

**WARREN COUNTY BOARD OF SUPERVISORS
SPECIAL BOARD MEETING
FRIDAY, JANUARY 23, 2009**

**NOTICE OF SPECIAL MEETING
TO THE MEMBERS OF THE BOARD OF
SUPERVISORS OF WARREN COUNTY:**

You are hereby notified that, I, FREDERICK H. MONROE, Chairman of the Board of Supervisors of the County of Warren, pursuant to the power vested in me by Rule A.3 of the Rules of the Board of Supervisors, hereby call and convene a special meeting of the Board of Supervisors of Warren County to be held in the Supervisors' Room in the Warren County Municipal Center, Town of Queensbury, New York, on Friday, January 23, 2009 at 1:00 p.m., for the purpose of considering, and if determined by the Board to be appropriate, voting on, or otherwise taking action on, the following matters:

1. To authorize Revenue and Tax Anticipation Notes; and
2. To conduct such other business as may properly come before the Board of Supervisors.

The Clerk of the Board of Supervisors is hereby directed to call for the meeting and give written notice to all members of the Board of Supervisors of such meeting.

Dated: January 20, 2009

The Board of Supervisors of the County of Warren convened at the Supervisors' Room in the Warren County Municipal Center, Lake George, New York, at 1:00 p.m.

Mr. Frederick Monroe presiding.

Salute to the flag was led by Supervisor Geraghty.

Roll called, the following members present:

Supervisors Simmes, Monroe, Sheehan, Taylor, O'Connor, Kenny, Belden, Bentley, Goodspeed, Stec, Strainer, Champagne, VanNess, Sokol, Thomas, Pitkin and Geraghty - 17.
Absent: Supervisors Girard, Tessier and Merlino - 3.

Chairman Monroe explained the purpose for the Special Board Meeting today was to hold discussions regarding the authorization of revenue and tax anticipation notes. He informed the board members that an invoice in the amount of \$1.9 million was due for the Hague Sewer Project, of which the County would be reimbursed \$1.7 million. He also stated that at this time of year, the County traditionally faced a shortfall of revenues and cash flow because of the process in which the towns collect their taxes and deduct their portion before sending the remaining balance to the County.

Chairman Monroe apprised that the County Treasurer had recommended the authorization of short-term borrowing, in case it was needed, which it may not be, depending on the time frame that the revenue from the property taxes was received. He further explained that there were two resolutions included in the Supervisors' packets, one of which would authorize a tax anticipation note in the amount of \$4.5 million in the event it was needed, in anticipation of receiving the taxes from the towns as they were collected; and the second resolution was to authorize a revenue anticipation note in the amount of \$1,731,716, in the anticipation of reimbursement that the County would receive for the Hague Sewer Project. Chairman Monroe recommended the approval of both resolutions in order for the Treasurer to handle a cash flow issue if it did materialize.

Mr. Belden advised that if the contract with A.P. Reale for the Hague Sewer Project was not paid timely, the County may have to pay interest. Paul Dusek, County Attorney, interjected that the County was on time with the contract because the County had thirty days from the date the bill was received to make the payment, which was January 5, 2009.

Mr. Champagne questioned if the aforementioned amount was the County's 10% share of the Hague Sewer Project costs, or if it was funds that the County had paid in advance pending reimbursement. Mr. Dusek replied if the County did have to borrow funds, those funds would be for the Federal reimbursement amounts in relation to the Project. Mr. Strainer asked what the time frame was for the reimbursement to be received and Mr. Dusek responded it would be between thirty and sixty days.

Mr. Champagne queried if these expenses were the final costs for the Hague Sewer Project. Mr. Dusek explained that there would be further expenses; however, he said, in the past this had not been a problem because the timing of the bills was usually in the middle of the year and the County had been able to use the taxes collected from the towns while awaiting reimbursements.

Mr. Taylor referred to Frank O'Keefe, County Treasurer, and questioned the wording in Resolution No. 61 in which it stated that "money would be used from time to time throughout 2009" and he asked if Mr. O'Keefe was predicting a cash flow problem for the whole year. Mr. O'Keefe replied it was difficult to predict, and it depended on how and when revenues and sales tax were received.

Chairman Monroe added that it was likely that, due to the Governor's proposed State Budget, the County's reimbursements would be reduced again for 2009, which was what happened in 2008 after the County Budget had been adopted. He reiterated that the County needed to be prepared to deal with that on a cash flow basis.

Mr. Pitkin questioned if the interest charges were included in the 2009 County budget and Chairman Monroe replied in the negative. Mr. Belden interjected that the local share for the Hague Sewer Project was included in the 2009 County budget; however, he added, the Federal portion was not included.

Mr. Thomas asked about the interest charges on the note, and wondered if the note was for one year, would the County have to pay for the whole year on what was borrowed. Mr. Dusek said that theoretically, the County would try to keep the note as short as possible. He added that in speaking with Bond Counsel this morning, the way that the County set up some of those plans, was to be able to allow the Treasurer to do a very short-term borrowing, such as one month, two months or six months in order to keep the interest rates extremely low. He noted that the resolution also gave the Treasurer the flexibility to not have to borrow the entire amount. Mr. Dusek clarified that the Treasurer could borrow just what was needed to assure that cash was on hand to meet the obligations and then pay it back when the funds were available. Mr. Thomas stated that once the note was paid back the interest would end and Mr. Dusek agreed. Chairman Monroe expounded that discussions were also held with regard to trying to expedite the issuing of the serial bonds for the Health and Human Services building because it was currently a favorable interest rate climate.

Chairman Monroe apprised that roll call votes were necessary for both resolutions in the Supervisors' packets. Chairman Monroe stated that when the County had a substantial surplus, there was not a need to be concerned about the cash flow; however, he said, the County was no longer in that position and needed to closely monitor the cash flow.

Mr. Stec agreed that the cash flow did need to be closely monitored and suggested that the board members consider adopting a resolution that would authorize an RFP (Request for Proposal) to be developed to obtain consulting services from a CPA (Certified Public Accountant) firm or an individual to provide advice and guidance on the County's surplus and cash flow and to assist the County in implementing the recommended system.

Motion was made by Mr. Stec and seconded by Mr. Geraghty to waive the rules of the board requiring a resolution be in writing.

Mr. Champagne said he needed more information and specifics from Mr. Stec as to what precisely he was requesting. Mr. Stec responded he felt strongly that someone should come to the County and do an analysis of what the cash flow situation was and the General Fund balance and develop a plan as to how to maintain both.

Chairman Monroe called the question and the motion was carried unanimously to waive the rules of the board requiring a resolution be in writing. Clerk noted it would be Resolution No. 62 of 2009 for the record.

Mr. Kenny questioned the necessity of Mr. Stec's request, given there were accountants working within the Treasurer's Office. He added that Mr. O'Keefe had distributed a memo a couple of months ago warning that this situation may arise. Mr. Stec said he was just informed two days ago that there was a cash flow crisis, which led to the Special Board Meeting today.

Motion was made by Mr. Stec and seconded by Mr. Geraghty to authorize an RFP for consulting services and analysis of the County's cash flow and fund balance.

Mr. O'Connor stated he understood the concept behind Mr. Stec's request; however, he said, he thought it would be expensive to obtain consulting services. Mr. Stec interjected that the results of the RFP would provide exactly what the cost would be for such services and upon review of the responses, the board members could determine whether or not to pursue the services. Mr. O'Connor questioned who would prepare the RFP and Mr. Stec replied Julie Pacyna, Purchasing Agent, would prepare it and that he, as Finance Chairman, would assist her with the language of the RFP. Mr. Stec clarified this would be somewhat of a mini-audit.

Mrs. Simmes asked if the County already had audits performed and Mr. Stec responded affirmatively; however, he added, the next audit would not be performed until September. Mr. Kenny said the logical first step would be to request the Treasurer's Office to provide a monthly update and Chairman Monroe replied that he had already done that. Mr. O'Keefe apprised that the Treasurer's Office could provide a cash flow report every day if that was what the board members wanted.

Mr. Champagne expressed his concern that a Special Board Meeting was called due to this crisis when in fact the Finance Committee had met on January 12, 2009 and at that meeting there was no mention of this matter. If it had been, he added, it could have been handled at the regular Board Meeting last Friday.

Mr. Goodspeed commented that there seemed to be an underlying issue with Mr. Stec's motion which was a sense that the Treasurer's Office was not capable of providing this function and if they were not, then an RFP should be prepared; however, he said, he would rather have the Treasurer's Office provide daily analyses for a few months before bringing someone else in to do the work. Mr. Goodspeed added that the board members were advised prior to the holidays that there would be a shortfall in the cash flow at the end of January and he was surprised that a resolution had not been presented at the regular Board of Supervisors Meeting. Chairman Monroe countered that the first time he saw a cash flow analysis was on Tuesday, January 20, 2009.

Mr. Goodspeed said that personally, he had not seen anything that would cause him to have a crisis in confidence with the Treasurer's Office and if he were to see that, he would support the RFP, as well as terminations within that Office.

Chairman Monroe remarked that his concern began last year when the board was advised by the Treasurer's Office that there was only \$500,000 remaining in the General Fund Surplus, only to learn later that there was actually \$4.5 million in surplus. He added that the board members needed to keep a closer eye on the finances than had been kept in the past. Mr. Goodspeed suggested that the Treasurer's Office could contact each board member via email everyday if necessary and provide fund balance information, an overall view of the

financial status of the County, as well as any shortfalls.

Mr. Taylor recommended pursuing both options, developing an RFP and requesting the Treasurer to provide a weekly or monthly report of the County's finances. Mr. Stec said that having an independent consulting service review the County's finances would be the appropriate mechanism to determine if there was a problem.

Supervisor Tessier entered the meeting at 1:28 p.m.

Mr. Geraghty commented that his concern was that the County began 2009 with a \$4.5 million fund balance and the sales tax collections were \$1.9 million more than what had been budgeted and now the County was experiencing a shortfall in the cash flow. He suggested that at least every two weeks, the County Treasurer should provide reports on fund balances and projections of expenses.

Mr. O'Keefe expounded one of the problems that his Office faced was the \$1.9 million bill for the Hague Sewer Project, which, he said, they were not aware of until last Friday, January 16, 2009. Rob Lynch, Deputy Treasurer, further explained another big issue that came into play was sales tax revenue, which was down approximately \$900,000 in the January collections as opposed to the previous year, which was not anticipated. He concluded that the County would have been alright financially if not for the two aforementioned items. Mr. Lynch added that the Office did have procedures in place and an Accountant within the Office that monitored the cash flow on a daily basis; therefore, he said, the Treasurer could provide a cash flow report as often as needed. Chairman Monroe suggested that the report be presented to the Finance Committee on a monthly basis.

Mr. Dusek apprised he would like to address a procedural aspect raised by Mr. Goodspeed in order to clarify the process of resolutions. He stated it was, in his opinion, incumbent upon the Treasurer's Office to come forth at the time they needed these types of resolutions or authority. He added that a general memo to the Board of Supervisors advising that there may be a problem was not sufficient in this organization to trigger a resolution. Mr. Dusek said it was the responsibility of the Treasurer's Office to come before the Finance Committee whenever they felt they needed some particular authority.

Mr. VanNess recommended that the motion on the floor be amended to include the request of a bi-weekly report of the County's finances. Mr. Stec agreed.

Mr. Stec amended the motion to include the requirement of a bi-weekly report of the County's finances to be provided by the Treasurer's Office. Mr. Geraghty seconded the amended motion. Mr. Kenny requested that this be a roll call vote. Clerk advised for the purpose of the roll call, it would be Resolution No. 63 of 2009 for the record. Chairman Monroe reported that the resolution passed.

Chairman Monroe announced there was another item that needed to be discussed which concerned office space for Judge Muller. Chairman Monroe referred to the map on the Supervisors' desks, a copy of which is on file with the minutes.

Chairman Monroe apprised he had met with Judges Caruso, Muller, Krogmann, Hall and Breen yesterday to review space in the existing court facility trying to find a way to accommodate Judge Muller without spending a great deal of money and without having to go off-site. He directed the board members attention to the map and he outlined the plan, which was endorsed by Judge Caruso, in detail. He noted that the current Visiting Judges Chambers would become Judge Muller's Chambers, and he explained the rest of the proposed plans based on the map, outlining the minimal renovations that would be needed and square footage of each location. Chairman Monroe said Judge Muller had accepted the proposal and Judge Caruso had agreed to it also and he needed to have the plan approved by the OCA (Office of Court Administration) architects. He concluded that the plan before the board members today required conceptual approval in order to proceed. He added that the court system would pay for a substantial portion, if not all, of the renovations.

Motion was made by Mr. Stec, seconded by Mr. Strainer and carried unanimously to waive the rules of the board requiring a resolution be in writing. Clerk stated it would be Resolution No. 64 of 2009 for the record.

Motion was made by Mr. Stec and seconded by Mr. Sokol to authorize the conceptual approval of renovations to the court area for office space for Judge Muller.

Mr. Kenny questioned the status of a previous resolution which authorized a lease agreement for office space in the CNA Building and Chairman Monroe explained that Judge Caruso would not approve that plan and that resolution was contingent on Judge Caruso's approval; therefore, he said, no action was needed with regard to that resolution. Mr. O'Connor noted it was obvious that Judge Caruso preferred to have Judge Muller located on the Municipal Center campus.

Mr. Taylor asked if this location met the specified OCA requirements for a Judges' Chambers and Chairman Monroe replied affirmatively.

Chairman Monroe called the question and the motion was carried unanimously to authorize the conceptual approval of renovations to the court area for office space for Judge Muller. Clerk added it would be Resolution No. 65 of 2009 for the record.

Chairman Monroe apprised another matter for discussion was in connection with CHIPS (Consolidated Highway Improvement Program) funding and he requested William Lamy, DPW Superintendent, to address the board.

Mr. Lamy informed the board members that he had attended the Winter Conference of the New York State County Highway Superintendents Association, in which the CHIPS program was reviewed with the representative from the NYS DOT (New York State Department of Transportation). He added that usually he made his presence at the State Capital for Advocacy Day to try to get the CHIPS program enhanced to meet the transportation needs in the County. He noted that last year, they were successful in achieving some enhanced funding; however, he said, the Governor's proposed budget for 2009 would decrease the CHIPS funding below what they refer to as the 'five year plan'. Mr. Lamy explained he had asked the Chairman if he wanted him to attend the Advocacy Day representing Warren County and request the CHIPS funding be restored. He added that counties in the State had been cut approximately 26% in CHIPS funding, and towns had been decreased by 42%, which would bring many local projects to a halt.

Chairman Monroe expounded that it needed to be determined how President Obama's Economic Stimulus Package would benefit the County; for example, he said, if the funds went to Medicaid it would not create new jobs, whereas if funding went to roads and bridges, it could create new jobs. He said the fastest way to get money back into the economy was through the CHIPS program.

Mr. Lamy advised that the aforementioned Stimulus Package included \$30 billion only for infrastructure and transportation projects and the State had informed him that only projects that were ready to commence would be considered for funding and at this time, Warren County did not have any projects that would be ready to commence within ninety to one hundred-twenty days. Therefore, Mr. Lamy stated, the least cumbersome program in place was the CHIPS program which would allow for road issues and bridge issues to be addressed. Chairman Monroe expressed the necessity for Mr. Lamy to attend the Advocacy Day to try and get the CHIPS funding restored and the board members agreed.

Mrs. Simmes interjected that the Town of Bolton was experiencing exactly what Mr. Lamy was referring to in that a major project within the Town had been put on hold pending the Stimulus Package.

Chairman Monroe announced that the IDA (Industrial Development Agency) had proposed to market the County-owned property across the street on behalf of the County; however, he said, that would have to be referred to the Supervisory Committee for discussion.

Mr. O'Connor referred to an article in the local newspaper which stated that Washington County was pursuing the sale of the Hartford Landfill and there was no mention of Warren County and he questioned why that was. Mr. Champagne said that the lack of Warren County being mentioned was the fault of the reporter and not on behalf of Washington County. Mr. Dusek clarified that Warren County's interest in the aforementioned property was in the nature of a lien, and not joint ownership. He added that the County had

many attributes of having an ownership-type status, but technically it was a lien.

Mr. Bentley questioned the status of the single audit as requested by the Treasurer's Office and wondered if the Bonadio Group had agreed to a one year contract, as opposed to a three year contract. Chairman Monroe responded it was his understanding that the Bondaio Group was willing to entertain a one year contract. Mr. Stec interjected that he would prefer that the matter be returned to the Finance Committee for further discussions prior to any decisions being made.

Chairman Monroe reiterated that the question had been whether or not the Bonadio Group would accept a one year contract or would insist on the three year contract as originally proposed. He said there was concern as to how this would effect the bond rating for the County and the ability to borrow money if certain aspects were not obtained that were included in the RFP, such as the requirement of a peer review and the length of experience of the firm. Mr. Dusek explained that he had spoken with Bond Counsel regarding this issue and was advised that having a regional or reputable accounting firm was helpful if a County was in the final phases of obtaining a bond as it could make a difference in terms of a rating agency, as opposed to having a lesser known, local accountant on the books. He added that Bond Counsel did recommend a regional accounting firm. Mr. Goodspeed asked if a county or municipality could award an RFP to an accounting entity that did not have a peer review, as a matter of law and Mr. Dusek responded affirmatively; however, he said, with this particular situation it was an issue because the specifications in the RFP did require a peer review. Mr. Stec reiterated he would like this matter to be referred to the Finance Committee again.

There being no further business, on motion by Mr. Champagne and seconded by Mr. Stec, Chairman Monroe adjourned the meeting at 2:10 p.m.