

**Minutes of the June 27, 2016**

**Erie County Fiscal Stability Authority Meeting**

Present: Chairman James Sampson, Vice Chairman Peter Marlette, Director Dr. Barry Weinstein, Director Lynn Stievater, Director Craig Speers, Executive Director Kenneth Vetter

Chairman Sampson: “Calls to order the meeting of the ECFSA full board and welcomes the newest board member – Dr. Barry Weinstein”

“The meeting agenda consists of four items:

1. Review the Erie County Fiscal Stability Authority 2015 audit
2. Annual approval of administrative items.
3. The Independent Review RFP
4. ECFSA Bond Refinancing”

“Before moving on to the agenda items the Chairman requests a motion to approve the minutes of the previous meeting.”

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

**Resolution No. 15-01  
APPROVING MINUTES FROM  
THE DECEMBER 23, 2014 MEETING**

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its DECEMBER 23, 2014 meeting and affirms three resolutions numbered 14-16 14-17 and 14-18 that were approved on DECEMBER 23, 2014.

This resolution shall take effect immediately.

Chairman Sampson requests Executive Director Vetter quickly provide a summary of the presentation given by Michael Adornetto of Freed Maxick during the ECFSA Audit Committee.

Executive Director Vetter provided the following explanation:

- The ECFSA received a clean opinion on qualified financial status from Freed Maxick, unqualified financials
- The Authority underspent its budget by about 14% and has underspent its budget for a decade.

- ECFSA Audit Committee that met just prior to the board meeting, recommended approval of the financial audit to the board.

“Mr. Vetter recommended the board accept the ECFSA Audit Committee recommendation to approve the 2015 ECFSA Audit.”

Chairman Sampson: “Requests motion to approve.”

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

### **Resolution No. 16-02**

#### **APPROVING THE 2015 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 14-15 on October 28, 2014, 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 2014, 2015 and 2016; and

WHEREAS, Freed Maxick, Battaglia, P.C., has completed the ECFSA 2015 annual financial audit and has presented it to the ECFSA Board during an open meeting on; and

WHEREAS, section 2800(3) of the Public Authorities Law further requires the ECFSA to approve a financial audit for fiscal year 2015; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA hereby approves the 2015 Audit, a copy of which is attached to this resolution; and

BE IT FURTHER RESOLVED that the 2015 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 stated “Because of its status as a public authority, the ECFSA is required 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. After these guidelines are considered, we will consider the responses to the Independent RFP review.” They include:

- Investment guidelines
- Designating an internal control officer
- Procurement guidelines
- Prompt payment guidelines
- Property disposal guidelines

“There must be a vote on each one individually. I will ask Mr. Vetter to cover each and call for a vote for each of the five items after his description.”

“Mr. Vetter stated there are no changes to the resolutions this year. However, the resolutions require annual approval.”

“Investment Guidelines Resolution states the ECFSA will remain in compliance with all NYS Investment Guidelines and will only invest with zero or close to zero risk. All authority investments are FDIC insured or are in US Treasury funds.”

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

**Resolution No. 16-07**

**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 maintained in their current form; and

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.

Executive Director Vetter: “Gordon Panek, ECFSA Financial Analyst, has been the Internal Control Officer for the past 6 years and has done a good job in this position as reflected in the audit. The following resolution reauthorizes our Financial Analyst as Internal Control Officer for the ECFSA.”

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

Resolution No. 16-05

#### 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.

Executive Director Vetter: "Procurement Guidelines Resolution states the ECFSA maintains bidding and RFP processes that are in compliance with NYS Procurement Laws including MWBE requirements and lowest responsible bidder"

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

### **Resolution No. 16-03**

#### **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.

Executive Director Vetter: “Prompt payment guidelines states the ECFSA will pay their vendors on time. If not in accordance with NYS Law it will pay interest to any vendor harmed.”

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

#### **Resolution No. 16-04**

#### **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.

Executive Director Vetter: “Property disposal guidelines state the ECFA is in compliance with Public Authorities Law and will not give any items of value away. The authority does contact NYS OGS to get a determination of proper disposal for any Authority property that has gone beyond its useful life to provide reasonable assurance that it is being disposed of properly and within the set guidelines.”

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

**Resolution No. 16-06**

**APPROVING PROPERTY DISPOSAL 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, Section 2896 of the Public Authorities Law requires public authorities to adopt comprehensive guidelines which detail the authority’s operative policy on the disposal of personal property valued in excess of fifteen thousand dollars; real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party; and

WHEREAS, the ECFSA has developed and implemented property disposal guidelines to comply with this requirement; and

NOW THEREFORE BE IT RESOLVED that the Erie County Fiscal Stability Authority does hereby affirm the attached property disposal guidelines as required by Section 2896 of the Public Authorities Law; and

BE IT FURTHER RESOLVED, that the Office Manager be designated as the “contracting officer” who shall be responsible for the disposition of property is hereby affirmed. This Resolution shall take effect immediately.

This Resolution shall take effect immediately.

Executive Director Vetter: “An RFP was issued for an independent review of the ECFSA operations. The responses received were sent to the board, with a basic review of the proposals, listing advantages and disadvantages of each respondent. It appears that Lumsden is the lowest cost and meets the other requirements.”

Director Weinstein moved to approve, Director Stievater seconds. On the discussion:

Chairman Sampson: “What is the timeline and when can we expect results?”

Executive Director Vetter: “Both Lumsden and CGR called and are ready to perform within 60 days of a starting date. They are ready to start discussing the engagement and timing within the next week or so.”

Chairman Sampson: “So we could anticipate a presentation from them in September?”

Executive Director Vetter: “Yes, assuming there are no other issues. The outcome of the study would probably be required for the Authority’s 2017 budget and associated financial plan.”

Director Speers: “For the record, how many bidders submitted proposals to the Authority?”

Executive Director Vetter: “There were three bidders – Lumsden, CGR and PFM. The Lumsden and CGR proposals were very similar. PFM has experience to bear, but the fee was five times the lowest bidder.”

Director Speers: “Lumsden was the lowest bidder? And the amount?”

Executive Director Vetter: “Lumsden was the lowest bidder. The amount was \$10,240”

Director Marlette: “So the Lumsden proposal was \$10,000, with CGR coming in at \$15,000. So, Lumsden is definitely the lowest responsible bidder.”

Executive Director Vetter: “Yes.”

The Board votes unanimously to approve the following resolution:

**Resolution No. 16-08**

APPROVING ENGAGEMENT OF REVIEW 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) for a firm to conduct an independent review of the ECFSA, and

WHEREAS, the firm of Lumsden McCormick, LLP responded to the RFP, meeting review requirements and providing the lowest cost.

THEREFORE, BE IT RESOLVED that the ECFSA approves the selection of the firm of Lumsden McCormick for review services.

This resolution to take effect immediately.

Chairman Sampson:

“To our last order of business. In 2010, the Authority issued bonds on the county’s behalf totaling almost \$158 million. Over \$45 million of those bonds are now callable and refinancing those ECFSA bonds will save approximately \$2.3 million in interest costs. I would ask Mr. Ganci from Capital Markets, as well as Milan Tyler, our bond counsel to present on the refinancing. Everybody should have received the analysis, so please provide a quick summary and we’ll open it up for questions and discussion.”

Mr. Ganci:

“The Authority funded projects in 2010 for the county that had a 4% to 5% rate that was commensurate with the market at that time. With interest rates now dramatically lower, especially given what happened in the UK on Friday (the Brexit), long term municipal bond rates have moved to the lowest level in history. The movement on Friday alone was 20 to 25 basis points lower. You have before your

today, a resolution to refund your own obligations for bonds issued on behalf of the county in 2010. The rates in today's market are about 1.3% as compared to the 4-5% in 2010, which is pretty remarkable. The savings before the Brexit were estimated at \$2.3 million, which would benefit the county in the form of lower monthly set-asides to repay the bonds. The county would save approximately \$300,000 a year over the next 8 fiscal years. Though, we think that estimate is a bit low, given recent market changes and that the savings could average 400,000 for that period of time."

Chairman Sampson:

"Mr. Tyler would you like to add anything?"

Mr. Tyler:

"I think Rick summed it up pretty well. We've done this before. The documents are a well worn path. The concept is that the county's mirror bond would stay outstanding, thereby reducing some of the transactional costs. Those and other savings would be washed through the trustee, with a smaller reduction in sales tax."

Director Weinstein moved to approve, Director Marlette seconds. On the question:

Director Weinstein:

"I am concerned about the transaction costs on a bond refinancing. The refinancing is frequently easier than the original bonding, leading to more flexibility in related costs."

Mr. Ganci:

"The Authority has agreements with the vendors involved and the fees will be a function of those agreements."

Director Weinstein:

"Who will monitor those costs?"

Executive Director Vetter:

"A combination of staff and Authority financial advisors will be monitoring the fees."

Chairman Sampson:

"As a technical piece, how is the savings passed on to the county?"

Mr. Ganci:

"As a technical piece, there is a schedule of set-asides the county and the Authority follow. Upon completion of the refunding, the scheduled amounts would be revised downward, thereby saving the county money every month. The debt service going forward is lower."

Chairman Sampson: “As more bonds become callable, are we going to be doing this again?”

Mr. Ganci: “The 2010 issuance was the first new money bonding the Authority did on behalf of the county to fund capital projects. Most afterward were a combination of new money and refunding. Under the IRS code you are only allowed one bite at the apple, so most of those borrowings can’t be refinanced. However there are other re-financings down the road that can be considered. The largest being the ECMC project in 2012. That one still has a couple of years before we can go after that one.”

The Board votes unanimously to approve the following resolution:

### **Resolution No. 16-09**

#### **AUTHORIZING THE ISSUANCE OF BONDS TO REFINANCE OUTSTANDING ECFSA 2010 BONDS**

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, On May 18, 2010, the ECFSA issued \$157,995,000 in bonds (the “2010 Bonds”) on the county’s behalf to fund certain capital needs of the County.; and

WHEREAS, an analysis has been done by the ECFSA’s financial advisors and underwriters, indicating that the ECFSA can achieve approximately \$2.3 million in total budgetary savings to the County by advance refunding the callable maturities of the 2010 Bonds maturing May 15, 2021 through May 15, 2023 in the total original par amount of \$46,295,000 .

NOW, THEREFORE, BE IT RESOLVED that the ECFSA is hereby authorized refund the 2010 Bonds in the estimated amount of \$46,295.00, but no event to exceed \$50,000,000, to refund the callable maturities of the 2010 Bonds, which bonds may be secured by the set-aside of County's sales tax and state aid 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.

There being no further business, Director Speers moves to adjourn, Director Marlette seconds and the board votes unanimously to adjourn.

Respectfully submitted,

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James Sampson, Chairman

June 27, 2016