

Minutes of the March 15, 2017

Erie County Fiscal Stability Authority Meeting

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

Chairman Sampson: "Welcomes guests to the meeting of the Erie County Fiscal Stability Authority Board Meeting. We are here to consider ECFSA borrowing resolutions, one to refinance ECFSA's outstanding ECMC bonds and the other to fund the emergency room and other necessary capital projects at the Medical Center. To provide further information today, we have Tom Quatroche, CEO of the Medical Center, County Executive Poloncarz, Budget Director Keating, Milan Tyler, our Bond Counsel, Rick Ganci, our Financial Advisor and we have Comptroller Stefan Mychajliw, Legislative Chair John Mills and Majority Leader Joe Lorigo."

Before beginning the meeting presentations, Chairman Sampson requests a motion to approve minutes from the previous meeting.

Director Speers moves to approve, Director Creighton seconds and the board votes unanimously to approve the following resolution.

Resolution No. 17-07

APPROVING MINUTES FROM

THE JANUARY 9, 2017 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its JANUARY 9, 2017 meeting and affirms six resolutions numbered 17-01, 17-02, 17-03, 17-04, 17-05 and 17-06 that were approved on JANUARY 9, 2017.

This resolution shall take effect immediately.

Chairman Sampson: "Both Rick Ganci, our Financial Advisor and Milan Tyler, our Bond Counsel, are here to give us an overview of the proposed borrowings before we consider the resolutions in your packet."

Messrs. Ganci and Tyler: Described the structure and timing of the proposed borrowings. Indicating it is appropriate for the ECFSA to consider the new money borrowing prior to the county approved Declaration of Need.

Chairman Sampson: “Before officially considering either of the two borrowing resolutions in your packet, I would like to ask our guests to speak, starting with Tom Quatroche.”

Tom Quatroche: “Thanks for inviting me to this meeting Mr. Chairman. At ECMC, we appreciate the consideration of the ECFSA and the County in helping us reduce our borrowing costs for the Emergency Room and other necessary capital projects. The total capital program is \$120 million, which includes \$45 million for the Emergency Room, as well as a number of energy project items such as boilers and chillers, generators and energy controls.”

Director Marlette: “Can you tell us how your fundraising efforts to raise the \$20 million have gone so far?”

Tom Quatroche: “We are off to a good start, we have a number of corporate sponsorships and a good plan in place to achieve our goal.”

Chairman Sampson: “Thank you Mr. Quatroche. I would now ask County Executive Poloncarz to speak.”

Mark Poloncarz: The County Executive thanked the Chairman for the opportunity to speak today and for his efforts to bring this borrowing to this point. He indicated he believed this is something that’s good for both the hospital and the county. That the credits being generated through this transaction are not unlike the credits created by former County Executive Collins in his 2009 deal with ECMC. That the hospital is a community asset that deserves to have the facilities necessary to service the community.

Chairman Sampson: “Thank you Mr. Poloncarz. I believe Comptroller Mychajliw is here to speak.”

Stefan Mychajliw: Comptroller Mychajliw voiced his opposition to the credits and borrowing proposal.

Chairman Sampson: “Thank you Comptroller Mychajliw, I’d like to call on Mr. Lorigo to speak.”

Joe Lorigo: Majority leader Lorigo voiced his opposition to the proposed credits system and indicated the Board is the last hope to make things right.

Chairman Sampson: “Thank you Mr. Lorigo. I believe Mr. Mills is here to speak.”

John Mills: Legislature Chair Mills voiced his opposition to the proposed credits system and indicated that this is not a good deal for the county, as proposed.

Chairman Sampson: “Thank you Mr. Mills. I believe it’s time to consider the resolutions at hand. Are there were any resolutions that Board Members would like to make?”

Director Weinstein: Moved an alternate new borrowing resolution for ECMC. Second by Director Marlette. Director Weinstein indicated he believes it is in the best interest of the hospital and the county to restrict the timing of any credits used by the county.

Chairman Sampson: “Mr. Vetter can you give details of the impact of Director Weinstein’s resolution the borrowing?”

Kenneth Vetter: Mr. Vetter indicated that Director Weinstein’s resolution would restrict the use of credits to the time period in which they were earned. In illustration, if there were \$20 million in credits/savings over 20 years, the county would only be able to use \$1 million of those credits in any given year against ECMC related IGT payments.

Chairman Sampson: Called for a roll-call vote on Dr. Weinstein’s resolution:

Director Weinstein – Yes

Director Stievater – No

Director Marlette – No

Director Speers – No

Director Creighton – No

Chair Sampson – No

The resolution failed by a vote of 1 to 5.

Chairman Sampson: “Can I have a motion to approve the new money borrowing resolution for ECMC related projects?”

Moved by Director Marlette, second by Director Creighton.

Chairman Sampson called for a roll-call vote on the resolution:

Director Weinstein – No

Director Stievater – Yes

Director Marlette – Yes

Director Speers – Yes

Director Creighton – Yes

Chair Sampson – Yes

The resolution passed by a vote of 5 to 1.

Resolution No. 17-09

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 \$100,000,000 (but in any event no more than \$120,000,000) in capital projects of Erie County, all or a portion of which will be

undertaken pursuant to an agreement between the County and the Erie County Medical Center Corporation (ECMC); and

WHEREAS, the ECFSA can achieve cost savings for the County by issuing its bonds for said capital projects.

NOW, THEREFORE, BE IT RESOLVED that the ECFSA is hereby authorized, if so requested by the County, to sell and issue bonds in the estimated amount of \$100,000,000, but in no event to exceed \$120,000,000, to fund the County's capital projects, 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; and

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: Asked for a motion to approve the Refinancing borrowing resolution for ECMC related projects.

Moved by Director Marlette, second by Director Speers.

Chairman Sampson called for a roll-call vote on the resolution:

Director Weinstein – No

Director Stievater – Yes

Director Marlette – Yes

Director Speers – Yes

Director Creighton – Yes

Chair Sampson – Yes

The resolution passed by a vote of 5 to 1.

Resolution No. 17-08

AUTHORIZING THE ISSUANCE OF BONDS

TO REFINANCE OUTSTANDING ECFSA 2011C 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, in 2011, the ECFSA issued \$86,250,000 in 2011C Bonds on the County's behalf that are callable on or after December 1, 2021; and

WHEREAS, an analysis has been done by the ECFSA's financial advisors and underwriters, indicating that the ECFSA can achieve positive present value savings by refunding all of its 2011C Bonds with a current outstanding par amount totaling \$70,355,000.

NOW, THEREFORE, BE IT RESOLVED that the ECFSA is hereby authorized to refund its 2011C bonds by issuing its 2017 Bonds, currently in the estimated amount of \$69,280,000, but in no event to exceed \$81,000,000, to refund the ECFSA's 2011C bonds, which 2017 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 refunding 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: Indicating there was no further business, asked for a motion to adjourn. Moved by Director Marlette. Second by Ms. Stievater.

In favor – 6 Opposed – 0

The meeting was adjourned.

Respectfully submitted

James Sampson, Chairman

May 3, 2017