Minutes of the Erie County Fiscal Stability Authority
Full Board Meeting
December 20,2021

Present: Chair James Sampson, Vice-Chairman Peter Marlette, Director Craig Speers, Director Cathy Creighton, Director Oliver Young, Director James Connolly and Executive Director Kenneth Vetter

Chairman Sampson: **"**So we have a quorum. So why don't we start? It's 10 o'clock, so I'll call the order. This meeting of the Erie County Fiscal Stability Authority, and we actually have two items of business that should be fairly quick meeting. I think the first is going to review the final budget that was approved by the Legislature. We've already spent a great deal of time on it. There are some modifications. And then secondly, we're going to review and approve of the budget for this body. Before I do that, though, can we take a look at the October 18 minutes. Could have a motion to approve those?"

Director Creighton moves and Director Young seconds.

Chairman Sampson "Any discussion. All right. Additions? All right. All in favor, say I motion carries."

Resolution No. 21-13
APPROVING MINUTES FROM
THE OCTOBER 18, 2021 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its OCTOBER 18, 2021 meeting and affirms three resolutions numbers 21-09, 21-10, 21-11, and 21-12 that were approved on OCTOBER 18, 2021.

This resolution shall take effect immediately.

Executive Director Vetter: **“**Mr. Chairman, I see a number show up. I think Craig Spears just joined us a moment ago. I think it's muted. I don't know if, Craig, if you could hear, I think you're muted right now. Let's see if we can unmute you.

Chairman Sampson:. “When we go ahead back in October, we had the opportunity to see the budget and review the analysis done by staff earlier this month. The budget was adopted by the county legislature with some modifications, and Ken and the staff have done an analysis. If you could weigh in on that analysis, everybody should have gotten a copy of that and give Bob Keating an opportunity to say what he would like to present and then also answer any questions.”

Executive Director Vetter: **“**The county budget adopted by the Legislature and signed off by the county executive is not significantly different than the executive recommended budget. The changes were marginal, adding some funding for the cities and adding some funding for cultural and community organizations and making some changes to the Medicaid account and really looking at a budget that's almost

$1.7 billion, the changes were marginal to reflect the Legislature's philosophy on particular areas and their focus. So, you know, everything that we had said on the previous version of the budget that it's a sound budget, it's a good budget. It is balanced, it is conservative. That really the biggest risk out there is related to the economy itself because with COVID and whatever, excuse me, whatever variations there are out there at this point could have a negative economic impact. That it seems like the basis of the county's projections is that the economy will be somewhat near normal. And so that's really the only risk the county has done a good job in managing during the pandemic as balanced budgets has been forthright with information and, you know, have been good financial and community stewards. And I think their budget, their financial plan reflect that and that's really what's indicated in the report and in the resolution."

Chairman Sampson: "Thank you."

Bob Keating: "Ken covered most of it. We get we got new Medicaid rates for the end of 2021in the first quarter of 2022, and that allowed that provided almost like five billion of savings, which that's for the ledge use to cut the tax rate by two cents. As Ken mentioned, allocate funds for culturals and community benefit organizations. So it was really like sending a bunch of this large. It's very, very minor adjustments for the revised four- year plan. Really, the plan is basically the same as it was the plan we submitted in October, with the exception that the property tax revenue is reduced. So therefore that base reflects lesser growth in the out years of the plan."

Chairman Sampson: **"**Thank you. Any questions, any thoughts or observations? If not, there's a proposal. Excuse me, a resolution in your packet, and I think we also emailed it, which essentially accepts the budget and plan as presented and also resolves that Erie County Fiscal Stability Authority will remain in an advisory status through the upcoming year. Could I have a motion please to accept that resolution.?"

Director Creighton moves and Director Young seconds.

Resolution No. 21-14

FINDING THAT ERIE COUNTY'S 2022-2025 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, 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 fifteen 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 adopted budget for Erie County (the "County") for fiscal year 2022 and a four-year financial plan ("Plan") for fiscal years 2022-2025 based on the adopted budget, to the ECFSA on December 8, 2021 (the "2022-2025 Plan"); and

WHEREAS, fiscal years 2023 through 2025 constitute the "Out Years" of the 2022-2025 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2022-2025 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 December 23, 2020, whether the 2022-2025 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 2022-2025 Plan; and

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

1. Erie County has benefitted directly from two pieces of COVID related federal legislation – the CARES Act and American Rescue Plan (ARP). The two have provided the county with over $318 million in revenue over 3 fiscal years. That direct funding and ancillary federal support to buoy the economy has allowed the county to restore positions and funding cut during the pandemic. At some point, federal support will wane, and potential negative economic impacts could occur for the county; and

2. As federal support wanes, the need for county provided health and human service programs could increase, thereby changing the current downward trend in program usage the county has used as a base in its financial forecasts; and

3. With regard to the Erie County Medical Center Corporation (ECMCC), the county has crafted its budget and associated financial plan to reasonably reflect currently anticipated county liabilities to ECMC. However, given increases of $17.4 million for 2022 and $39.2

million over the 4-year period in ECMC related liabilities, as compared to the 2021 adopted version of the financial plan, there is a potential for further required hospital spending that could negatively impact the county's financial position; and

4. Given the order of magnitude of sales tax revenues (33% of budget) and the current year unprecedented increases in this revenue source, thereby significantly increasing the base for 2022 and the out-years of the financial plan, there is a risk that the current positive trend may not continue. It would behoove the county to monitor this revenue and maintain contingency plans should it not meet budget; and

5. As the local sponsor for Erie Community College, the county provides almost $20 million per year in financial support to the institution. ECC has experienced enrollment decreases of 45% since its high point in 2010. The decline is expected to continue, thereby making the college's long-term financial health untenable. In the college's transition to a sustainable educational and business model, the county may be called upon to provide increased operational and capital support, which could create fiscal pressure for the county's own budget; and

6. The Buffalo Bills have proposed a $1.4 billion stadium to replace the current Highmark facility in Orchard Park. It is reasonable to expect the county will incur some liability with respect to the new facility; and

7. The county has retained vacancy savings as a budgeted savings in its 2022 budget and associated financial plan. Given ECFSA's monitoring of vacancy savings, those estimates are reasonable. However, maintaining this budgeted savings removes position vacancies as a potential gap filler if the county encounters unforeseen financial issues in the future; and

WHEREAS, the ECFSA has nonetheless determined that the 2022-2025 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2022 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 2022-2025 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 six circumstances listed in Public Authorities Law section 3959(1)(a) through 3959(1)(e) shall have arisen.

This resolution shall take effect immediately

Director Creighton: “Thank you, Bob for your work.”

Director Young: “I'm just really happy how well the county is positioned at this time, you know, I remember probably 15, 16 years ago the county couldn't afford to buy toilet paper. So I think we're in very good shape except for COVID 19. You know, we're I just think we're just doing, you know, exceptionally well. So kudos to the to the county. I do have one little question are Bob, do you guys know at this time how much the county will receive in the federal infrastructure funds in 2022? Do you do you have that number yet or any projection?”

Bob Keating: “No, that's still up for discussion. You know, it certainly will be a benefit and even if the work isn't done by the county, if it's done to the area, that's a huge benefit to Erie County. That's all has to be shaken out.”

Director Young: “I'll go to the bottom line to or whatever money you get.”

Bob Keating: “Well again it's intended to for work to be done. You know, we've done a lot of work with the CARES Act and ARP funding, you know, especially on the side of like sewer and capital projects. So we'll continue in that, you know, that way with any additional infrastructure funding, you know, roadwork, etc.”

Chairman Sampson: **“**Ok so taking off on that, Bob. The infrastructure money replace money the county wouldn't have spent or will it be in addition to do you think?”

Bob Keating: **“**As I understand it, it's more in addition, like additional work will be done, you know, so we have our again it all be shaken out, you know, so we get the final regs from the when it passes and we get the final rules, we go from there, you know, even like CARES Act, which, you know, that expires at the end of 2021. We just got new regulations last week on it. You know, things that that kind of change the game of it, you know, that for example, in that case, initially, we had to spend the cash, the money initially to spend it all in 2020. Then it got expanded. It can be spent in 2020 or 2021 now it says as long as you have a valid purchase order at the end of 2021 and you spend the money with the nine months of 2022 and that's okay. So it’s changed its more, more and more flexible, you know, and that's a that's a real positive, you know, so we get more bang for the buck and the better. You know, products are done based on that, you know, more flexibility.”

Chairman Sampson: “Cathy, any questions or thoughts?”

Director Speers: **“**Hello, there. I'm back.”

Director Creighton: "I am good"

Chairman Sampson: "Peter any thoughts?"

Vice Chairman Marlette: "I mean, no comments, they're making our job easy. This is great showing fiscal responsibility. It's great revenues. It's all good. Very pleased about it."

Director Creighton: "Thank God for the federal for the federal money coming our way. It's all we can say."

Director Speers: "Yes, Jim, I agree with what's been said before. I think a projected on designated surplus of $149 million as of the end of this fiscal year is excellent. It's almost 10 percent of the projected 2022 budget. I think that's very reasonable under the circumstances, and I think that allows the county a very good cushion going into the fiscal year 2022. And as has been said earlier, you know, we don't know the impact of the pandemic is going to have in the upcoming months, so that's a good cushion to have."

Director Connolly: "I think it's of course, great news. I think it's exciting to see what they'll be able to do this c coming year, being in this kind of financial status, the county, in the social work and in the public works and all the other items. So I think we can at least take great pleasure in this while we worry about the rest of the things facing this coming year with illnesses and other things. And just again, of course, kudos to all the team that's done this from the leadership to all the people who really do all the work, making sure we went into this properly from the previous year's work that they have done. And so all good stuff. Happy to be a part of it."

Director Creighton: **"**Jim, I just want to add one thing. My direct experience was working with the Deputy Erie County Executive Maria White on the Emergency Child Care Task Force, that the huge issues that came with the lack of childcare for parents when kids weren't in school and parents needed somewhere to put their kids especially essential working parents. So the county has been excellent stewards of the money that they have spent to help Erie County residents. I just want to acknowledge that publicly and say thank you for that and hopefully we continue. I expect it to continue under Poloncarz leadership, the good stewardship of the money. I also want to thank him for his leadership during the pandemic. He's taken it on the chin every day, and that's what a leader has to do sometimes. So I appreciate that."

Chairman Sampson: **"**Thank you, Cathy. Without any further questions or comments, the resolution is being presented. All in favor, say I oppose the motion carries. Thank you, Bob."

Bob Keating: **"**Have a great holiday."

Chairman Sampson: **“**The last order of business has to do with the budget actually for the authority and can. Can you present the details?”

Executive Director Vetter: **“**Yes, Mr. Chairman. This was sent out to the board last week and really a couple of things, one that the total on this budget and going forward matches what this board has seen in the past. You know, we've had the same multipliers, the same pension rate.
We're looking at a five and a half percent increase in health insurance costs. I think the only difference between what you've seen in the past and now, as I had noted in sending the budget out to the board members, was the salary adjustments for two of the individuals positions, the office manager and the financial analyst position. Based upon comparables out there and inflation rates that have gone above and beyond the norm recently. But to fund those salary increments because we had purchased and we've been trained on AV equipment so that we can do our own AV for meetings when we have them in the future or hybrid meetings like this within person components that will no longer have to pay outside the people. So, the money we save there was really reallocated toward those staff.”

Director Creighton: **“**In my opinion, those raises are well within the appropriate limits.”

Chairman Sampson: Any thoughts or questions from anybody else.

Director Connolly: “I think it's a reasonable request and we should support it.”

Chairman Sampson: **“**If there are no other question. There's a resolution in your packet approving the budget as presented. Could I have someone move that motion, please?”

Director Speers moves the motion Director Young seconds.

Resolution No. 21-15

APPROVING ECFSA BUDGET

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, Title 2, Part 203 of the New York Codes, Rules, and Regulations (NYCRR) requires public authorities to prepare an annual budget and financial plan in accordance with several provisions set forth within; and

WHEREAS, Title 2, Section 203.10 of the NYCRR identifies the ECFSA as a public authority for purposed of Part 203; and

WHEREAS, ECFSA staff prepared a proposed annual budget for the 2022 fiscal year and a financial plan for the 2022 through 2025 fiscal years; and

WHEREAS, Title 2, Part 203 of the NYCRR also requires that the annual budget and financial plan, and all amendments or modifications thereto, be approved by the Board of each public authority; and

WHEREAS, the Executive Director of the ECFSA has certified that, to the best of his knowledge and belief, the attached budget is, after reasonable inquiry, based on reasonable assumptions and methods of estimation with the applicable regulations being satisfied; and

WHEREAS, the approved budget and financial plan must be made available for public inspection, whenever practicable, not less than seven days before the commencement of the next fiscal year and must be submitted to the State Comptroller within seven days of approval by the Board in an electronic format prescribed by the State Comptroller; and

NOW, THEREFORE, BE IT RESOLVED that the attached ECFSA budget is hereby approved as recommended by the ECFSA Board of Directors on its December 20, 2021 meeting; and

BE IT FURTHER RESOLVED that this Board directs ECFSA staff to make the adopted budget plan available for public inspection and to submit the document to the State Comptroller as directed in Title 2, Part 203 of the NYCRR.

This resolution shall take effect immediately.

Chairman Sampson: "Any need for further discussion. Comments. All in favor. Say I. Motion carries without any other discussion. I would like to wish everybody a very happy excuse me holiday and Christmas and New Year's. Could I have a motion to adjourn, please?"

Director Creighton moves and Director Young seconds.

Chairman Sampson: "All in favor say I, motion carries. Thank you"

Respectfully submitted,

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James Sampson, Chairman

December 20, 2021