

MINUTES
Buffalo Fiscal Stability Authority
May 9, 2007

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:18 PM on May 9, 2007 at the Buffalo & Erie County Central Public Library by Mr. Brian Lipke, Chair 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: Brown, Colucci, Lipke, Norwood, Stenhouse, Townsend & Wilmers

Directors Absent (excused): Giardino & Giambra

Staff Present: Buzard, Johnson, Kelly, Link, Mobley, Miller, Mitchell, Spinelli & Stefko

Opening Remarks:

Chair Lipke welcomed the attendees. He noted that the meeting would include the critically important review of the City and covered organization proposed budget and four-year financial plan. The plans are the efforts of the hardworking and dedicated budget staff who work long hours to ensure that the Administration's priorities and initiatives are supported within the context of the financial constraints of the four-year financial plan. He furthered that the BFSA staff had been working equally hard to review the proposed budget in the short time since receiving the proposed budget.

Chair Lipke stated that the improved financial condition of the City is due to three factors which include:

1. Governor Spitzer's engineering of the State budget to allow for additional funds to be allocated to troubled municipalities across the State;
2. The efficient financial management of the City by Mayor Brown's administration; and
3. The adherence to the clearly defined financial parameters prescribed by the BFSA and support from BFSA through arranging low cost financing and the institution of the wage freeze.

Prior to setting the day's agenda, Chair Lipke addressed two issues. First, relative to the Mayor's call for putting BFSA into advisory mode, he stated that the issue at hand is not the continuation of BFSA or its control status but rather making sure the disciplines which have put the City in the improved financial condition it is in now are kept in place to allow the City to stay on a path to long-term fiscal stability. BFSA's continuation is statutorily defined. He invited Ms. Laura Monte, a representative of Governor Spitzer, to read a statement explaining the Governor's position on this point.

Ms. Monte read a prepared statement summarizing the Governor's position relative to the wage freeze and the continuation of the control status of BFSA. The Governor supports lifting the wage freeze but believes that reducing the control status of BFSA to advisory mode is premature.

Chair Lipke's second issue involved the Mayor's request to lift the wage freeze. The statute

which grants BFSA its authority is very specific regarding imposing and lifting a wage freeze. Chair Lipke invited BFSA legal consultant, A. Vincent Buzard, Esq., Harris Beach, to explain the Authority's position on the imposed wage freeze.

Mr. Buzard stated that it is the Authority counsel's legal opinion that the BFSA Act requires that the wage freeze be imposed or lifted for the City and all covered organizations simultaneously. The advisory period for BFSA cannot begin until the City and its covered entities realize three consecutive balanced budgets without the assistance of the Authority, and until that time, BFSA remains in control mode. The Authority is statutorily required to review and approve or disapprove contracts during the control period, even if the wage freeze has been lifted.

Chair Lipke stated that it will be incumbent on the Mayor to modify the proposed budget to show how and if the City and its covered entities can pay for a lifting of the wage freeze within the context of a balanced financial plan.

Mayor Brown thanked the Board for providing the City with the financial discipline to guide it toward fiscal strength. He offered the assurance that the new procedures in place will continue. He thanked the Governor for the increase in financial aid assistance and stated that the move of BFSA to a dormant state has been discussed with the Governor's office. It is the City Administration's position that the criteria to move the Authority from control mode to advisory mode have already been met. He requested that Commissioner of Administration, Finance, Policy and Urban Affairs Janet Penksa address the Board to explain this position.

Chair Lipke stated that, prior to Ms. Penksa's statements, the Board will need to call roll. Secretary Stenhouse called roll and confirmed that a quorum was present.

Ms. Penksa addressed the Board and explained the City Administration's position relative to lifting the wage freeze and the criteria to move BFSA to advisory status, focusing in particular on the City's current General Fund balance of more than \$95 million and the anticipation that the City would add at least \$14 million to that total at the end of the current fiscal year, according to the City's third quarter report to BFSA.

Director Wilmers inquired about the School District's reaction to a potential lifting of the wage freeze and the possible impact on its financial plan. Mr. Crosby identified the challenges facing the District that would make a lifting of the freeze a challenge, including the possibility of paying for multiple insurers for employees and funding increased charter school payments. The School District proposed budget and financial plan was balanced by including wage freeze savings and would need to be revised to reflect the proposed lifting of the freeze.

Approval of Minutes

The Directors voted to approve Resolution 07-17 to ratify the March 21, 2007 Board Meeting Minutes and to ratify resolutions numbered 07-11, 07-12, 07-13, 07-15 and 07-16. Motion to approve by Townsend, second by Wilmers, Vote 7-0 to take effect immediately.

RESOLUTION NO. 07-17

APPROVING MINUTES AND RESOLUTIONS FROM MARCH 21, 2007

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting of MARCH 21, 2007 and ratifies and affirms five resolutions numbered 07-11, 7-12, 07-13, 07-15 and 07-16 that were approved on March 21, 2007. [Note: At the March 21, 2007 meeting the resolutions submitted to the Board for consideration were incorrectly numbered. The resolutions at the meeting should have begun with number 07-11 not 07-10 and thus the resolutions have been renumbered correctly.]

Buffalo Urban Renewal Agency

Proposed Budget & Four-Year Plan

Chair Lipke introduced BURA's proposed budget and four-year plan. Executive Director Dorothy A. Johnson utilized a Power-Point presentation and provided a review for the Board, which included the following summaries:

- BURA 2007/2008 Proposed Revenues (by percentage),
- BURA 2007/2008 Proposed Spending (by percentage),
- BURA Budgeted Spending by Year (2003-2004 to present), and
- BURA Reduction of Prior-Years Deficit.

Buffalo Municipal Housing Authority

Proposed Budget & Four-Year Plan

Executive Director Dorothy A. Johnson utilized a Power-Point presentation and provided a review for the Board, which included the following summaries:

- BMHA 2007/2008 Proposed Revenues (by percentage),
- BMHA 2007/2008 Proposed Spending (by percentage), and
- BMHA Budgeted Spending by Year (2003-2004 to present).

BMHA would be further revising its budget to more accurately represent its move to Asset-Based Management that is required by HUD, and had promised to have this completed within the subsequent weeks.

Buffalo Public Schools

Proposed Budget & Four-Year Plan

Executive Director Dorothy A. Johnson utilized a Power-Point presentation and provided a review for the Board, which included the following:

- School's 2007/2008 Proposed Revenues (by percentage),
- School's 2007/2008 Proposed Spending (by percentage),
- School's Budgeted Spending by Year (2003-04 to Present),
- State Aid & Categorical Grants by Year (2003-2004 to Present),
- Enrollment (2003-2004 though 2006-2007 actual and 2007-2011 projected),
- Baseline Gaps from the last Four-Year Plan, and
- Absence of baseline gaps in new Four-Year Plan.

City of Buffalo

Proposed Budget & Four-Year Plan

Executive Director Dorothy A. Johnson utilized a Power-Point presentation and provided a review for the Board, which included the following:

- City 2007-08 Budget Proposed Revenues,
- City 2007-08 Budget Proposed Spending,
- Workforce Costs (Employee Costs relative to total costs),
- City Budgeted Spending by year (2003-04 thru 2007-08),
- State Aid (2003-04 to Present),
- Budgeted City Workforce (2003-04 to Present),
- Baseline Gaps from the last Four-Year Plan, and
- Absence of baseline gaps in new Four-Year Plan.

Chair Lipke stated that he was pleased to see the turnaround in the City and its covered organizations since the establishment of BFSA. It is clear that risks such as unsettled labor contracts continue to threaten the progress made. The staff presentation on the proposed budget and financial plan indicated that the wage freeze may no longer be essential to the development and maintenance of the four-year financial plan. As such, Chair Lipke requested that the City and covered organizations submit a revised financial plan which would indicate the impact of lifting the wage freeze beginning on July 1, 2007 by May 23rd, 2007, to allow BFSA staff the opportunity to review the revision. BFSA would consider the revised financial plan at its June 5th Board Meeting.

Director Townsend requested clarification from Mayor Brown on the Administration's position on its responsibility toward monetization of the School District, given the District's greater fiscal challenges, as compared to the City. Mayor Brown noted that the District's fiscal recovery is essential to the City. He further indicated that there was nothing that would preclude the City from increasing aid but that the District already receives roughly half of the real property tax levy. The City may be able to provide some additional limited assistance, particularly in the future.

Director Wilmers offered School District Superintendent Dr. James Williams the opportunity to address the BFSA Board. Dr. Williams thanked the Board and reiterated the Mayor's earlier comments that the City and School District officials have a healthy working relationship and his confidence in the fact that the Mayor clearly understands the problems facing the District.

Efficiency Incentive Grant Proposal

Chair Lipke introduced a resolution to modify the efficiency incentive grant request. Ms. Johnson summarized this request.

Motion by Brown, second by Colucci, Vote 7-0 to take effect immediately

RESOLUTION NO. 07-18**APPROVAL OF MODIFIED EFFICIENCY INCENTIVE GRANT REQUEST**

WHEREAS, in 2006, New York State amended the Buffalo Fiscal Stability Authority Act (“Act”) to add in a new Section 3857-A, which provides for Efficiency Incentive Grants to the City of Buffalo (“City”), and

WHEREAS, according to Section 3857-A of the Act, the City “shall develop and submit to the Authority a plan for achieving recurring savings through innovations and reengineering,” and

WHEREAS, New York State has informed the Buffalo Fiscal Stability Authority (“BFSA”) that ten million dollars (\$10,000,000) in Efficiency Incentive Grants have been made available for City use, and

WHEREAS, the City submitted to the BFSA a plan to utilize ten million dollars (\$10,000,000) in Efficiency Incentive Grant monies in March 2007, and

WHEREAS, the BFSA approved the City’s request at its March 21, 2007 Board meeting, and

WHEREAS, the City has requested that, due to the availability of certain federal grant monies to underwrite the cost of a fire department item approved at the March 21, 2007 Board meeting, a substitute fire department item be placed on the City’s Efficiency Incentive Grant list, and

WHEREAS, the request would replace \$330,000 in Fire Safety Equipment Modernization for Portable Fire Monitors, which allow for safer and more efficient operations,

NOW THEREFORE, BE IT RESOLVED, that the Buffalo Fiscal Stability Authority hereby approves the City of Buffalo’s request for \$10 million in Efficiency Incentive Grants to fund the following initiatives in the following amounts:

Buffalo Citywide Cameras and Wi-Fi	\$4,420,000
Housing Inspectors Technology	\$2,150,000
Citywide Phone System Upgrade	\$1,550,000
Pay and Display Parking Meters	\$900,000
Portable Fire Monitors	\$330,000
Citizen Services Technology (311 System)	\$300,000
Legal Case Management System (ProLaw)	\$250,000
Mail Management System	\$100,000

This resolution replaces and supersedes Resolution 07-12, which was approved at the March 21, 2007 BFSA Board meeting.

This resolution shall take effect immediately.

City Firefighter Consultant Contract

Chair Lipke requested that City Corporation Counsel Alisa A. Lukasiewicz brief the Board regarding the emergency contact approval for a City firefighter exam consultant.

Ms. Lukasiewicz stated that the emergency contract will need Board approval to hire EB Jacobs, LLC to develop the fire promotional exam. Director Colucci questioned why the City would not avail itself of the service available through the State. Ms. Lukasiewicz indicated, since there has been litigation on this issue, the City would be better served by having a consultant develop an exam that would most directly address the City's specific issues.

Motion by Brown, second by Wilmers. Vote 6 in favor, 1 opposed (Colucci). Motion to take effect immediately.

RESOLUTION NO. 07-19

AUTHORIZE CITY OF BUFFALO TO ENTER INTO A CONTRACT

WHEREAS, Chapter 122 of the Laws of 2003, as amended, 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, 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, the Mayor and other City officials have submitted a consultant contract for approval at the May 9, 2007 meeting, and have signed the BFSA Contract Approval Request Form in which they indicate that there are sufficient funds available for such items; and

WHEREAS, the contract pertains to the preparation of exams for promotional titles in the Fire Department by a professional test development company;

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

1. EB Jacobs, LLC – Consultant for Fire Promotional Exam \$342,010 (to prepare exams for promotional titles within the Fire Department)

This Resolution shall take effect immediately.

Closing Remarks

Chair Lipke thanked all who attended the meeting. Having no further business, he made a motion to adjourn, which was duly seconded unanimously. The meeting adjourned at 2:40 PM.