the lead negotiator last time on the County's behalf 16 years ago, for the lease that is just ending. In the years prior to that we did two smaller deals with the Buffalo Bills, one at their expense, one not at their expense to improve the stadium and get it in good condition for what would become the 16 year lease and then the new one. John has been involved in actually doing all the work. We lawyers like to think it's the paper that matters but it turns out that there is brick and concrete and steel that goes into these buildings. John is the one who keeps all our projects on schedule and so far all our projects have been on budget. It's been a very good process working with the Bills."

"I'd like to thank the Bills for allowing us to use the facility today. We own the building but they are the tenant and they can say if we can come into their living room or not. It is a difficult time for the Bills, they were filming a movie here last night and I believe it will be continuing for several days. Last night there were cameras out here filing a motion picture that will feature us."

"I'd like to quickly mention this is a joint partnership- the state, the county and the Bills. Each of us is putting in a percentage of the money. It is a negotiated amount. As between the state and the county, there was a precedent for getting to the percentages as for the public sector and the Bills it was essentially negotiated. We are pleased that were able to from a $240 million project that the Bills first approached us with down to the $130 million project that is now before you. The dynamic that went into that decision was a trade-off between the longevity of this stadium which will be 50 years old at the end of this lease and the longevity of improvements that might take place and not an exact financial payback but a payback nevertheless to the public. The discussions we had with the team about the possibility of a new stadium either here or somewhere else."

"What we ended up with a 10 year lease, at the end of the first 7 years when the players contract and new TV contracts are up the Bills will have a peek, they can decide to terminate the lease- what they were seeking was a one-time opportunity to do that. If they do not take that opportunity in February of 2020 they will stay for the full 10 years and all of the lease provisions remain in effect. They have agreed to these very, very onerous non-relocation agreement, it's the most rigorous anyone has seen in professional sports $400 million in penalties, which is the second penalty. The first is we have the right to specific performance, an injunction to keep them here. They have agreed that it would be litigated in local courts, federal or state courts but here in WNY. They agreed they would take no actions that would precipitate a move. If they do, we can commence our enforcement actions then. There is a whole series of strong provisions that eventually the NFL agreed to and acknowledged that are valid to keep the team here for the 10 years or the 7 if want to move in that one time window. But the price was knocked down and I think in a sensible way. What we decided to do it divert some money beginning in the 5th year that will accumulate to at least $11.7 million to look at what should happen next. Again, this is a first in professional sports where you enter into a new lease and begin to think about what will happen thereafter. It's hard to say, but likely there will be a new owner at that point. We don't know who that will be or what their inclination will be but they will be subject to this new lease."

"If the new owner is interested in here and making substantial renovations we can study that or if the new owner is interested in moving someplace else in Erie County we can study that too. There is a method to form a committee that will help make these decisions; jointly appointed by a lot of parties. I think this is a prudent investment. Overall, when you look at what is happened here- this stadium was built for $20 million- on the rebound after the dome stadium debacle. But $20 million when other communities were building stadiums, this was built in the era of first waves of domes, Metro Dome, Astro Dome and all that stuff, and they are no longer in use. They were or is a magnitude more expensive than our $20 million those stadiums of gone- we put $20 million into this. Over the years, we spent for a while we spent no money on this stadium or very little. During the Gorski tenure, when Dennis Gorski was County Executive we began to make yearly investments to get the stadium into shape so that when the new lease would be negotiated we would have a lot of improvements under our belt by then. Things did happen and we built good relationships with the team during the course of that. We spent about $36 million in annual payments over the course of the ensuing years and $67 million for the major renovations that took place 16 years ago…now $130 million. It's a very modest cost for 50 years worth of a stadium. I think it's very prudent and when you look at major league football and even college football this is a very modest cost for such a long period of time. I think we have done a good job and public works and the Bills have kept the stadium in excellent condition, it's one of the reasons we have been able to do this. Although there was some expenses that were some inherent expenses in original construction of the stadium but they have all been overcome."

"So, we're here now. What I'd like to do now is have Commissioner Loffredo come up and describe the improvements and explain what you will see in the tour. It is his job now to see that it's build. We gave you the hand-out that highlights what's going to occur….John."

Commissioner Loffredo: "Thanks Rich. If you look at the sheet I handed out there is a list of items there. If you look on the left-hand side I'll read them to you- then you could just jump up as I go along here. There will be lighting upgrades, infrastructure repairs. On the infrastructure repairs- actually we have half a stadium here. Believe it or not- half of it is below ground. It's actually like a sidewalk on grade- that's all it is -its slabs on grade. So our maintenance is really half what a normal stadium would be. That's why the cost to build it was so low- the reason they were able to do that was the site. The site it's on- the ground water level is very low- they can dig a hole like you see behind you and get away with half a stadium.   So, the maintenance is for half a stadium. We should thank the previous public works commissioner Ed Ommicker, who really came up with this whole design."

"Getting back to the infrastructure repairs, the top part of the stadium is like a bridge basically. It expands, there are joints, periodically it expands, and they put salt on there to defrost the ice to make it safer for the fans. The salt gets into the concrete and deteriorates it- so the infrastructure repairs are to take care of that and I won't get into the details on how that's done and what the problems are."

"There is a new commissary building and I don't know where that will be. The designs are in flux right now, so things are subject to change, locations and so forth. Various life safety improvements. Refurbishing existing post-game interview room. There is a room down below here where they hold all post-game interviews and it's really not large enough or adequate enough or has the proper equipment- so they want to refurbish that. Update existing suites- all the suites are pretty well dated and want to bring them up to date. Existing restrooms- upgrade those. Add new restrooms to upper concourse level, there is not enough now. Add radiant heat to side-line club-level seats. It's the red seats you see- there will be overhead radiant heaters there. ADA enhancements throughout the stadium. Complete renovation of all concession stands."

"Going to the old administration building…there is going to be another video board on top of the old administration building, which is right behind here and they want to rebuild the first and second floor. In that area there will be a new concession area- right in that area. Moving over to the press box…they want to move the writing press out of there and probably move them into one of these clubs and then have a 50 yard club for the media. In front of the stadium near Abbott Rd. there is going to be a new plaza and in that plaza is going to be a new Bills store. Going over to the training center on t he right hand side, the training center has to be expanded, not the building itself, not the field house but right adjacent to the field house there will be an expanded training center. Right now they have various equipment they have to actually put out into the field house to accommodate all the different equipment that they need. So, that will be expanded, the training facility. Then there will be a new fire alarm system in the field house and that whole facility. And miscellaneous other items. All these items are under design now and are subject to change as we get cost estimates- some may be expanded and some may be diminished as far as in size and what they are trying to do."

"Let me just say how these will be managed- the whole thing. During the lease negotiations we had what we called a construction group which consisted of the Bills and the county. We were feeding information to the negotiating team- Rich Tobe and the Bills side. This construction team has been maintained for construction- to oversee the construction. To that group we have added a state representative and that group meets weekly. And we monitor the actual design and the cost estimates and the construction of the improvements. That group will meet until that project is completed which is scheduled at the end of 2015. Keeping our fingers crossed- that is an awful lot of work to do in actually 1.5 seasons. That is all I have- any questions?"

Chairman Sampson: Any questions? Thank you so much for sharing that information. Mr. Tobe thank you for letting us know where all this money will be going. Thank you for putting all this together. Any questions, observations, thoughts?

We have a couple other administrative resolutions to resolve. Designated Internal Control Officer…

Executive Director Vetter: "Mr. Chairman, because we are a public authority we have to have internal control reviews on a quarterly basis and designate an internal control officer. Gordon Panek who is our financial analyst has been designated our internal control officer in the past and this resolution re-designating him and I recommend approval."

Chairman Sampson: "Could I have a motion for approval?

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

Resolution No. 13-10

DESIGNATING AN INTERNAL CONTROL OFFICER

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

WHEREAS, the ECFSA has established and maintained guidelines for a system of internal controls to comply with Public Authorities Law and internal control standards;

WHEREAS, section 2931 of the New York Public Authorities Law ("Public Authorities Law"), requires the governing board of the ECFSA to designate an internal control officer, who shall report to the head of the Authority, to implement, maintain, communicate and review the internal control responsibilities established and maintained for the Authority; and

WHEREAS, through adoption of employee guidelines in Resolution 08-33 on March 7, 2008 the ECFSA Board had previously designated the Financial Advisor as the Authority's Internal Control Officer; and

WHEREAS, the ECFSA Board finds it necessary to designate in name at this time the Authority's Internal Control Officer; and

WHEREAS, section 2932 of Public Authorities Law, requires the governing board of the ECFSA or its designee to determine, and periodically review the determination of, whether an internal audit function within the Authority is required; and

NOW, THEREFORE, BE IT RESOLVED that Financial Analyst is hereby designated the Internal Control Officer responsible for implementation and review of the Authority's internal control responsibilities until such time as his resignation, removal or death; and

BE IT FURTHER RESOLVED that the Authority's designated Internal Control Officer is designated to determine, and periodically review the determination of, whether an internal audit function within the Authority is required and to report to this Board should the need arise.

This resolution shall take effect immediately.

Chairman Sampson: Procurement Guidelines.

Executive Director Vetter: "Mr. Chairman, resolution 13-11 continues our procurement guidelines that are in compliance with NYS. We would bid or RFP services as we have in the past to provide lowest cost on things that are bid and reasonable costs on things that are RFP'd based on professional services. I recommend approval of this resolution."

Chairman Sampson: "Could I have a motion for approval?"

Director Creighton moves to approve, Director Stievater seconds and the Board votes unanimously to approve the following resolution:

Resolution No. 13-11

APPROVING PROCUREMENT GUIDELINES FOR CERTAIN CONTRACTS

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

WHEREAS, the ECFSA requires professional assistance in performing its mission; and

WHEREAS, the ECFSA is a public authority of the State of New York and, as such, is governed by certain state laws that specify the method for the procurement of certain services; and

WHEREAS, in order to comply with state law, it was necessary for the ECFSA to adopt Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts (the "Procurement Guidelines"), as required by sections 2879 and 3960 of the New York Public Authorities Law; and

WHEREAS, the ECFSA adopted its Procurement Guidelines in Resolution 05-10 on August 18, 2005; and

WHEREAS, in order further to comply with state law, it is necessary for the ECFSA to review and approve the Procurement Guidelines at least annually; and

WHEREAS, the Board of Directors of the Authority has reviewed the Procurement Guidelines currently in effect and has determined that such Procurement Guidelines do not need to be amended at this time; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA hereby approves for use the Procurement Guidelines attached to this resolution.

This resolution shall take effect immediately.

Chairman Sampson: "Payment Guidelines."

Executive Director Vetter: "Mr. Chairman, again just as it says, we pay our bills. We pay our bills on time, if we don't pay our bills on-time there is an interest rate we pay to vendors- we pay our bills on-time. Actually as one of our board members mentioned, we have no payables at year-end- so our bills are paid on-time. I recommend approval of this resolution."

Chairman Sampson: "Could I have a motion for approval?"

Director Stievater moves to approve, Director Lipke seconds and the Board votes unanimously to approve the following resolution:

Resolution No. 13-12

APPROVAL OF PROMPT PAYMENT POLICY

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

WHEREAS, the ECFSA is a public authority of the State of New York and, as such, is governed by certain state laws that require the adoption of a prompt payment policy; and

WHEREAS, in order to comply with state law, it is necessary for the ECFSA to adopt a prompt payment policy, as required by section 2880 of the New York Public Authorities Law ("Public Authorities Law");

WHEREAS, upon review of its current prompt payment policy finds that amendments are not needed at this time,

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA hereby adopts the Prompt Payment Policy attached to this resolution; and

This resolution shall take effect immediately.

Chairman Sampson: “Property Disposal Guidelines.”

Executive Director Vetter: “Mr. Chairman, #13-13 Compliance with Property Disposal.. that we will not give away property to any staff or board member- that we will properly dispose of property. We have no real property and very little personal property. The Authority has… I think the only thing we have disposed of in the last two or three years was a conference room table that had no value. I recommend board approval.”

Chairman Sampson: “Could I have a motion for approval?”

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

Resolution No. 13-12

APPROVAL OF PROMPT PAYMENT POLICY

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

WHEREAS, the ECFSA is a public authority of the State of New York and, as such, is governed by certain state laws that require the adoption of a prompt payment policy; and

WHEREAS, in order to comply with state law, it is necessary for the ECFSA to adopt a prompt payment policy, as required by section 2880 of the New York Public Authorities Law (“Public
Authorities Law”);

WHEREAS, upon review of its current prompt payment policy finds that amendments are not needed at this time,

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA hereby adopts the Prompt Payment
Policy attached to this resolution; and

This resolution shall take effect immediately.

Chairman Sampson: "We have one final item before we adjourn. At the beginning of this meeting I had introduced two new Authority members. At this point I'd like to indicate that we will be losing one member of the board. Lou Thomas has decided to resign after serving five years on the Stability Authority. He is the most senior member of the Authority. I know that when I became Chairman of the Authority a little over a year ago, he was a very helpful resource. He literally and figuratively put his hand on my back and "tell me what I should really be doing?" And I listened, which was to my benefit. I know he will be missed and I know he has been a calming voice and a voice of wisdom to all of us."

"As you know the Authority is comprised of 7 members, 4 appointed by the Governor, 1 recommended to the Governor by the Senate, 1 by the State Comptroller recommended to the Senate and 3rd by the Legislature. Mr. Thomas fills the seat recommended by the Legislature and if you bear with me while I read a citation for Mr. Thomas from the NYS Legislature."

(*resolution read by Chairman Sampson).*

Director Thomas: "I'm very touched, very moved and very appreciative of all this but the pleasure in all this has been mine. It's been a marvelous experience, of all the things I have done in my life this is one of the most rewarding. From where I came on five years ago-to where we are now. It gave me an opportunity to give back to a community that I truly love and will always love. It is a great place to live and a great place to work and I'm happy that I had the chance to give something back. I'd like to say to all the people I have a chance to work with on this committee, has also been an experience. I know that it is in good hands. I know the job will be done the way it's supposed to and I'm so happy that I was able to be a part of it and thank you all for giving me the opportunity to work with you. Thank you so much."

Chairman Sampson: "Any members like to say anything?"

Director Lipke: "I'll start….I've known Lou for many, many years and his reputation as a forward thinking labor leader set new ground and I think contributed significantly to maintaining a lot of viable jobs here in WNY and for that manner around the country and while I'm a manufacturing guy at heart I think Lou's ethics and his basic moral compass and mine were always completely in alignment and I just hold you in very high regard and will honestly miss serving with you."

Director Thomas: "Thank you Brian…I really appreciate that."

Director Creighton: "When I came onto the board, things weren't this nice. There were people who wanted to go back to a hard control board and it was Lou really who said "let's all calm down" and Lou's logical, practical advice really helped the fiscal stability authority. Personally, Lou is a really great guy and I'm really going to miss you Lou."

Director Thomas: "Thank you Cathy."

Chairman Sampson: "Anything else? Thank you for your service, you are an incredible gentleman. Let me just say, one reason we are having the meeting here today was, when Lou told me he was going to resign he didn't want to resign until after we took this action on the stadium borrowing. One of the reasons I wanted to have the meeting here was in recognition of his service so that we could take that vote and he could be part of that vote. It's great that you could be here and wonderful recognition of your service that we could work with the County to do that and have the meeting here today."

"Could I have a motion for adjournment?"

Director Lipke moves to adjourn, Director Stievater seconds and the Board votes unanimously to adjourn:

Respectfully submitted,

James Sampson, Chairman
August 8, 2013