

COMMITTEE OF THE WHOLE OF THE BROOME COUNTY LEGISLATURE
MEETING MINUTES
JULY 7, 2010

The Committee of the Whole of the Broome County Legislature met on Wednesday, July 7, 2010 in the Legislative Conference Room, Sixth Floor, Edwin L. Crawford County Office Building, Binghamton, New York.

Members Present: D. Reynolds, D. Moran, , M. Whalen, M. Nirchi, S. Herz, B. Klipsch, G. LaBare, J. Marinich, J. Merrill, J. Garnar, M. Diffendorf, R. Keibel, W. Howard, J. Hutchings, S. Buchta, R. Materese, S. Messina (via phone)

Members Absent: J. Sanfilippo, M. Pasquale

Others Present: M. Klein, Personnel; K. Keough, RPTS; A. McLaughlin, Audit; M. Lynch, W. Gibson, DPW; J. Sluzar, Law; C. Beardsley, Aviation, D. Fauci, P. Brennan, B. Fiala, County Exec's Office; J. Dadamio, Security; R. Murphy, Risk & Insurance; M. Kalka, Budget, Finance; M. Sexton, S. Zimmerman, Inflection Energy; D. Jensen, Endicott Resident; N. Dooling, K. Pero, Press & Sun-Bulletin; D. Lewis, A. Lewis, SMM; E. Denk, C. Marion, C. Hall, Legislature

The Committee meeting was called to order by Mr. Reynolds at 4:34 PM. The Committee met regarding revenue items affecting the 2011 budget.

County Executive Fiala stated that she wanted to give the Legislature an update on County finances. She said departments are being interviewed regarding their 2011 budgets and that the figures for the first six months of sales tax are in. Ms. Fiala informed the committee of a reorganization in the Finance Department.

Ms. Kalka, Budget Director and Interim Finance Commissioner, stated that her office continues to meet with departments regarding their 2011 budgets, which were all asked to submit with a ten percent reduction. She reminded everyone that the FMAP will sunset in 2010 and a request for a six month extension has yet to be approved by the Federal government. Ms. Kalka listed a number of items adversely affecting cash flow including the following. Sales Tax receipts year to date is \$156K less than the same period in 2009 and if this trend continues is projected to be \$3M short for 2010; Mortgage Tax revenues are \$300,000 lower than this point last year; the loss of a half a year of FMAP is projected at \$3 Million; and there is \$20 Million in outstanding receivables from the State of New York. She stated they continue to monitor cash flow and said that it is possible that short term borrowing to cover expenses might be necessary

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cash flow and said that it is possible that short term borrowing to cover expenses might be necessary.

There was some discussion regarding the reinstatement of sales tax on clothing and footwear which could generate 3-5 million dollars for the County.

Mr. Sluzar, County Attorney, gave an update regarding oil and natural gas exploration on county owned property. He stated that from an RFP, direct mail, and trade show solicitations, an offer was made by Inflection Energy. Mr. Sluzar introduced Mark Sexton and Scott Zimmerman from Inflection Energy. They presented their company overview, management team, operational overview, benefits to Broome County and the terms of the proposal. The proposed agreement includes a signing bonus of \$3,000 per acre, a 20 percent royalty and not more than a \$0.30 per mcf deduct. The agreement also includes a provision that Inflection Energy will pay for an environmental monitor, hired by Broome County, that will monitor compliance with DEC regulations and contractual provisions, and that if Inflection Energy signs a lease with a third party which includes a royalty greater than the County's, the County would be eligible for the increased royalty. It was stated that Inflection Energy's offer expires on July 30, 2010 and that if the County Legislature does not authorize a lease by that date, the offer will no longer be on the table.

Mr. Sexton stated that they have studied experiences in other communities and have learned from them. Many times problems were caused by poor judgment and poor operating practices. He stated they are environmentalists who are pro development. They go above and beyond the required regulations cementing casings to the surface, using blow out preventers, and keeping a cement bond log which records an acoustic log from a sonic signal measuring if a proper bond was formed.

They are currently in discussions with NYSEG, GE Capital, Huron Campus and the County for an energy coalition which would create a corridor which could service many industries. Inflection Energy has wells in Owego and Vestal and use a local environmental firm, surveyor and gravel company. They are currently working on a deal with the Southern Maine Coalition.

Mr. Diffendorf introduced himself to Mr. Sexton and stated that he is part of the Kirkwood land owners' coalition, which, he said, is negotiating a contract with Inflection. Mr. Diffendorf said that he has met Mr. Zimmerman in the past and that he would be present at a meeting with Inflection on July 8th and that he would see Mr. Sexton at that time.

Mr. Reynolds thanked Mr. Sexton and Mr. Zimmerman for coming and invited them to the Public Health and Environmental Protection Meeting on Wednesday, July 14. (A copy of the presentation is on file with the minutes)

Mr. Whalen made a motion, seconded by Mr. Marinich to go in to Executive Session to discuss personnel matters. Mr. Whalen made a motion, seconded by Mr. Marinich to return to regular session.

Mr. Whalen made a motion to adjourn, seconded by Mr. Marinich. The meeting adjourned at 6:45 PM.