

## Minutes

### Buffalo Fiscal Stability Authority

August 6, 2003

Meeting of the Buffalo Fiscal Stability Authority (“BFSA”) convened at 1:04 p.m. in the Mason O. Damon Auditorium of the Central Library of the Buffalo and Erie County Public Library in Buffalo, New York

The Meeting was convened by a Notice of Meeting dated August 1, 2003 sent to the Directors by Chair Baker. (Attachment 1A.). Chair made opening remarks regarding the creation on the BFSA (Attachment 1B).

Directors Present: Baker, Faso, Giambra, Masiello, Pirtle, Tobe, Townsend, Wilmers

Director McCall observed the meeting by telephone.

1. The Directors and officers (Baker Chair and Townsend Vice Chair) were sworn in by Justice Rose Sconiers. Each Director present executed an oath card.
2. The Directors voted to convene an Executive Session to discuss a personnel matter. Motion by Tobe, second by Townsend, vote 8-0
3. BFSA reconvened from executive session and reported that no actions were taken in Executive Session.
4. The Directors voted to approve Resolution 03-03 that contained a job description for Executive Director (Attachment 2) and Resolution 03-04 to offer the position of Executive Director to Dorothy A. Johnson in accordance with the terms of a letter of engagement (Attachment 3). Motion by Townsend, second by Faso, vote 8-0 \*.
5. The Directors voted to approve Resolution 03-05 to elect McCall Treasurer. Motion by Masiello, second by Townsend, vote 8-0 \*. (Attachment 4)
6. The Directors voted to approve Resolution 03-06 to elect Tobe Secretary and Records Access Officer. Motion by Giambra, second by Wilmers, vote 8-0 \*. (Attachment 5)
7. The Directors voted to approve the minutes of the July 15, 2003 meeting. Motion by Masiello second by Giambra, vote 8-0 \*. (Attachment 6)

8. The Directors voted to approve Resolution 03-07 to ratify all actions taken by or on behalf of the BFSA at and since the meeting of July 15, 2003 Motion by Wilmers, second by Townsend, vote 8-0 \*. (Attachment 7)
9. Chairman Baker established seven working groups called committees that are advisory to the BFSA and appointed three or four BFSA Directors to each working group. Each working group shall gather information and gain expertise to be able to support the work of the BFSA. The working groups may not act on behalf of or in lieu of the BFSA. Attachment 8 contains the list of working groups and members.
10. The Directors voted to approve Resolution 03-08 to engage the law firm of Hodgson Russ to act as counsel to the Authority on an interim basis. Motion by Tobe, second by Masiello, vote 8-0 \*. (Attachment 9)
11. The Directors voted to approve Resolution 03-09 to amend the By-Laws that had been adopted on July 15, 2003. Motion by Wilmers, second by Giambra, vote 8-0 \* (Attachment 10)
12. Buffalo City Comptroller Andrew SanFilippo addressed the BFSA. He discussed the City's short term cash needs and desire to know how the City should treat the expected deficit financing that will be provided by the Authority. He referred to his letter dated July 30, 2003 to the Authority (Attachment 11) that contained an accompanying letter from the City's bond counsel, and to his earlier letter dated July 11, 2003 (Attachment 12) that contained a cash flow projection. Comptroller SanFilippo made the following points:
  - a. The City will need cash to meet payroll and other expenses in mid September.
  - b. He recommended selling revenue anticipation notes ("RAN") of approximately \$98 million. This is an increase of \$8 million from the prior projection.
  - c. RAN have been sold by the City in recent years for the same purpose as proposed to the BFSA (\$102 million in 2001/2002 and \$75 million in 2002/2003).
  - d. He requested that the RAN be secured with sales tax and state aid due to the City that will flow through the BFSA.
  - e. He indicated that the holders of the RAN would be in third position behind any commitments made on behalf of BFSA debt and BFSA operating expenses.
  - f. He indicated that even with the RAN in third position, the use of the BFSA resources would provide needed security for the RAN.
  - g. He agreed to provide the following information:
    - i. History of City cash flow borrowings for the last six years including amounts, uses, and financial arrangements.

- ii. The amount of money in the 2003/2004 budget that will be used for raises, broken down by department.
  - iii. How the money from the state “spin-up” has and can be used.
  - iv. How much of the proposed RAN borrowing will be used for raises.
  - v. Why the cash needs increased from \$90 million to \$98 million.
  
- 13. The Directors voted to approve Resolution 03-10 to authorize the City Comptroller to begin the process of conducting a RAN sale of approximately \$98 million. The amount and terms of the sale are to be approved by the BFSA. Motion by Giambra, second by Tobe. Approved 8-0 \*. (Attachment 13)
  
- 14. Buffalo City Commissioner of Administration and Finance Jim Milroy addressed the BFSA. He discussed the need to identify baseline revenues, expenses and gaps. He recommended that the 2003/2004 budget be used as the baseline. He indicated that there was initially a baseline budget gap of nearly \$53 million in the 2003/2004 budget. The adopted budget partially closed the gap with approximately \$12 million in new revenue leaving a need for \$6.6 million in new gap closing actions to meet the requirements of the Authority under its Act. He indicated that the 2003/2004 budget and the out years would be very difficult. He stated that new revenue sources would be needed.
 

The BFSA advised Mr. Milroy to work with the BFSA staff to firm up a recommendation for the first year gap.
  
- 15. James Kane made a presentation to the BFSA on behalf of the Buffalo Public Schools (“BPS”). He reviewed information previously provided to the Authority in a document dated July 2003 regarding expenses, enrollment and charter schools.
 

He was requested to provide the following written reports:

  - a. The total cost per student in the BPS and the total cost for students in the charter schools.
  - b. A report on the impact of past and proposed cuts on educational performance by students.
  - c. A report on the number of school buildings in use over time comparing schools and classrooms to student enrollment.
  - d. Prepare a report on the steps that have and will be taken by BPS to respond to the report from the Council of Great City Schools.
  
- 16. Mr. Kane made a verbal request that the BFSA approve a school district financing of \$9.3 million through the Municipal Bond Bank. The financing is for due and unpaid state aid. The City will be obligated to repay the bonds but it is anticipated that the City cost will ultimately be paid from state aid supplied for this purpose. The aid is scheduled to be paid to the City when the financing is completed, currently scheduled for October 2003. Comptroller

SanFilippo reported that this aid is contained in the City's cash flow projections. Mr. Kane and Mr. SanFilippo advised the BFSA that it is necessary to approve this financing at this meeting to allow the bond sale to occur as scheduled. Mr. Kane agreed that all future requests to the BFSA would be provided in writing and well in advance of the meeting. The Directors voted to approve Resolution 03-11 to authorize the Municipal Bond Bank financing. Motion by Giambra, second by Pirtle, vote 8-0 \*. (Attachment 14).

17. Buffalo City Chief of Staff Eva Hassett made a presentation to the BFSA on bond sales, contracts and certain purchases requested by the City. All items are contained in adopted budgets and there are sufficient funds in accounts to cover the expenses.
  - a. The Directors voted to approve Resolution 03-12 to authorize 26 different contracts for the Department of Public Works, Parks and Streets for a total of \$8.6 million. Bonds for all projects except for the Martin Luther King Jr. Park spray pool have already been sold. Said resolution also authorized the bond sale for the Martin Luther King Pool project. Motion by Masiello, second by Giambra, vote 8-0. (Attachment 15)
  - b. The Directors voted to approve Resolution 03-13 to authorize the payment of two claims. Motion by Masiello, second by Townsend, vote 8-0. (Attachment 16).
  - c. The Directors voted to approve Resolution 03-14 to authorize the police car purchase in the amount of \$618,000, to be paid through capital outlay and grant money. Motion by Giambra, second by Masiello, vote 8-0 \*. (Attachment 17)
18. Chief of Staff Hassett was advised by the BFSA that the \$50,000 threshold for BFSA review and approval would apply to all contracts, claims and change orders. Any item from the City or a covered organization that equals or exceeds \$50,000 must be referred to the BFSA. The BFSA did not consider the EAP contract because it did not equal or exceed \$50,000.
19. The Directors voted to approve Resolution 03-15 to engage the Institute for Local Government and Regional Growth at the University of Buffalo to conduct the public participation process required by law. Motion by Masiello, second by Wilmers, vote 8-0 \*. (Attachment 18)
20. The Directors voted to go into Executive Session to discuss certain matters with the BFSA's attorneys. Motion by Townsend, second by Faso, voted 8-0 \*.
21. The Authority returned from Executive Session and reported that no actions were taken.

22. The Directors voted to approve Resolution 03-16 to establish a bank account at HSBC Bank. Motion by Wilmers, second by Tobe voted 8-0 \*. (Attachment 19)
23. The Directors voted to approve Resolution 03-17 to enter into an agreement with HSBC Bank. Motion by Wilmers, second by Tobe voted 8-0 \*. (Attachment 20)
24. The Directors voted to adjourn the meeting at 4:25 p.m.

\*Director McCall, although not present, participated in the meeting by telephone and indicated that he would have voted in the affirmative on all resolutions.

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