

**Minutes of the  
Erie County Fiscal Stability Authority Meeting  
November 1, 2018**

Present: Chairman James Sampson (via Facetime), Vice-Chairman Peter Marlette (Presiding Over the Meeting), Director Dr. Barry Weinstein, Director Craig Speers, Director Oliver C. Young and Executive Director Kenneth Vetter

Chairman Marlette: “We are here today for consideration of the county’s 2019 proposed budget and associated financial plan”

Before beginning the meeting Chairman Marlette requests a motion to approve minutes from previous meeting.

Director Speers moves to approve, Director Weinstein seconds and the board votes unanimously to approve the following resolution:

Resolution No. 18-11

APPROVING MINUTES FROM  
THE AUGUST 20, 2018 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its AUGUST 20, 2018 meeting and affirms two resolutions numbered 18-9 and 18-10 that were approved on AUGUST 20, 2018.

This resolution shall take effect immediately.

Chairman Marlette: “On October 23rd, the ECFSA Finance Committee received a presentation and reviewed information on the county’s budget and financial plan. I’d like to thank budget Director Keating and his staff for providing additional information that was very helpful in reviewing the county’s submission. Board members received a staff report last week, recommending the ECFSA remain in in advisory status and a resolution is in your packet reflecting major items in the report and continuing the current advisory status. The report cited potential economic conditions that could negatively impact on the plan and listed a number of items that could be affected. The report stated the budget and plan are reasonable and achievable. That said, we urge the county to maintain a conservative fiscal approach so that it can address the needs of its residents over various economic cycles.”

“We have the ECFSA resolution 18-12 in front of us for consideration. I would entertain a motion to approve the resolution which finds the 2019 to 2022 financial plan to be complete and compliant with the Public Authorities Act and that the Erie County Fiscal Stability Authority remains in an advisory status.”

Chairman Marlette asked for a motion to approve and a second. Motion by Director Speers. Second by Director Weinstein.

The resolution passes unanimously.

#### Resolution No. 18-12

#### FINDING THAT ERIE COUNTY'S 2019-2022 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 2019 on October 12, 2018, and a four-year financial plan (“Plan”) for fiscal years 2019-2022, to the ECFSA on October 12, 2018 (the “2019-2022 Plan”); and

WHEREAS, fiscal years 2020 through 2022 constitute the “Out Years” of the 2019-2022 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2019-2022 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 1, 2018, whether the 2019-2022 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 2019-2022 Plan; and

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

1. With regard to the Erie County Medical Center Corporation, the county has adjusted its 2019 budget and associated financial plan to reasonably reflect anticipated county liabilities to ECMC. However, given ECMC’s contractual relationship with ECMC and potential changes to the Affordable Care Act and/or Medicaid reimbursements may impact county finances going forward; and
2. Given the order of magnitude of sales tax revenues, attention to sales tax revenues is important. The county has forecasted sales tax revenues in the current version of the plan at an appropriate level. However, given the volatility of this revenue source, it would behoove the county to monitor this revenue and maintain contingency plans should it not meet budget; and
3. The county has extended its use of vacancy savings through the period of the financial plan and increased the amount for 2019 reducing its arsenal of alternatives to address potential other shortfalls; and
4. There is concern that certain fringe benefit costs may exceed county expectations over the period of the financial plan; and
5. The county has continued its use of fund balance as a revenue source to balance its budget and plan. The continued proposed use of fund balance reduces the county’s reserves and indicates a structural imbalance between recurring revenues and expenses.
6. The county has not specifically budgeted for potential, new labor contract salary increases in the plan, we urge the county to prepare for potential negotiations with an eye toward further benefit and/or work rule changes that will foster a stable county labor force, while not overburdening taxpayers.
7. For the 2019 budget, the county is assuming the addition of 79 new full-time positions across all funds. Over the last 5 years, the county has added 216 full-time

positions. Adding a significant number of positions increases the county's salary and fringe benefit base and creates a fixed cost for the county moving forward.

WHEREAS, the ECFSA has nonetheless determined that the 2019-2022 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2019 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

NOW, THEREFORE, BE IT RESOLVED that the ECFSA finds that the 2019-2022 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 seven circumstances listed in Public Authorities Law section 3959(1)(a) through 3959(1)(e) shall have arisen.

This resolution shall take effect immediately

Chairman Marlette: There being no further business, I ask for a motion to adjourn and a second. Motion by Director Young. Second by Director Speers. The board votes unanimously to adjourn.

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James Sampson,

Chairman

Date: November 1, 2018