

MINUTES
Buffalo Fiscal Stability Authority
Audit, Finance, & Budget Committee

June 8, 2005

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) Audit, Finance, and Budget Committee was called to order at 12:30 PM on June 8, 2005, at the Buffalo Niagara Convention Center by Chairman Brian Lipke, in the absence of Committee Chairman H. Carl McCall.

The meeting was convened with a Notice of Meeting sent to the Directors by Committee Chairman McCall and announced to the public and the press.

Directors Present: Tobe, Lipke and Townsend

Directors Absent: McCall (by phone)

Staff Present: Johnson, McPherson, Mitchell, Miller, Stefko and Tocker

Opening Statement

Chairman Brian Lipke called the meeting to order. He made an opening statement, noting the Agenda and the attendance of Directors.

Approval of Minutes

The Directors reviewed and approved the Committee meeting minutes of the prior meeting held on February 23, 2005. Motion by Townsend, second by Tobe. Vote 3-0 to take effect immediately.

Open Issues

Review Proposed BFSA Budget for 2005-2006

Executive Director Dorothy Johnson began discussion of the BFSA 2005-2006 budget by stating that the BFSA was within the 2004-2005 budget. While all costs incurred (excluding professional fees) were lower than budgeted, lawsuits against the BFSA caused higher than anticipated legal fees. This necessitated the transfer of funds from other categories to cover expenses. The operating budget was significantly lower than anticipated partly due to lower staff expenditures than budgeted and strict adherence to procurement policies. She noted that the 2004-2005 budget was created when there were no lawsuits pending against BFSA.

It was explained that employee related expenses differed for the 2005-2006 budget as compared to last year's actual budget due to the expected filling of a previously budgeted but not filled position. . Total operating expenses were projected higher to cover anticipated professional fees, especially legal expenses relating to litigation, in the coming year.

A motion was made by Vice Chair Townsend, seconded by Secretary Tobe to recommend approval of the 2005-2006 BFSA budget to the full Board. Vote 3-0 to take effect immediately.

There being no further business, Chairman Lipke entertained a motion to adjourn, which was duly seconded unanimously. The meeting adjourned at 12:46 pm.

MINUTES
Buffalo Fiscal Stability Authority
June 8, 2005

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:00 pm on June 8, 2005, at the Buffalo Niagara Convention Center by Mr. Brian Lipke, Chairman of the Board. The meeting was convened by a Notice of Meeting sent to the Directors by Chairman Lipke and announced to the public and press.

Directors Present: Faso, Giambra, Lipke, Tobe, Townsend, and Wilmers

Directors Absent: Masiello (excused due to the death of his father), McCall (phone), Stenhouse (excused)

Staff Present: Johnson, McPherson, Miller, Mitchell, Stefko and Tocker

Opening Remarks:

Chairman Brian Lipke delivered an opening statement welcoming all attendees and citing emergency exit information. In his opening remarks, Chairman Lipke stated that there were several important issues to discuss at the meeting. Initially, the BFSA budget will be reviewed and voted on. Additionally, the City's Financial Plan, reviewed in the prior meeting, will need full board vote. He stated that the City has made real progress towards fiscal stability including: savings from the single-health insurance provider; spending cuts within the City and the Covered Organizations; and savings from borrowing costs obtained through BFSA. While progress has been made, structural gaps remain, pension costs are still an issue, the public schools are under-performing academically, and the City remains heavily dependent on State Aid. He stressed that the City must be vigilant to stay on course as it works its way back to fiscal health.

Following his opening remarks, Chairman Lipke asked Secretary Richard Tobe to do a roll call of the Directors. Finding a quorum present, the BFSA Board started the meeting.

Adoption of BFSA 2005-2006 Budget:

Executive Director Dorothy Johnson briefed the Board on the BFSA 2005-2006 budget, sent to the Board on the recommendation of the Audit, Finance, & Budget Committee meeting held prior to the BFSA Board meeting. She explained that the current year (2004-05) is under budget in all operating categories, except legal fees. In 2005-06, BFSA's revenues from State Aid and sales tax are expected to increase from \$208 million to \$213 million. Staff costs in 2005-06 are expected to be more than \$17,000 lower than budgeted in 2004-05, due to a realignment of staff. The most significant change from the 2004-05 budget proposed in 2005-06 is an increase of approximately \$300,000 to cover the potential for increased professional fees, particularly related to litigation.

Chairman Lipke commented that all Directors have been briefed on the budget and had an opportunity to review the material.

Motion to accept the Audit, Finance & Budget Committee's recommendation to adopt the 2005-06 BFSA budget was made by Faso, second by Wilmers. Vote 5-0, to take effect immediately.

RESOLUTION NO. 05-44

ADOPT OPERATING BUDGET FOR BFSA FOR 2005-2006

WHEREAS, the Buffalo Fiscal Stability Authority (the "BFSA") was formed by Chapter 122 of the Laws of 2003 ("Chapter 122") to (1) oversee the City of Buffalo's budget, financial and capital plans, (2) issue bonds, notes or other obligations to achieve budgetary savings through debt restructuring, (3) finance short-term cash flow or capital needs and (4) if necessary, to develop financial plans on behalf of the City of Buffalo if it is unwilling or unable to take the required steps toward fiscal stability; and

WHEREAS, the BFSA will have costs and expenses to operate and carry out its functions, including but not limited to paying the costs and expenses of its agents, employees and facilities hereof, reimbursement of costs incurred by Directors for actual and necessary expenses incurred in the performance of such Director's official duties, and otherwise to carry on and effectively carry out the obligations required by Chapter 122 of the Laws of 2003; and

WHEREAS, the staff of the BFSA has carefully reviewed the revenues to be received and expenses and costs anticipated to be incurred in carrying out the duties and functions of the BFSA and has prepared a budget (attached) based upon its reasonable assumptions of such revenues, costs and expenses.

NOW THEREFORE, BE IT RESOLVED, that the Directors of the Buffalo Fiscal Stability Authority do hereby approve the 2005-2006 BFSA Operating Budget prepared by the BFSA Staff.

At this point (1:14 pm) Erie County Executive Joel Giambra joined in-person.

Approval of the Financial Plan:

Ms. Johnson briefed the Board on the City's Four-Year Financial Plan. She stated that the material has been reviewed by all Directors and was presented at the last Board meeting. Since the May meeting, the City submitted its final revised budget, which includes \$300,000 inbudget changes, approved by the Buffalo Common Council. The Four-Year Financial Plan for the City includes risks such as \$10.4 million in retiree health cares savings (06-07); \$3.7 million in police/fire attrition (06-07) and more than \$8 million in State Aid increases (beginning in 2008). In the School District Financial Plan, risks include \$55 million in staff reductions (700 directly related to school closings and with a potential for 1500 aggregate staff reductions); \$34.1 million in program cuts and \$11.5 million in assumed future State Aid increases. Risks in the Buffalo Municipal Housing Authority's Financial Plan include minimal reserves, dramatic cuts in maintenance, an assumption of no growth in utility costs and successful implementation of the recommendations of the Harvard Study.

Vice Chair Townsend questioned where \$10.4 million in retiree cost savings came from. Commissioner of Human Resources Leonard Matarese explained that a specifically designed prescription benefit plan would replace a more expensive plan, and thereby offered cost savings. Commissioner of Administration & Finance Dr. James Milroy further explained that the savings are phased in over a three-year period to acknowledge the time needed for retiree negotiations, with \$2 million in savings assumed in 2006-2007.

Director Tobe sought the status of wage increases for each covered entity and was told that there were no wage increases contemplated throughout the Financial Plan. All budgets were balanced and the

savings from the wage freeze were essential to that condition. He also noted the benefits of moving to a single health insurance provider, recognizing that the School District could save \$27 million over the next two years. He commended the District and offered his support for the School Board's decision to go with a single-health insurer.

The Directors voted to adopt a resolution that approved the City of Buffalo Four Year Financial Plan. Motion by Townsend, second by Wilmers. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-45

APPROVAL OF CITY OF BUFFALO REVISED FOUR YEAR FINANCIAL PLAN

WHEREAS, Chapter 122 of the laws of 2003 as amended by Chapter 86 of the laws of 2004 requires the City of Buffalo to submit a four-year financial plan that includes the City of Buffalo, the Buffalo Public School District, the Buffalo Municipal Housing Authority ("BMHA") and the Buffalo Urban Renewal Agency ("BURA") and the Mayor's proposed City budget to the Buffalo Fiscal Stability Authority ("BFSA") not later than the date required for submission of the budget to the Common Council as set by the City Charter, and

WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and proposed City budget on May 2, 2005 to the BFSA, and

WHEREAS, the BFSA engaged the Institute for Local Governance and Regional Growth ("ILGRG") to seek public input and comment relating to the City's and/or any covered entities financial plan, and,

WHEREAS, The ILGRG held an all day public comment session on Saturday May 7, 2005, and

WHEREAS, The City of Buffalo, Buffalo Public Schools, the Buffalo Municipal Housing Authority and the Buffalo Urban Renewal Agency presented the Four Year Plan to the BFSA at a BFSA Board meeting on May 17, 2005, and

WHEREAS, The ILGRG presented a report to the BFSA at a Board meeting on May 17, 2005 reporting on the public comments received in connection with the public comment session held on May 7, 2005 by the ILGRG, and

WHEREAS, on May 25, 2005 the City of Buffalo submitted its revised Four-Year Financial Plan ("Revised Buffalo Plan") to reflect amendments made by the Common Council, and

WHEREAS, staff from the BFSA and the City of Buffalo repeatedly met to share information and exchange views regarding the levels of risk for initiatives contained in the Revised Buffalo Plan, and

WHEREAS, BFSA determined that the Buffalo School District, BURA and BMHA had provided Plans that substantially comply with the BFSA Act, and

WHEREAS, notwithstanding the risks and threats therein, the Revised Buffalo Plan was balanced; and

WHEREAS, the Revised Four Year Plan for the City of Buffalo provided:

1. An increase in State Aid as reflected in the adopted State Aid to Localities budget, and
2. A Certificate from the Mayor that indicates that the budget submitted with the Complete Plan is consistent with the City of Buffalo's Revised Four Year Financial Plan and that the City of Buffalo operations within that budget are feasible as required by Section 3857(2)(a) of the Public Authorities Law, and

WHEREAS, BFSAs staff has reviewed the Revised Four Year Plan for the City of Buffalo dated May 25, 2005 and reported that it complies with the requirements of the BFSAs Act and recommends that the BFSAs approve the plan,

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority determines that the City of Buffalo Four Year Financial Plan is complete, complies with the standards set forth in Sections 3857 and 3838 of the Buffalo Fiscal Stability Authority Act and is hereby approved.

Chairman Lipke then sought approval for the Mayor's Certification of the budget as being consistent with the financial plan.

The Directors voted to adopt a resolution to approve and accept the Mayor's Certification of Consistent Budget. Motion by Wilmers, second by Faso. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-46

APPROVAL OF MAYOR'S CERTIFICATION OF CONSISTENT BUDGET

WHEREAS, on May 25, 2005 the Mayor of the City of Buffalo submitted a Completed Four Year Plan ("the Plan") to the Buffalo Fiscal Stability Authority ("BFSAs"), and

WHEREAS, the Mayor submitted a Certificate of Consistent Budget ("Certificate") dated May 25, 2005 that indicates that the City budget is consistent with the Plan and that the City of Buffalo operations within that budget are feasible as required by Section 3857(2)(a) of the Public Authorities Law, and

WHEREAS, on June 8, 2005, the BFSAs approved the Plan.

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority approves and accepts the Certification of Consistent Budget dated May 25, 2005.

Labor Contract Issue **Bridge Operating Engineers**

Ms. Johnson updated the Board on the status of a grievance settlement with the bridge operating engineers (represented by AFSCME Local 264). An arbitrator had upheld the "no layoff" clause that was the basis of the union's grievance. The City proposed a settlement that it contends is in the best interest of both the City and the bridge operators. The settlement would reinstate five (5) of the bridge operators laid off in November 2003; pay these five individuals back pay less unemployment benefits and other compensation received since their layoff; supplement the bridge operator workforce with seasonal employees; and allow the City to assign the bridge operators to other duties in the off-season.

Vice Chair Townsend questioned whether prior to the agreement the City had the ability to transfer operators to different functions during the periods of the year when the river is closed to shipping. Commissioner Matarese answered that the operators continued to tend to the bridges. Director Robert Wilmers felt the settlement made sense, however, six to seven months of downtime for the operators did not. He requested that the City identify other instances where workers are paid without working.

The Directors approved a resolution to approve the revision to the Collective Bargaining Agreement for Bridge Operating Engineers as a settlement to a grievance. Motion by Giambra, second by Wilmers. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-47

APPROVE COLLECTIVE BARGAINING AGREEMENT FOR BRIDGE OPERATING ENGINEERS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 also permits the BFSA to review and approve or disapprove collective bargaining agreements binding or purporting to bind the City or any covered organization; and

WHEREAS, The City of Buffalo has reached an agreement with Local 264, which represents bridge operating engineers and exterminators; and

WHEREAS, the agreement settles outstanding grievances and allows laid off bridge operators to be reinstated and the utilization of seasonal workers to supplement the workforce; and

WHEREAS, this settlement will resolve “no layoff” issues to the mutual satisfaction of the City and Local 264; and;

WHEREAS, the City has demonstrated that there are sufficient funds to pay the costs associated with implementing the agreement and that the agreement is in accordance with the approved financial plan; and

WHEREAS, BFSA Staff have reviewed the terms of the agreement and recommends approval of the collective bargaining agreement;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority hereby authorizes and approves the collective bargaining agreement between the City of Buffalo and AFSCME Local 264 to settle grievances involving bridge operating engineers.

School District Memoranda of Understanding with Local 264

Ms. Johnson reviewed Memoranda of Understanding (MOUs) between the School District and Local

264. One addressed seasonal laborers for summer relocation work in relation to the Joint Schools Construction Board. The MOU allows the District to hire up to six seasonal laborers. They will not receive health or fringe benefits, just an hourly wage. Joint Schools Construction Board funds will reimburse the District. Two other MOUs submitted to BFSA were tabled to consider additional information.

The Directors approved a resolution to approve labor agreement between the School District and Local 264. Motion by Townsends, second by Wilmers. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-48

APPROVING THE SCHOOL DISTRICT LABOR AGREEMENT WITH LOCAL 264

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove any collective bargaining agreement binding or purporting to bind the City or any covered organization; and

WHEREAS, the School District has submitted to the Buffalo Fiscal Stability Authority (“BFSA”) three collective bargaining agreements between the School District and Local 264, the labor organization representing part-time bus drivers, seasonal laborers and summer food service workers employed by the School District; and

WHEREAS, agreements for part-time bus drivers and summer food service workers are being tabled for further review; and

WHEREAS, the Agreement for seasonal laborers formalizes terms with the District over the use of these employees where no previous agreement existed; and

WHEREAS, the School District has demonstrated that there are sufficient funds to pay the costs associated with implementing the Agreement and that the Agreement is in accordance with the approved financial plan; and

WHEREAS, BFSA Staff have reviewed the terms of the Agreement and recommend approval;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo School District to enter into a Memorandum of Understanding with Local 264 for Seasonal Laborers.

Labor Guidelines

Ms. Johnson introduced the BFSA Framework for Collective Bargaining. Accompanied with a slide presentation, she stated that workforce costs are the largest and fastest growing component of the budget. While reductions in the workforce have cut expenses, they have not kept pace with escalating workforce costs. Per employee costs continue to rise because of rising benefit costs, even with the cost-savings from the single-health insurance provider. While the number of City employees has been cut by 20%, pension costs have increased. BFSA staff has examined the issues and stresses that actions need to be taken to bring permanent savings to the City that are certain and will not sunset. As benefit costs continue to skyrocket, permanent savings are crucial to fiscal stability. She noted that it is essential to

reduce the cost of health benefits, potentially through employee and retiree contributions, state/ federal drug discount programs, and Medicare primacy for age-eligible retirees.

Ms. Johnson stressed the need for the City to eliminate “hidden” forms of compensation namely early retirement bonuses, shortened summer hours, and excessive paid time off. Teacher and administrator bonuses totaled \$10 million over the last two years, with the average bonus check of \$25,000 per retiree. The additional 30 minutes off for employees during the summer hours costs taxpayers at least \$200,000 annually. Obstructions to efficiency must also be eliminated, such as constraints on the ability to subcontract, “no layoff” clauses, and “minimum manning” requirements.

Vice Chair Townsend questioned which employees have to contribute towards their health benefits. Commissioner Matarese responded that active employees do not pay for health benefits while retirees do pay some portion of their benefits. If retirees moved to Medicare as their primary health service provider with a senior supplement provided by the City to fill in the gaps, the City could save \$5,000 per retiree annually. Commissioner Milroy added that retirees contribute up to \$3,000 annually, which amounts to around \$1,000,000 annually of the \$54,000,000 total annual health benefit cost.

Director Wilmers questioned that, with the equally proportionate reduction in the City and School District workforce, why has the School District’s health benefit costs risen at a more accelerated pace than the City’s? He encouraged the School District to dialogue more with the City to determine where the opportunities for increased savings are and requested to discuss the matter at greater length at the next BFSA Board Meeting. Additionally, he questioned how the percentages depicted in the slides of employee/ retiree health benefit contributions from the private sector compare to the City/ School Districts current contributions levels. Vice Chair Townsend addressed the question and stated that they currently pay 100% of the health benefit contribution for all active employees.

Director Tobe noted that this issue is ripe for inclusion in the collective bargaining framework that the BFSA has developed. Chairman Lipke stated that the business sector is all too familiar with the significant rises in healthcare cost and the impact on expenditures. The private sector started to address these issues ten years ago. He stated that this is not a local problem, but a national problem and a large burden for both the public and private sector.

Reevaluate the Wage Freeze

Chairman Lipke briefly addressed the wage freeze. He stated that it is clear in the Financial Plan that the budgets of the City and Covered Organizations are dependant on the savings generated by the wage freeze. Without the freeze, the budgets will not balance. Director Tobe stated that the representatives of the City, Schools and BMHA have all indicated that the wage freeze is a critical component of their financial plans. It is clear that the wage freeze is a necessary and irreplaceable action needed to to maintain balanced budgets.

The Directors voted to continue the wage freeze. Motion by Townsend, Second by Giambra. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-49

REEVALUATE WAGE FREEZE ORDERED ON CITY OF BUFFALO

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 authorizes the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Section 3858(2)(C) of the Public Authorities Law authorizes the BFSA to impose a wage freeze during a control period upon a finding by the BFSA that a wage freeze is essential to the maintenance of a financial plan; and

WHEREAS, on April 21, 2005, the BFSA found that the immediate imposition of a wage freeze upon the City of Buffalo and Non-exempt Covered Organizations was essential to the adoption and maintenance of future budgets and financial plans; and

WHEREAS, Section 3858(2)(D) of the Public Authorities Law authorizes the BFSA to periodically evaluate the need to continue a wage freeze; and

WHEREAS, upon the receipt and review of the Revised Four Year Financial Plan for the City of Buffalo on May 25, 2005, the need to continue the wage freeze becomes evident; and

WHEREAS, employee costs continue to be a major portion of the budgets for the City and Non-exempt Covered Organizations; and

WHEREAS, without the wage freeze, the Financial Plan would show expenditures exceeding available revenue, with no options to bring about budgetary balance; and

WHEREAS, the BFSA has discussed the impact of the wage freeze at three BFSA Meetings and finds that the fiscal crisis has not yet abated and that the wage freeze is still essential to maintenance and adoption of balanced budgets in the City and Non-exempt Covered Organizations;

NOW THEREFORE BE IT RESOLVED that the Buffalo Fiscal Stability Authority finds that the continued imposition of the wage freeze instituted pursuant to Buffalo Fiscal Stability Authority Resolution No. 04-35 on April 21, 2004 is essential to the maintenance and adoption of future budgets and financial plans.

BE IT ORDERED that the City of Buffalo and all Non-exempt Covered Organizations shall continue to impose a wage freeze under the terms and conditions expressed in Resolution 04-35.

BE IT FURTHER ORDERED that the need to continue the wage freeze shall be evaluated upon the receipt of the next Financial Plan, or at any other time at the sole discretion of the Buffalo Fiscal Stability Authority.

Contracts

Due to a prior commitment, Chairman Lipke left the meeting. Vice Chair Townsend took over responsibility as Chair. Ms. Johnson stated that the list of contracts to approve was in the Board Book.

Approval of City Contracts

Since the May meeting, six contracts were approved on an interim basis. Based on staff analysis, the Chairman and Vice Chair approved all items. None of the contracts exceeded the \$200,000 threshold,

and therefore did not require full Board affirmation.

Five contracts were brought to the Board's attention for action, and all were recommended for approval. Director Tobe questioned why four of the five needed board approval being under the \$50,000 threshold. Ms. Johnson explained that those were demolitions contracts, which the BFSA approves without regard to the amount.

The Directors voted to approve five city contracts. Motion by Wilmers, second by Townsend. Vote 5-0 to take effect immediately.

RESOLUTION NO. 05-50

AUTHORIZE CITY OF BUFFALO TO ENTER INTO FIVE CONTRACTS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority ("BFSA") to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for contracts or obligations; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, the Mayor and other City officials have submitted the contract and other obligations for approval at the June 8, 2005 BFSA meeting, and have signed the BFSA Remittance Approval Request Form ("RARF") in which they indicate that there are sufficient funds available for such items; and

WHEREAS, BFSA Staff have reviewed such items and the RARF and recommend approval of such contracts; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the City of Buffalo to enter into five contracts and obligations as listed below:

- | | |
|----------------------------------|--------------|
| 1. TVGA – South Park Lift Bridge | \$707,750.00 |
| 2. Metro – asbestos removal | \$21,864.00 |
| 3. Fibertech – asbestos removal | \$15,672.00 |
| 4. CAO – asbestos removal | \$30,585.00 |
| 5. Amirs – asbestos removal | \$33,393.00 |

Buffalo Public School Contracts:

Approval of School District Contracts

Since the May meeting, one contract was approved on an interim basis. Based on staff analysis, the Chairman and Vice Chair approved the item. It did not exceed the \$200,000 threshold, and therefore did not require full Board affirmation.

The Directors voted to approve Resolution 05-51 authorizing the School District to enter into seventeen contracts. Motion by Wilmers, second by Faso. Vote 5-0, to take effect immediately.

RESOLUTION NO 05-51

AUTHORIZE THE BUFFALO SCHOOL DISTRICT TO ENTER INTO SEVENTEEN CONTRACTS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization including the School District in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for such items; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or obligation is valued at \$200,000 or more; and

WHEREAS, School District officials submitted correspondence to BFSA in which they seek the approval of contracts, together with signed BFSA Remittance Approval Request Forms (“RARF”) in which they indicate that there are sufficient funds available for such contracts; and

WHEREAS, BFSA Staff have reviewed such contracts and the RARF and recommend approval of seventeen contracts; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo School District to enter into seventeen contracts as listed below:

1. Literacy Volunteers – Supplemental Service Provider	\$TBD
2. Glencoe McGraw Hill – Textbooks and Staff development	\$412,860.00
3. All State Development Inc – Bennett Park Montessori reconstruction	\$158,000.00
4. Colgate Heating Corp – Burgard High mechanical systems	\$691,690.00
5. Occupational and Physical Therapy Services (estimated)	2,7000,000.00
6. Buffalo Hotel Supply – Commissary equipment	\$484,185.00
7. Summer Meal Program delivery service	\$121,113.20
8. Erie I BOCES – Upgrade All Data Circuits	\$145,000.00
9. Summer Meal Program – Milk and Juices	\$85,367.50
10. MUNIS – Software support	\$140,912.00
11. Delavan Leasing Comp – Food Service	\$273,508.00

12. 70 West Chippewa – Emerson School of Hospitality lease	\$1,376,221.00
13. Swan Group Ltd. Partnership - Buffalo Access Center lease	\$466,369.08
14. Buffalo State College – College Learning Lab lease	\$858,059.76
15. D’Youville College – Da Vinci High School lease	\$1,039,027.90
16. Occupational Training Center lease	\$364,543.16
17. Sysco Food Services – Summer Meal Program	\$140,000.00

JSCB Documentation Amendments

Chief Financial Officer Bertha Mitchell briefed the Board regarding the Joint Schools Construction Board (JSCB) Documentation Amendments. She stated that JSCB is requesting BFSA approval for changes to the bond documentation for Phases I & II as follows: amend documents for Phase I to mirror that of Phase II as it relates to the structure of the transaction, amend the indentures for both Phase I & II to allow earnings on the debt service reserve fund to flow to the Bond Fund (from where actual debt service payments are made) after the Project Fund is fully funded, and amend the related documents for both phases to allow the Trustee to withhold State Aid for debt service net of expected investment earnings from the debt service reserve fund. The BFSA staff recommended approval.

The Directors voted to approve an amendment of the financing documents for Phases 1 and II of the JSCB development program. Motion by Faso, second by Wilmers. Vote 5-0 to take effect immediately.

RESOLUTION NO. 05-52

APPROVING AMENDMENT OF FINANCING DOCUMENTS FOR PHASES I AND II OF BUFFALO SCHOOLS DEVELOPMENT PROGRAM

WHEREAS, the Buffalo City School District ("the District"), in cooperation with the City of Buffalo ("the City") and the Joint Schools Construction Board ("the JSCB"), has undertaken a comprehensive program to redevelop the educational facilities ("the Program"), is nearing completion of Phase I of the Program and has commenced Phase II of the Program; and

WHEREAS, pursuant to Chapter 605 of the Laws of 2000, as amended by Chapter 59 of the laws of 2003 and Chapter 421 of the Laws of 2004 ("the Buffalo Schools Redevelopment Act"), Phases I and II of the Program have been financed through the Erie County Industrial Development Agency ("ECIDA"), the Phase I financing being referred to as the Series 2003 Project and the Phase II financing being referred to as the Series 2004 Project; and

WHEREAS, pursuant to Section 3858, subd. 1 (i) of the Public Authorities Law, Phase II was approved by this Authority by Resolution No. 04-114 (Phase I having been excluded by that provision from the requirement of such approval); and

WHEREAS, the JSCB, the City, the District, the ECIDA, and/or various of their officers have executed a number of documents in respect to the Series 2003 Project and the Series 2004 Project, including without limitation, the Amended and Restated State Aid Trust Agreement, the Series 2003 Indenture, the Series 2003 Ground Lease, the Series 2003 Facilities Agreement, the Series 2003 Tax Compliance Certificate, the Series 2003 Environmental Agreement, the Series 2004 Indenture, the Series 2004 Ground Lease, the Series 2004 Facilities Agreement, the Series 2004 Tax Compliance Certificate, the Series 2004 Environmental Agreement, and all other agreements, certificates and other

documents executed in respect to the Series 2003 Project or Series 2004 Project (collectively, the "Transaction Documents"); and

WHEREAS, it would be in the best interests of the Program, the JSCB, the City and the District to amend the Transaction Documents so as: (1) to change the structure of the Series 2003 Project by converting the Facilities Agreement from a sublease agreement to an installment sale agreement, and thereby eliminate the need for liability insurance coverage of ECIDA after construction has been completed and until the Series 2003 Bonds have been paid; (2) to allow the earnings of the Debt Service Reserve Fund for the Series 2003 Bonds and Series 2004 Bonds to flow to the Bond Fund rather than the Project Fund after the Project Fund has been fully funded, and thereby to reduce the cash amount of the District's next Facilities Agreement payments and increase the District's short term cash flow for operations; and (3) to allow the trustee for the Series 2003 and Series 2004 bondholders to account for anticipated Debt Service Reserve Fund earnings in calculating the amount to be withheld from state aid to fund the District's Facilities Agreement payments each year and thereby to improve the District's short term cash flow for operations; and

WHEREAS, this Authority has reviewed the proposed amendments to the Financing Documents and has found them to be financially sound, prudent and in the public interest;

NOW, THEREFORE, it is:

RESOLVED, that this Authority approves the proposed amendments to the Transaction Documents; and further

RESOLVED, that this Authority authorizes the City, the District and the JSCB to execute and deliver necessary and appropriate documents in relation to the proposed amendments; and further

RESOLVED, that each of the Chairman, Vice Chair or Executive Director, Chief Financial Officer and Chief Counsel of the Buffalo Fiscal Stability Authority is hereby severally authorized and directed to execute and deliver any agreements, certificates, documents, papers or other written instrument, to make any changes, modifications or amendments as he or she deems necessary, to do all other things and to take all other actions necessary and appropriate in his or her judgment to consummate the transactions contemplated by this Resolution.

Hiring Freeze

Ms. Johnson briefed the Board on the desire of the Buffalo Common Council to hire interns. She stated that the Council members have \$15,000 each in discretionary spending for research, travel, interns, etc. They wish to waive the hiring freeze review process for interns due to the short-term nature of their employment. Director Tobe noted that the funds for this were part of the budget BFSA approved.

The Directors voted to lift the hiring freeze to allow the City of Buffalo to hire summer interns. Motion by Faso, second by Wilmers. Vote 5-0, to take effect immediately.

RESOLUTION NO. 05-53

AMEND HIRING FREEZE ORDERED ON CITY OF BUFFALO FOR CERTAIN HIRES

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 authorizes the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Section 3858(2)(C) of the BFSA Act authorizes the BFSA to impose a hiring freeze during a control period upon a finding by the BFSA that a hiring freeze is essential to the maintenance of a financial plan; and

WHEREAS, Section 3858(2)(O) of the BFSA Act further provides that the BFSA may, to the extent it deems necessary or desirable in order to accomplish the purposes of the BFSA Act, including but not limited to the timely and satisfactory implementation of an approved financial plan, issue a binding order to the appropriate City official; and

WHEREAS, on December 15, 2003, the BFSA found that the immediate imposition of a hiring freeze upon the City of Buffalo was essential to the maintenance of the City of Buffalo Revised Financial Plan and was necessary to accomplish the purposes of the BFSA Act and to ensure the timely and satisfactory implementation of the Revised Financial Plan; and

WHEREAS, on December 15, 2003 the BFSA approved Resolution 03-70, ordering a hiring freeze on the City of Buffalo with certain exemptions; and

WHEREAS, among the exemptions granted to the hiring freeze are numerous short-term part-time hires engaged by the Common Council, commonly known as interns, who are funded from a Council discretionary spending line, which also includes funding for travel and auto allowances and is limited to \$15,000 for each Councilmember; and

WHEREAS, given the high turnover of interns and their minimal budgetary impact, the time and resources to process a request to hire an intern pursuant to the waiver process outlined in Resolution No. 04-89 could be considered a poor allocation of resources;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority hereby authorizes the Common Council to hire interns within the individual budget lines of the Council members, not to exceed \$15,000, and that any expenditure for interns beyond the budgeted allocation requires separate approval by the Buffalo Fiscal Stability Authority.

BURA Action Plan

Ms. Johnson summarized the Buffalo Urban Renewal Agency (BURA) Action Plan for the Board. The Plan covers the major federal grant allocations BURA receives each year to operate its programming. BURA has submitted its Action Plan for Year 31 and it has been approved by the United States Department of Housing and Urban Development. The BFSA staff recommends approval. Director Tobe gave Office of Strategic Planning Executive Director Timothy Wanamaker an opportunity to explain that BURA will retain its Year 31 and Year 32 community development block grant funding from Washington. Congress did not approve the President’s proposal and therefore the block grants no longer at risk.

The Directors voted to approve the BURA Year 31 Annual Action Plan. Motion by Faso, second by Giambra. Vote 5-0, to take effect immediately.

RESOLUTION NO. 05-54

APPROVAL OF BUFFALO URBAN RENEWAL AGENCY'S PROGRAM YEAR 31 ANNUAL ACTION PLAN

WHEREAS, the Buffalo Urban Renewal Agency (BURA) submitted an Annual Action Plan for Program Year 31 to the BFSA for approval, and

WHEREAS, the Annual Action Plan for Program Year 31 was approved by the Federal Department of Housing and Urban Development (HUD) on May 17, 2005, and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority ("BFSA") to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for contracts or obligations; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, the Buffalo Urban Renewal Agency officials have submitted sufficient evidence that HUD and BURA policies and procedures were followed in obligating the federal funds and in the crafting of such Plan; and

WHEREAS, BFSA Staff have reviewed such Plan and the and recommend approval of such Plan; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo Urban Renewal Agency to enter into contracts and obligations as listed within the Year 31 Action Plan pending BFSA approval of each singular item that meets the purview criteria.

BURA Sub-Recipient Contracts

Ms. Johnson submitted for approval 22 sub-recipient contracts for agencies funded as part of the BURA Action Plan.

The Directors approved 22 BURA sub-recipient contracts. Motion by Giambra, second by Faso. Vote 5-0, to take effect immediately.

RESOLUTION NO. 05-55

AUTHORIZE BUFFALO URBAN RENEWAL AGENCY TO ENTER INTO ACTION PLAN CONTRACTS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for contracts or obligations; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, the Buffalo Urban Renewal Agency officials have submitted contracts and other obligations for approval at the June 8, 2005 BFSA meeting, and have signed the BFSA Remittance Approval Request Form (“RARF”) in which they indicate that there are sufficient funds available for such items; and

WHEREAS, BFSA Staff have reviewed such items and the RARF and recommend approval of such contracts; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo Urban Renewal Agency to enter into contracts and obligations as listed below consistent with the approved Action Plan:

1. Gloria Parks / University Heights Community Center	\$121,737
2. Housing Opportunities Made Equal	\$75,000
3. Legal Aid Bureau of Buffalo	\$60,000
4. Neighborhood Legal Services	\$35,000
5. North Buffalo Community Development Corporation	\$106,310
6. Northwest Buffalo Community Center	\$223,391
7. Old First Ward Community Center	\$55,705
8. Parkside Community Association	\$18,350
9. Police Athletic League	\$70,922
10. Polish Community Center (Matt Urban Center)	\$160,973
11. Bailey Delavan Community Services & Schiller Park Senior Program	\$100,000
12. South Buffalo Community Association	\$124,973
13. Valley Community Association	\$20,950
14. UNYSE lead based paint remediation	\$100,000
15. BERCC Commercial Loan Program	\$970,000
16. West Side Community Services	\$123,220

17. ABLEY	\$91,911
18. William Emslie YWCA	\$36,962
19. Literacy Volunteers of America/ Buffalo & Erie County	\$9,196
20. Hispanics United of Buffalo	\$33,229
21. Seneca Babcock Community Association	\$51,429
22. West Side Play Area	\$10,468

City Legal Settlement

Chief Counsel Darryl McPherson briefed the Board on the settlement of an auto injury claim in the amount of \$825,000 that was approved on an emergency basis by Chairman Lipke and Vice Chair Townsend.

The Directors voted to ratify the settlement of a claim. Motion by Faso, second by Townsend, Vote 5-0 to take effect immediately.

RESOLUTION NO. 05-56

AFFIRM SETTLEMENT OF ONE CLAIM

WHEREAS Chapter 122 of the laws of 2003 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove the terms of any proposed settlement of claims against the City of Buffalo in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for contracts or obligations; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, on occasion, there may be times when the approval of a contract may be necessary prior to the next scheduled meeting of the BFSA; and

WHEREAS, Resolution No. 04-89 provides a process for the emergency approval of contracts by BFSA Staff, such contracts must be submitted to the BFSA for affirmation by the Board; and

WHEREAS, an item was submitted for emergency approval prior to the June 8, 2005 BFSA meeting, and upon a review of the circumstances by BFSA Staff, Chairman Lipke and Vice Chair Townsend granted emergency approval on May 25, 2005; and

WHEREAS, full BFSA Board affirmation is required to finalize the approval;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby affirm the emergency approval authorizing the City of Buffalo to settle the matter of Matthew R. Porter v. City of Buffalo, *et al* in the amount of \$825,000.

Closing Remarks

Vice Chair Townsend thanked all who attended the meeting. Being no further business, Vice Chair Townsend made a motion to adjourn, which was duly seconded unanimously. The meeting adjourned at 2:35 pm.