

**Minutes of the  
Erie County Fiscal Stability Authority Meeting  
October 28, 2014**

Present: Director Brian Lipke, Director Catherine Creighton, Director Lynn Stievater, Director  
Craig Speers, Executive Director Kenneth Vetter

Chairman Lipke: “Good morning. Welcome to the public, guests, government officials and the media. Chairman Sampson is unable to attend and has appointed me he his stand-in as chairman (via Facetime)”

“We are here today for three items: final consideration of the county’s 2015 proposed budget and associated financial plan, the library proposal to repurpose efficiency grant funding, and to determine who will be the ECFSA’s public accountants for the next 3 years.”

“First, I would entertain a motion to approve the minutes of the previous board meeting.”

Director Stievater moved to approve the minutes, Director Creighton seconds and the Board votes unanimously to approve the minutes of the previous board meeting.

**APPROVING MINUTES FROM  
THE AUGUST 12, 2014 MEETING**

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its AUGUST 12, 2014 meeting and affirms three resolutions numbered 14-09, 14-10 and 14-11 that were approved on AUGUST 12, 2014.

This resolution shall take effect immediately.

Chairman Lipke: “Last week the ECFSA Finance Committee held a meeting to review the Erie County budget and four-year plan and Ms. Stievater will report on that.”

Director Stievater: “Thank you Brian, Good morning. As you mentioned, last week the Finance Committee met to hear a report on the County’s 2015 budget and four-year financial plan- thank you for allowing me the opportunity to report on behalf of the Finance Committee. Last week we received presentations from county officials. They provided a good base of information for this board to opine on the county’s finances.”

“There is a report in the packets in front of each board member, with comments and concerns about the county’s submission. I’d like to focus on some key items from the report.”

- We are concerned that sales tax revenues, the county’s largest single revenue source, at 26% of all income, will not meet expectations for the period of the plan.
- We are concerned that, even though overtime expenses are getting a better, they are not meeting expectations in the 2014 budget and may continue to fall short for the period of the financial plan.
- We are concerned that the county has extended its use of fund balance as a revenue to balance budgets through 2018.
- We are concerned that certain fringe benefit costs may exceed county expectations over the period of the financial plan.
- We are concerned that the county has increased and extended its use of turnover savings through the period of the financial plan.

“However, despite these concerns, we believe that through management and budgeting discipline and with cooperation, ingenuity and foresight among the county’s elected leadership, that the county can balance its budgets through 2018.”

“In our current status, we’re here to advise the county, to help Erie County Government achieve and maintain long-term fiscal health. Over the last year, we have seen good cooperation among county officials in providing necessary and desired services to the county’s residents and taxpayers at a cost that is not burdensome.”

“On behalf of the ECFSA, I would advise county elected leadership to continue and extend that cooperation to help the county move forward.”

“With those comments, I would ask for consideration of the resolution in your packets to maintain the current ECFSA advisory status.”

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

Resolution No. 13-18

FINDING THAT ERIE COUNTY'S 2014-2017 FINANCIAL PLAN IS COMPLETE AND COMPLIANT WITH NEW YORK PUBLIC AUTHORITIES LAW SECTION 3957, AND CONTINUING THE ADVISORY PERIOD UPON 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 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, Public Authorities Law section 3957(1) requires the Erie County Executive to "prepare and submit to the [ECFSA] a four-year financial plan and the county executive's proposed county budget, not later than the date required for submission of such budget to the [Erie County] legislature pursuant to the county charter;" and

WHEREAS, the four-year financial plan, as defined by Public Authorities Law section 3951(14), is a "financial plan of [Erie County] and [its] covered organizations"; and

WHEREAS, pursuant to Public Authorities Law section 3957(2)(b), "[n]ot more than twenty days after submission of a financial plan . . . , the [ECFSA] shall determine whether the financial plan . . . is complete and complies with the provisions of [section 3957] . . . ;" and

WHEREAS, County Executive Mark Poloncarz duly submitted his proposed budget for Erie County (the "County") for fiscal year 2014 on October 15, 2013, and a four-year financial plan ("Plan") for fiscal years 2014-2017, to the ECFSA on October 15, 2013 (the "2014-2017 Plan"); and

WHEREAS, fiscal years 2015 through 2017 constitute the "Out Years" of the 2014-2017 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2014-2017 Plan "contain actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan that annual aggregate operating expenses for such fiscal year shall not exceed annual aggregate operating revenues for such fiscal year;" and

WHEREAS, Public Authorities Law section 3957(2)(b) instructs the ECFSA to determine on or before November 4, 2013, whether the 2014-2017 Plan complies with the provisions of the ECFSA Act, including section 3957; and

WHEREAS, the members of the ECFSA Board of Directors have reviewed the 2014-2017 Plan; and

WHEREAS, the ECFSA has developed concerns regarding the reasonableness of the following assumptions underlying the Plan:

1. Plan estimates for sales tax revenues, given recent history and longer term trends do not appear as to be as conservative as they could be. The plan assumes a 2.94% increase in 2014 sales tax over 2013 forecasted amounts. That followed by 2.75% increase for each year from 2015-2017; and
2. Erie County is proposing to participate in the New York State Comptroller's Pension Stabilization Program that would provide a \$8.6 million net benefit to the 2014 budget with an anticipated 3.67% rate over a ten year period; and
3. In the 2014 budget message the county has changed its definition of "turnover" to include increased overtime or other personnel transactions. The county's overtime, while improving, could be short by almost \$14 million over the period of the plan; and
4. There are no provisions in the plan for a contract settlement salary increase for CSEA, the County's largest labor union. Currently, the CSEA and the county are at impasse, it is anticipated that the County Legislature will at some point impose a settlement for the oldest unresolved contract year- 2008; and
5. The county has extended its use of fund balance as a revenue source to balance its budget for the entire period of the plan. The potential use of \$23 million of fund balance reduces the county's reserves and indicates an imbalance between recurring revenues and expenses.

WHEREAS, the ECFSA has nonetheless determined that the 2014-2017 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2014 and the Out Years – that annual aggregate operating expenses for such fiscal year shall not exceed annual aggregate operating revenues for such fiscal year; and

WHEREAS, the 2014-2017 Plan is complete and otherwise complies with the requirements of Public Authorities Law section 3957 (“Section 3957”) and the ECFSA Act; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA finds that the 2014-2017 Plan is complete and otherwise complies with the requirements of Section 3957 and the ECFSA Act; and

BE IT FURTHER RESOLVED that the ECFSA remains in advisory status, as described by Public Authorities Law section 3958; and

BE IT FURTHER RESOLVED that the ECFSA shall impose a control period upon the County whenever the ECFSA determines that any one of the five circumstances listed in Public Authorities Law section 3959(1)(a) through 3959(1)(e) shall have arisen.

This resolution shall take effect immediately.

Chairman Lipke: “Last week, the ECFSA Finance Committee received a presentation from Library Representatives on repurposing some of the remaining efficiency grant dollars to fund labor agreements. I ask Mr. Vetter for a brief overview of the proposal.”

Executive Director Vetter: “Thank you Mr. Chairman- just very briefly the ECFSA in separate resolutions allocated just over \$2.7 million for Library RFID program. The library has completed the overwhelming majority of the program but they found the expenses for the technology related to what they are doing has gone down. Therefore they have had additional dollars left in that grant, they have asked that \$314,107 be reprogrammed for two of the labor union contracts that have recently been approved. One for the CSEA, one for the Librarians. This item was considered by the Finance Committee last week and the Finance Committee has recommended to this board approval of repurposing of those grant funds. So, Mr. Chairman, based on that information I would ask for approval of this board for this item for repurposing grant funds.”

Chairman Lipke: “Any questions or comments? I would entertain a motion to approve the resolution in your packets to repurpose library RFID efficiency grant funding.”

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

Resolution No. 14-14

APPROVING AN EFFICIENCY GRANT FOR LIBRARY CONTRACT INCENTIVES

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

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

WHEREAS, the Buffalo & Erie County Public Library submitted an application for an efficiency grant to fund “Library CSEA Employee 2014 Contract Incentives and Librarians Association Members 2014 Contract Incentives” intended to result in savings (the “Application”); and

NOW, THEREFORE, BE IT RESOLVED, that the ECFSA hereby grants up to \$314,107 to Buffalo and Erie County Public Library in accordance with the Application, with the following restrictions: that those funds be used to fund signing bonus salaries, wage, FICA and NYS Retirement expense totaling \$32,395 for Library CSEA Members and \$281,712 for Librarians Association Members for a combined total of \$314,107, pursuant to the Application; and

BE IT FURTHER RESOLVED that the source of efficiency grant funding for this item is to derive from the previously approved, but not drawn down, \$314,107 “2009 Library RFID Incentive Grant” with it being understood that the Buffalo & Erie County Public Library consents to dollar for dollar reduction in the ECFSA’s “2009 Library RFID Incentive Grant” for funds provided to the Buffalo & Erie County Public Library pursuant to the Application; and

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

State Assembly Ways and Means Committee, the Buffalo & Erie County Public Library.

This resolution shall take effect immediately.

Chairman Lipke: “Ken would you like to talk about the ECFSA Public Accountant selection process we went through?”

Executive Director Vetter: “Thank you Mr. Chairman- just briefly- we went through this in detail at the Finance Committee last week. Every three years we go through an RFP process for Public Accountants to see what we can get out there and who’s available. We went through this process after the conclusion of the 2013 financial audit for the Authority. We had four responses come back. Two of them were relatively equal, one was a little bit better than the other and that was Freed Maxick. Staff had put together a report based upon Freed’s response in terms of price and actually our price going forward for the audit will be a few hundred dollars less per year than it was in the past also with minority participation. Freed has indicated that 13% of the engagement would go to a MWBE firm. We are very in tune with making sure there is business to the community. So, Mr. Chairman based on the price and the service they provide for us and the MWBE participation the Finance Committee recommended to this full board that we contract with Freed Maxick for the next three years. Given that Mr. Chairman I would recommend the board consider a resolution to approve that choice for ECFSA Public Accountants.”

Chairman Lipke: “Thank you for that report. I’ll accept a motion to approve.”

Director Speers moved to approve, Director Stievater seconds and the Board votes unanimously to approve the following resolution:

### **Resolution No. 14-15**

#### **APPROVING ENGAGEMENT OF AUDITING SERVICE**

WHEREAS, The Erie County Fiscal Stability Authority (“ECFSA”) was created by Chapter 182 of the Laws of 2005, as amended, to be a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation to “oversee the 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 issued Requests for Proposals (RFPs) in August 2014 for Auditor to conduct an independent audit of the financial position of the ECFSA and the related statements of activities in conformity with Generally Accepted Accounting Principles as required by Chapter 182 of the Laws of 2005 for the fiscal years of 2014, 2015 and 2016 and

WHEREAS, the firm of Freed, Maxick, certified public accountants and an approved vendor for statewide auditing and accounting services by the New York State Office of General Services, responded to such RFP and reconfirmed its proposal to provide audit services to the ECFSA by letter.

THEREFORE, BE IT RESOLVED that the ECFSA approves the selection of the firm of Freed, Maxick, Battaglia, P.C., as a provider of such audit services to the ECFSA for the 2014, 2015 and 2016 fiscal years.

This resolution shall take effect immediately.

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

Respectfully submitted,

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James Sampson, Chairman

December 23, 2014