
MINUTES
BUFFALO FISCAL STABILITY AUTHORITY
FRIDAY, SEPTEMBER 19, 2008

The following are minutes of the Buffalo Fiscal Stability Authority (BFSA) meeting held on Friday, September 19, 2008, at the Buffalo Niagara Convention Center.

Directors Present: Arthur, Brown, Collins, Johnstone, Kolkmeier, Mertz, Norwood & Townsend

Directors Present: Giardino

Staff Present: Kelly, Link, Miller, Mitchell and Mobley

Others Present: A.V. Buzard & William Smith (BFSA Counsels with Harris Beach)

Opening Remarks

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:10 pm by Chair Paul J. Kolkmeier. The meeting was convened by a Notice of Meeting sent to the Board of Directors and announced to the public and press.

Chair Kolkmeier welcomed all in attendance. He summarized the meeting's agenda as follows:

- Review & approval of the independent audit, prepared by Lumsden & McCormick;
- Review & approval of an amendment to the By-laws along with a variety of policies which are required of the Authority;
- Continue Phase One of the Benchmarking Study as it relates to the Buffalo Public Schools;
- Review of a Collective Bargaining Agreement [CBA] submitted by the Buffalo Public Schools covering BEST [Buffalo Education Support Team], the union covering teachers' aides, teachers' assistants and health aides.

He requested a roll call from Secretary Arthur. Finding a quorum present he called the meeting to order.

Approval of Minutes

Chair Kolkmeier directed the Board to BFSA's August 20, 2008, meeting minutes and asked for a motion to approve.

Motion by Johnstone, second by Mertz. Vote 8-0 to take effect immediately.

RESOLUTION NO. 08-41

APPROVING MINUTES AND RESOLUTIONS FROM AUGUST 20, 2008

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meetings of August 20, 2008, and ratifies and affirms resolutions numbered 08-31 through 08-40 that were approved August 20, 2008.

This resolution shall take effect immediately.

Buffalo School District Issues

Collective Bargaining Agreement with BEST

Chair Kolkmeier introduced a resolution to approve a proposed CBA submitted by the Buffalo School District, pertaining to the BEST bargaining unit. He asked Executive Director Bertha H. Mitchell to summarize the proposed agreement.

Mrs. Mitchell provided the following summary:

- The proposed CBA covers the period from July 1, 2004, to June 30, 2012, and affects approximately 990 employees.
- Within this group of employees there are three distinct occupations, which include: the traditional teacher aides, a new classification of teacher assistants and health aides. The new Teacher Assistant classification requires more advanced training and will be positioned at a higher salary level than the traditional Teacher Aide.
- Each classification of covered employees will receive slightly different salary and compensation increases over the life of the contract.
- The major contract provisions include:
 - A one time \$750 payment for employees with the district last year;
 - Teacher aides receive raises totaling 17%, of which 5% will start in the current year;
 - Teacher assistants receive raises totaling 22% over the life of the contract, (10% in the current year), the difference being the recognition of the required additional educational training; and
 - Health aides will receive yearly \$1,500 payments that will not go into their base salary or wages.
- Other changes include:
 - An increase in longevity payments which will cost approximately \$259,000 over the four years;
 - An increase in supplemental benefits (such as dental and vision) – with approximately \$300,000 in aggregate costs;
 - Establishment of a joint labor-management committee to create a new teacher aide and teacher assistant evaluation form;
 - The union agrees to withdraw from a pending lawsuit against BFSA and the District in connection with the District not promoting employees to certain steps on July 1, 2007;

- The union agrees that it would come back to the bargaining table to discuss employee health insurance contributions if other unions agree to such provisions;
- The district will pay the union an annual health administration fee (\$260,000);
- The union's insurance broker will receive compensation from its carrier each year of \$135,000 (\$540,000);

The employees agree to:

- A single carrier health insurance plan (with a joint committee established to shop around for equal insurance plans which may be cheaper) – moving from a community rated plan to an experience rated plan;
- Employees agree to the separate tiers of compensation for the three different classes of covered employees;
- Employees agree to slightly higher contributions for retiree health care for employees retiring on or after September 1, 2008;
- The district will pay fingerprinting costs for employees eligible to be teacher assistants.

The district projects:

- Increased costs to total \$11,415,000 over the life of the contract;
- Projects savings to total \$11,296,000 over the life of the contract; and
- Expects the contract costs to total \$119,000 over the life of the contract.

BFSA's internal calculations were slightly higher and projected costs totaling \$126,939 [a minimal difference of \$7,573].

The benefits remaining unchanged for the employees covered by BEST with this new labor agreement include:

- 11 paid holidays;
- Unlimited paid snow/emergency days;
- 11 sick days a year – which can be accumulated up to 180 days;
- Sick leave sell back – up to 150 days at a 1:3 ratio upon termination/retirement;
- Free life insurance for employees and their families;
- 3 personal leave days a year, which can be accumulated and rolled into employees sick leave; and
- Up to 5 paid bereavement days.

The district will pay the difference between workers compensation and an employee's normal earnings for those employees injured on the job. The employees receive the time but do not get paid for the traditional school vacation time at Christmas, Easter and Thanksgiving.

Chair Kolkmeier requested a motion to approve the resolution but requested that additional language be added, per the advice of A.V. Buzard, Esq., BFSA's Legal Counsel.

Motion to approve by Arthur, second by Brown.

Mr. Buzard stated that the proposed amendment language to be added to the end of the second resolution clause is as follows: “Conditioned upon the execution by all parties of a Stipulation of Discontinuance in the form annexed hereto Directors’ Townsend and Arthur asked for clarification of the meaning of the proposed amendment. Mr. Buzard explained that the amendment requires the lawsuit to be discontinued on the merits with prejudice and can not be recommenced.

Director Arthur moved to approve to the amendment to the resolution.. Second to the motion was made by Mayor Brown.

Director Arthur asked Mr. Ellis Woods, BEST President to address the Board. Mr. Woods stated that he had instructed counsel to withdraw BEST’s participation in the “Steps Litigation.” He had no disagreement with the amendment to the resolution as recommended by A.V.Buzard.

Vice-Chair Townsend asked whether the set of employees covered with the proposed CBA contribute to their own health insurance. She asked what the cost of the coverage was for an individual and for a family. District Chief Financial Officer Gary Crosby gave the weighted average cost as \$8,700 annually, without employee contribution (under the proposed plan). While the plan is good, it is not as lucrative as the current plan and the benefits enjoyed by other employees.

She asked how much retirees contribute annually toward the cost of their health insurance. Mr. Crosby gave the following information:

<u>Current Plan (Individual)</u>	<u>Current Plan (Family)</u>
\$160	\$200
<u>Proposed Plan (Individual)</u>	<u>Proposed Plan (Family)</u>
\$320	\$400

Director Mertz noted that the withdrawal from litigation, the strengthening of management rights and the switch to a single carrier insurance provider were all positive changes in the contract. However, it is lucrative, providing benefits similar to employees who would work 2000 hours a year, while working part-time at about 900 hours a year. The post-employment benefit is an area of concern. Past administrations have given rich benefits which have created an unfunded \$1.2 billion liability for the school district, about \$4,500 per citizen of Buffalo. When added to the City’s OPEB liability of approximately \$3,300 per citizen, the total OPEB liability for each citizen of Buffalo is about \$7,800. The current Administration did not create the problem but it is their responsibility to address it. Structural changes need to be made to reflect the WNY job market.

Further, he asked whether “healthcare for life” needs to be paid to attract quality new hires Mr. Crosby stated it is not needed, as the current benefit package is sufficient to attract qualified individuals. Mr. Mertz agreed with this observation and noted he would vote against this contact and any other contract which provides this benefit for new hires.

Mayor Brown, referring to the cost-benefit analysis, stated that the contract pays for itself. He commended Dr. Williams and his staff for their accomplishment. The contract includes very positive steps. The concern over OPEB liabilities is justified; the agreement is a “step in the right direction” and fair to the taxpayers, the employees and the School District. He recommended that the Board approve the contract in recognition of all the positive steps.

County Executive Collins raised a question relative to the projected cost of health insurance cost. Mr. Crosby stated that a 20% annual increase was used for projecting costs under the old plan. A 10% annual increase was used to forecast costs under the new plan and for comparative purposes. The County Executive stated that with an annual increase of 20% annually, the cost of healthcare doubles every 3.5 years.

Chair Kolkmeier added to the discussion noting that the cost of healthcare under the old contract would exceed the employees’ annual salary in about three years. Both County Executive Collins and Director Mertz noted the health care increases under both the old and new contracts are excessive even if based on historical trends and that cost increases to this extent will eliminate coverage in the private sector if allowed to continue.

Director Johnstone noted that the union’s agreement to switch to a single-health insurance affords substantial cost-savings. The rider that the union agrees to come back to the bargaining table to discuss employee health insurance contributions if other unions agree to do so as well is also significant.

Director Norwood concurred with this. The structural changes in the proposal are significant. Labor is beginning to understand that contracts need to be more in line with the private sector and more affordable for taxpayers.

Director Townsend added that the bulk of the savings are afforded by the switch to a single health insurance carrier. The switch does not involve a reduction in employee benefits. Of the \$11.289 million in cost reduction, only \$7,000 over a four year period comes from concessions. Had this change been implemented and maintained at an earlier date, these cost-savings could have been achieved, providing funds in other necessary areas.

Director Mertz queried Mr. Crosby on the OPEB impact of the contract. Mr Crosby responded that this would require actuarial input for a reasonable answer. Director Mertz asked that all future CBA proposals contain an estimate of this liability.

Comment [OoGS1]: Explanation needed.

Chair Kolkmeier called for a vote to include the additional language submitted earlier. Vote 8-0 to include this language in the resolution.

Chair Kolkmeier requested a motion to approve the amended resolution. Motion by Arthur, second by Brown. Vote 7-1 to take effect immediately (Mertz dissented).

RESOLUTION 08-42

APPROVAL OF COLLECTIVE BARGAINING AGREEMENT

WHEREAS, Chapter 122 of the Laws of 2003, Section 3858(2)(e), requires that during a control period the Buffalo Fiscal Stability Authority (“BFSA”) shall approve or disapprove any collective bargaining agreements binding or purporting to bind the Buffalo Public School District (“District”); and

WHEREAS, the BFSA is required to promptly review a collective bargaining agreement that is submitted to it and shall disapprove any collective bargaining agreement that is not in compliance with the approved financial plan; and

WHEREAS, the District and Buffalo Education Support Team (“BEST”) have fully and completely bargained with respect to the terms and conditions of employment of union members; and

WHEREAS, on August 26, 2008, the members of BEST approved an Agreement Amending the Collective Bargaining Agreement between the District and BEST; and

WHEREAS, the District submitted such agreement with supporting materials to the Buffalo Board of Education and obtained its approval on August 27, 2008, and

WHEREAS, the District submitted such agreement with supporting materials to the BFSA for approval under Section 3858(2)(e) of the Act, and has fully and promptly complied with all information requests of the BFSA; and

WHEREAS, the agreement provides for salary increases that are offset by savings in each year through a transition to the lower cost Blue Cross/Blue Shield health insurance plan, reduces future OPEB costs, increases health insurance contributions in retirement for new and some existing employees; and

WHEREAS, the proposed agreement is in all respects in accordance with the approved financial plan and is in compliance with the draft guidelines established by the BFSA for review and approval of collective bargaining agreements; and

WHEREAS, the agreement provides for the terms and conditions of employment for the period from July 1, 2004 through June 30, 2012 and supersedes any other terms and conditions for that period, including any changes due to contract, Interest Arbitration, judgment or otherwise, now in effect or hereinafter existing; and

WHEREAS, the District will pay for the increased costs of this collective bargaining agreement through the use of preexisting savings in the current budget and four-year financial plan; and

WHEREAS, all BEST litigation against the City and BFSA concerning the steps upon the lifting of the wage freeze will be withdrawn and discontinued; and

NOW, THEREFORE, BE IT RESOLVED, that the BFSA hereby finds that the agreement between the District and BEST provides an acceptable and appropriate contribution towards alleviating the fiscal crisis of the District; and be it further

RESOLVED, the BFSA does hereby approve the aforementioned agreement between the District and BEST, which is to be effective for the period from July 1, 2004 through June 30, 2012 conditioned upon the execution by all parties of a Stipulation of Discontinuance in the form of next year too.

Chair Kolkmeier commended the Superintendent and the union leadership on an agreement which has the same net cost through 2012. He urged caution, however, against future agreements where employee contribution is significantly lower than the private sector's norm. The issue remains a primary concern to the BFSA Board.

At 1:56 PM County Executive Collins exited the proceedings.

BFSA Issues

Approve Independent Audit

Chair Kolkmeier asked Director Mertz to report on the Audit, Finance and Budget Committee's deliberations.

Director Mertz stated that the Committee had met earlier in the day, had reviewed the BFSA's Audited Financial Statements and Annual Report and had voted to send the material to the full Board with a recommendation for approval.

Motion by Johnstone to approve the Independent Audit, second by Mertz. Vote 8-0 to approve.

Approve Annual Report

Chair Kolkmeier explained that BFSA is required to file an annual report along with the year end audit and several other documents. All of those additional documents will have been approved or affirmed by the Board in this and the last board meetings. The Annual Report, in substantially its final form has been provided for review. It basically details BFSA activities during the fiscal year and it has been prepared following the format required by the Office of the State Comptroller. The report is the fifth iteration, all of which are available in the BFSA website.

He requested a motion to approve the annual report as presented in substantially final form and to delegate himself and the Executive Director of the authority to make any necessary changes that may be required for its accurate completion by the September 30th deadline.

Motion by Townsend, second by Johnstone.

Director Arthur requested that all Directors receive a copy of the Annual Report detailing the changes made to the report. Chair Kolkmeier agreed.

Director Arthur asked why the Executive Director should be designated to make final changes and certify the documents and not the BFSA Comptroller. Mrs. Mitchell responded that the Executive Director is required by the State Comptroller's regulations.

Counsel Smith elaborated that the statute requires either the highest ranking executive officer and/or the highest ranking financial officer to be listed. Director Arthur made a motion to add the Comptroller to the resolution.

Motion by Arthur, second by Mertz to add the Comptroller to the resolution. Approval 7-0.

Motion by xxxx, second by xxxx to approve the amended resolution. Approval 7-0.

RESOLUTION NO. 08-43

ACCEPT AUDIT REPORT AND APPROVE ANNUAL REPORT FOR FISCAL YEAR 2007 – 2008

WHEREAS, Chapter 122 of the Laws of 2003, as amended, requires the Buffalo Fiscal Stability Authority ("BFSA") to be subject to an annual financial audit performed by an independent certified accountant selected by the BFSA; and

WHEREAS, the accounting firm of Lumsden and McCormick, P.C. was selected and they have conducted an audit of the BFSA's accounts; and

WHEREAS, Lumsden and McCormick, P.C. have presented their Audit Report on BFSA's Financial Statements for Fiscal Year 2007-2008; and

WHEREAS, the Public Authorities Accountability Act of 2005 (specifically, Section 2800 of the Public Officers Law) requires state and local public authorities to file an annual report with the State, detailing its operations and activities and other budgetary and financial data; and

WHEREAS, this report must be certified as accurate by the Executive Director of the BFSA; and

WHEREAS, much of this data and additional information is required by regulations promulgated by the State Comptroller; and

WHEREAS, the BFSA Staff has presented for approval a draft of the Annual Report in substantially its final form; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby accept the Lumsden and McCormick, P.C. Audit Report on BFSA's Financial Statements for Fiscal Year 2007-2008 and the BFSA's Annual Report for Fiscal Year 2007-2008 as prepared by the BFSA Staff; and

BE IT FURTHER RESOLVED that the Annual Report, in substantially the form presented to this meeting, be and hereby is approved; and

BE IT FURTHER RESOLVED that the Chair, the Executive Director and the Comptroller are hereby authorized to make such changes to the Annual Report in the form presented, as they may deem necessary for its accurate completion; and

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BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to release these Reports to the public and provide copies to the parties designated by Section 3871 of the BFSA Act and Section 2800 of the Public Authorities Law; and

BE IT FINALLY RESOLVED, that the Executive Director is authorized to certify that financial statements filed with the above reports are accurate and correct.

This Resolution shall take effect immediately.

Amendment to the Contract Process

Chair Kolkmeier introduced a resolution to amend the BFSA's contract approval process, as suggested at the previous Board meeting.

Motion by Townsend, second by Mertz.

Director Arthur noted his concerns with the proposed changes and recommended that the issue be sent to committee for further examination.

Motion by Brown to table the resolution, seconded by Arthur. Approval 7-0 to table the resolution.

At 1:59 PM Mayor Brown exited the proceedings.

Amendment to BFSA By-Laws

Appointment of BFSA Treasurer

Other BFSA Policies and Statements

Chair Kolkmeier introduced several resolutions. He asked Mrs. Mitchell to summarize them for the Board.

Mrs. Mitchell explained that the proposed amendments were advised by Harris Beach and incorporate the existence, composition and duties of both the Audit, Finance and Budget Committee and the Governance Committee into the By-Laws. Both committees have been in existence and were created by Board resolution but were not specifically named in the By-Laws.

Additionally, Counsel has advised that standing members of the Board can not hold the positions of Treasurer and Deputy Treasurer. Therefore, Director Giardino and Director Mertz must

relinquish these titles. Both will continue to have signature authority for BFSAs bank accounts.. It has been proposed that Principal Analyst Michael Kelly be named Treasurer.

Other documents submitted for approval include:

- Defense and Indemnification Policy;
- Compensation and Reimbursement Policy;
- Travel Policy;
- Policy Regarding the Extension of Credit;
- Statement of Board Duties and Responsibilities.

Motion to approve Bylaws by Brown, second by Mertz, 7-0 Approval.

Motion to appoint Mike Kelly as Treasurer by Brown, second by Mertz.

Director Arthur expressed his dissatisfaction with the staff's Principal Analyst being appointed rather than the staff Comptroller. Mrs. Mitchell explained that Mr. Kelly was selected because he currently has signature authority and that Ms. Mobley's appointment could be construed as a conflict of interest, due to her comptroller responsibilities and access to the accounting system. Internal controls ordinarily require a separation of duties between those entering transactions and those signing checks.. Director Townsend furthered that it was a "good and appropriate governance measure".

Approval 7-1 [Arthur dissents].

**RESOLUTION NO. 08-44
APPOINTMENT OF BFSAs TREASURER**

WHEREAS, Chapter 122 of the Laws of 2003, as amended, that created the Buffalo Fiscal Stability Authority ("BFSAs") provides that the directors shall appoint a treasurer and officers and agents as may be required; and

WHEREAS, John Giardino has been serving as Treasurer of the Authority and is a member of the Board of Directors, and

WHEREAS, Wayne Mertz has been serving as Deputy Treasurer of the Authority and is a member of the Board of Directors, and

WHEREAS, Subdivision 3 of Section 2824 of the Public Authorities Law ("PAL") provides that no member of the Board of Directors of a public authority may serve as the authority's Chief Financial Officer, Comptroller or hold similar office, such as Treasurer;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby rescind the appointment of John Giardino as Treasurer and Wayne Mertz as Deputy Treasurer and appoints Michael Kelly to serve as Treasurer of the Authority until the earlier of his resignation, removal or death; and

BE IT FINALLY RESOLVED, that both Directors John Giardino and Wayne Mertz retain their authorization to sign on behalf of the Buffalo Fiscal Stability Authority on all bank accounts maintained by the Authority as authorized by prior banking resolutions.

This resolution shall take effect immediately.

Chair Kolkmeier requested a motion to approve the following policies:

- Defense and Indemnification Policy;
- Compensation and Reimbursement Policy;
- Travel Policy;
- Policy Regarding the Extension of Credit;
- Statement of Board Duties and Responsibilities.

Director Arthur requested that the vote on the Travel Policy remain separate.

Motion to approve the policies (sans Travel) by Townsend, seconded by Mertz,

Referring to the “Certification of the Annual Report,” he suggested that the language, “Chief Financial Officer” should be replaced with “Comptroller.” Counsel Smith explained that the language is required as is pursuant to Public Authorities Law. However, the Comptroller can be designated as the Authority’s “Chief Financial Officer.”

Approval 7-0.

Travel Policy

Director Arthur expressed his displeasure with the Policy as presented and listed a several concerns.

Director Johnstone recommended that the policy be recommended to committee.

Counsel Smith recommended that the Policy be adopted as it stands as a policy will be required in the Annual Report. The policy can be amended as deemed appropriate at any point thereafter.

Approval 7-0.

Chair Kolkmeier stated that the Travel Policy will be submitted as approved and that it will be submitted to the Governance Committee for redrafting. He extended an offer to Director Arthur to participate in this redrafting.

Director Arthur declined by stating, “I’m putting it in your hands.”

RESOLUTION

RES 08-45

1. AMEND BY-LAWS

WHEREAS, the Public Authorities Accountability Act of 2005 imposes on the BFSA certain

requirements, including, among others, requirements affecting the committee structure of the Board of Directors of the BFSa, membership eligibility for committees and restrictions on Board members serving as officers; and

WHEREAS, in consequence of these requirements, certain amendments to the BFSa's By-Laws are necessary or desirable; and

WHEREAS, appropriate amendments to the By-Laws have been presented and discussed at this meeting.

NOW THEREFORE BE IT RESOLVED, that the proposed amendments to the By-Laws, in the form presented at this meeting, be and hereby are approved and adopted, and a copy of the amendments is hereby ordered to be annexed to the minutes of this meeting.

2. COMPOSITION OF AUDIT, BUDGET AND FINANCE COMMITTEE

WHEREAS, the Board, by Resolution 03-55 on October 21, 2003, has established an Audit, Budget and Finance Committee; and

WHEREAS, Subdivision 4 of Section 2827 of the Public Authorities Law ("PAL") requires that all members of an audit committee shall be Independent Directors;

NOW, THEREFORE, BE IT RESOLVED, that the Audit, Budget and Finance shall be comprised of one or more Directors, each of whom qualifies as an Independent Director; and

BE IT FURTHER RESOLVED, that the current members of the Audit, Budget and Finance Committee, namely John Giardino, Chair, Paul Kolkmeyer and Wayne Mertz, each an Independent Director, be and hereby are confirmed, ratified and approved to continue as members of the Committee.

3. COMPOSITION OF GOVERNANCE COMMITTEE

WHEREAS, the BFSa, by Resolution No. 06-27 on April 12, 2006, established a Governance Committee; and

WHEREAS, Subdivision 7 of Section 2824 of the PAL requires that all members of the Governance Committee shall be Independent Directors;

BE IT FURTHER RESOLVED, that the current members of the Governance Committee, namely Alair Townsend, Chair, Paul Kolkmeyer and George Arthur, each an Independent Director, be and hereby are confirmed, ratified and approved to continue as members of the Committee.

4. SUBMISSION OF ANNUAL REPORT

RESOLVED, that pursuant to Subdivision 2(a) of Section 2800 of PAL, the Board shall submit to the Governor, the chair and ranking member of the Senate Finance Committee, the chair and

ranking member of the Assembly Ways and Means Committee, and the State Comptroller no later than September 28 each year, a complete and detailed report (the "Annual Report") setting forth: (1) its operations and accomplishments; (2) its receipts and disbursements, or revenues and expenses, during such fiscal year in accordance with the categories or classifications established by such authority for its own operating and capital outlay purposes; (3) its assets and liabilities at the end of its fiscal year including the status of reserve, depreciation, special or other funds and including the receipts and payments of these funds; (4) a schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and incurred during such fiscal year as part of a schedule of debt issuance that includes the date of issuance, term amount, interest rate and means of repayment. Additionally, the debt schedule shall also include all refinancings, calls, refunding, defeasements and interest rate exchange or other such agreements, and for any debt issued during the reporting year, the schedule shall also include a detailed list of costs of issuance for such debt; (5) a compensation schedule that shall include, by position, title and name of the person holding such position or title, the salary, compensation, allowance and/or benefits provided to any officer, director or employee in a decision making or managerial position of such authority whose salary is in excess of one hundred thousand dollars; (6) the projects undertaken by such authority during the past year; (7) a listing of (i) all real property of such authority having an estimated fair market value in excess of fifteen thousand dollars that the authority intends to dispose of; (ii) all such property held by the authority at the end of the period covered by the report and (iii) all such property disposed of during such period. The report shall contain an estimate of fair market value for all such property held by the authority at the end of the period and the price received by the authority and the name of the purchaser for all such property sold by the authority during such period; (8) such authority's code of ethics; and (9) an assessment of the effectiveness of its internal control structure and procedures; and

5. CERTIFICATION OF ANNUAL REPORT

RESOLVED, that pursuant to Subdivision 3 of Section 2800 of PAL, the chief executive officer and the chief financial officer shall execute the attached Certificate of the Chief Executive Officer and Chief Financial Officer certifying that the financial information contained in the Annual Report is accurate, correct and does not contain any untrue statements.

6. BUDGET REPORT

RESOLVED, that pursuant to Subdivision 2 of Section 2801 of PAL, on or before May 1 of each year, the Corporation will submit to the Governor, the chair and ranking member of the Senate Finance Committee, and the chair and ranking member of the Assembly Ways and Means Committee, the Corporation's budget for the fiscal year to begin on July 1 of such year.

FURTHER RESOLVED that: (1) the certified independent public accounting firm performing the BFSA's audit will be prohibited & from providing audit services if the lead (or coordinating) audit partner responsible for reviewing the audit, has performed audit services for the BFSA in each of the five pervious fiscal years; (2) the certified independent public accounting firm performing the audit shall be prohibited from performing any non-audit services to the BFSA, unless receiving previous written approval by the audit committee including: (a) bookkeeping or other services related to the accounting records or financial statement of the BFSA, (b) financial

information systems design and implementation, (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports, (d) actuarial services, (e) internal audit outsourcing services, (f) management functions or human services, (g) broker or dealer, investment advisor, or investment banking services and (h) legal services and expert services unrelated to the audit; and (3) it shall be prohibited for any certified independent public accounting firm to perform for such BFSA any audit service if the chief executive officer, comptroller, chief financial officer, chief accounting officer, or any other person serving in an equivalent position for the BFSA, was employed by that certified independent public accounting firm and participated in any capacity in the audit of the BFSA during the one (1) year period preceding the date of the initiation of the audit.

7. ADOPT COMPENSATION, REIMBURSEMENT AND ATTENDANCE POLICY

RESOLVED, that the Compensation, Reimbursement and Attendance Policy presented at this meeting is hereby adopted and approved.

8. ADOPT TRAVEL POLICY

RESOLVED, that the Travel Policy presented at this meeting is hereby adopted and approved.

9. ADOPT DEFENSE AND INDEMNIFICATION POLICY

RESOLVED, that the Defense and Indemnification Policy presented at this meeting is hereby approved and adopted.

10 AUTHORITY OF OFFICERS OF BFSA

RESOLVED, that the proper officers of the BFSA are hereby authorized, empowered and directed to do all things, and acts and to execute all documents as may be necessary, or advisable and proper, to carry on the business of the BFSA, for and on behalf of the BFSA.

BFSA Presentation

Benchmarking Project – School District

Chair Kolkmeier asked Mrs. Mitchell to summarize the presentation for the Board.

She stated that the benchmark study is a high level overview of the School District compared to its peers. As was the case with the City comparisons, many obstacles were found for getting accurate and timely information from some of the peer cities.

She noted three factors that stand out in the Buffalo School District that are not shared by any of the other peer cities and which have a substantial impact on the results of this analysis. The first is that the Buffalo District was subject to a wage freeze for four years, which has a very pronounced impact on their numbers, as the district did not pay teacher steps during that period. In the 2009 budget, which has been used for the study they created a reserve to cover potential liabilities on the steps litigation which cover the period subsequent to the lifting of the wage

freeze. The reserve amounts are not included in the personal services numbers but are in the total expenditures numbers. Depending on the outcome of the litigation the numbers you will see will be affected. Secondly, Buffalo is benefitting from larger amounts of State Aid because the schools reconstruction program is much further ahead than anyone else's, and lastly the impact of charter schools is significantly higher in Buffalo than in any of the other school districts.

She asked Senior Analyst Bryce Link to walk the Board through the presentation.

Mr. Link's presentation covered the following information:

- **Introduction**
 - The presentation is the second part of the multi-city comparison being conducted by the BFSA.
 - The School Districts chosen are Rochester, Syracuse, Yonkers, Akron and Pittsburgh.
 - The presentation focuses on General Fund and All Funds budgets, student, teacher, and administrator populations, Personnel Service Costs, and charter school payments.
- **General/All Funds**
 - Buffalo has the largest GF / AFs and student populations, the second highest number of teachers, and are the fourth highest in number of administrators. When looking at overall work-force they are ranked second behind Rochester with Yonkers ranked third at roughly 1,200 less positions.
- **Instructors**
 - Of the 6 Districts, Buffalo is ranked 2nd lowest when it comes to teacher to student ratio, the only other City lower than Buffalo is Rochester which is at a 9:1 ratio. Three of the City's are at 13:1 and Pittsburgh is the highest at 17:1.
 - Regarding the average compensation per teacher, Buffalo is ranked 5th (due partially to the wage freeze which has kept annual salary steps flat for roughly four-years), with only Rochester lower than Buffalo.
- **Administrators**
 - Five of the six districts are relatively staffed evenly, with only Yonkers lower.
 - Buffalo compares favorably at 198 students: to 1 administrator. Buffalo is followed by Rochester at 172 to 1, Yonkers at 169 to 1, dropping to a low of 118 to 1 in Syracuse. On an average compensation basis, salaries and fringe benefits, Buffalo ranks third-which comparatively speaking isn't bad since they have a highest student to administrator ratio.
- **General Funds/ All Funds (per student)**
 - Buffalo fairs comparably well to all of the other districts except for Akron. The new GF per student rate is \$17,250 and the AF's is \$19,180, compared to the average of the other five districts GF \$17,496 and AF \$21,291.
- **Teacher to Administrator Ratio**

- Buffalo ranks favorably here, only behind Rochester; here with 17 teachers per administrator, which compares to an average of 12 teachers to an administrator in the other five districts.
- **Student Assessment**

In NYS, a single exam is used to determine the students' acumen in English Language Arts and Mathematics. The scores are broken down into four categories with level 4 being the best and level 1 being the worst: They are as follows—Level 4: Student exceeds the learning standards; Level 3: Student meets the learning standard; Level 2: Student partially meets the learning standards; Level 1- The student shows serious academic problems. The state exams are administered annually, through the grades 3-8 and are a sample of the overall student population. [Comparison of the Big 4 in NYS over the last three years in the ELA category, for the number of students classified at Level 1.]

 - Buffalo has done the best over the three years by reducing the number of students categorized at level one by 56%, followed by Syracuse at 50% and Rochester at 48% and Yonkers at 47% reduction over the time period.
- **Personal Service Cost**

The total personal service of each school district as a percentage.

 - Compared to the other NY cities, Buffalo is the lowest in regards to the amount of PS on a per student basis, with both Akron and Pittsburgh lower than Buffalo.
- **Revenue**
 - The greatest revenue source is state aid, followed by City aid in three of the districts.
- **Revenue (excluding building aid)**
 - Building aid is a large component of the state aid received by the Buffalo School district.
- **State Aid**
 - On a percentage basis Syracuse has received the most at 114%, followed by Buffalo at 58%, then Rochester at 39% and finally at Yonkers at 19%.
 - If you eliminate building aid, the overall growth of state aid for Buffalo is at 47%.
- **Historic Property Tax Transfer**
 - All four of these districts are dependent on this transfer, unlike their counterparts in the suburbs and in other communities that can increase the Real Property Tax to help off-set increased expenditures.
 - The only City that has not been flat in their transfer, has been Yonkers, which has increased it by 25% over the last 4 years, or almost \$50M.
 - In the Current school year on a per student basis, Yonkers ranks the highest at \$9,833, followed by Rochester at \$3,848, then Syracuse at \$3,038, and last is Buffalo at \$2,010.
- **Student Enrollment**
 - You will see that Buffalo has lost a fair share of its students 6.1%, but not as much as Yonkers 7.9% or Rochester at 10.4%. Syracuse has been able to maintain with about a 1% loss of students.

- Public school enrollment has decreased significantly for Buffalo, 14.9%, followed by Yonkers at 9.5%, and Rochester at 8.5%. A portion of these students have moved into charter schools, but a significant number have left the area, either into suburbs or the state all together.
- Charter School Enrollment
 - Buffalo has had the most significant growth in charter school enrollment, 110% or roughly 3,400 students.
- Charter School Payments
 - Buffalo has the greatest contribution annually to the Charter Schools. This has a significant impact on the amount of resources available to the District in delivering services,
 - On a cost per student basis, Buffalo is about average compared to the other districts in the middle of the pack. Pittsburgh has an extremely high rate per student rate, and Akron has a fairly low per student rate. Buffalo has the largest number of students enrolled in Charters schools of the schools surveyed for this study.
- **OPEB liability**

This was a difficult number to retrieve, since one of the Districts did not want to disclose it yet, and two of the districts had not finalized the computation for the OPEB piece.

 - Of the three districts listed, Syracuse had the highest per capita liability at close to \$7,200 at a full accrual of \$1B; followed by Buffalo at \$4,264, full accrual of \$1.2B; and Pittsburgh at \$515 per capita with full accrual at \$165M.

The final slide here today looks at the OPEB liability for three districts.

Director Arthur questioned why Akron, Ohio & Pittsburgh, Pennsylvania had not been included in the School District study as they had been in the City benchmarking study. Mr. Link explained that not all the cities had all the information available. Director Arthur furthered that that presentations should not be given without all data from all sources.

Director Townsend disagreed and stated that, while having as much data as possible is important, it is not practical to expect full data sets from all cities examined because of various reasons. The information as presented, however incomplete, has merit.

Director Arthur commented that all cities reviewed were not included for all metrics presented and considered the presentation to be “a waste of time.”

Referring to the “Historical Real Property Tax Transfer” slide, Director Townsend noted that the transfer of real property tax revenue from the City of Buffalo to the School District is stagnant.

At 1:57 PM Mayor Brown left the proceedings.

At 1:58 PM County Executive Collins left the proceedings.

Director Mertz noted that Pittsburgh and Buffalo have many parallels, including state-appointed control boards. The more data given comparing the two, the better. He believes that comparison to other entities are important.

Director Norwood wished more financial indicators would have been measured maybe considering items that Moody's and S&P look for their ratings. Other financial measures will be reviewed in future meetings.

Dr. Mertz asked whether other cities received building funds. Mr. Link responded that although they do receive building funds none has the magnitude of the JSCB program and the distortion needs to be accounted for.

Gary Croby addressed the Board to reiterate key metrics presented by Mr. Link. He noted that the Buffalo School District has the lowest per pupil cost, more teachers per district with the fewest administrators when compared to other cities. He also noted that BFSA's staff worked closely with his staff to develop the data and understand "what is in the numbers."

Closing Remarks

Chair Kolkmeier requested a motion to adjourn. Motion to adjourn by Arthur, seconded unanimously. The meeting adjourned at 2:15 pm.