
**MINUTES
BUFFALO FISCAL STABILITY AUTHORITY
MONDAY, MARCH 31, 2008**

The following are minutes of the Buffalo Fiscal Stability Authority (BFSA) meeting held on Monday, March 31, 2008, at the Buffalo & Erie County Public Library's Central Branch.

Directors Present: Arthur, Brown, Giardino, Johnstone, Kolkmeyer, Mertz and Townsend

Directors Absent: Collins and Norwood

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

Others Present: A. V. Buzard (BFSA Counsel with Harris Beach)

Opening Remarks

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:09 PM by Chair Paul J. Kolkmeyer. The meeting was convened by a Notice of Meeting sent to the Board of Directors and announced to the public and press.

Chair Kolkmeyer pointed out the emergency evacuation exits. He requested a roll call from Secretary Arthur. Finding a quorum present he called the meeting to order.

Chair Kolkmeyer noted that the day's agenda was voluminous and included an update of the Executive Director search, a review of the City's proposed budget modification, a review of the second quarter reports from the City and the covered entities as well as several additional issues of importance.

City Issues

Budget & Financial Plan Modification

Chair Kolkmeyer recommended advancing the review of the City's budget modification to the top of the agenda. Motion by Arthur, second by Brown. Hearing no objections, the motion was so moved.

Director Arthur stated for the record that he wished to move to approve the budget modification. Motion by Arthur, second by Brown. Having the motion to approve so moved, Chair Kolkmeyer invited discussion of the proposed budget modification to evaluate it on its merits.

Chair Kolkmeyer stated that the proposed budget modification and financial plan modification is a result of an arbitration decision that will give a salary increase to the to the City's firefighters retroactive to July 1, 2007. He requested that BFSA Chief Financial Officer Bertha H. Mitchell provide further detail.

Mrs. Mitchell stated that the modification was a salary increase of 5.5% retroactive to July 1, 2007. The numbers had come to BFSAs from the City and has been confirmed by BFSAs staff. The City proposes to fund the raises from surpluses in fiscal years 1, 3 and 4 of the Financial Plan and fiscal year 07-08 State Aid funds currently held by BFSAs for year 2. The staff review found the City's analysis to be consistent.

Mayor Brown stated that Mrs. Mitchell had explained the City's position well. The City can comfortably pay for the raises.

Director Johnstone stated that the members of the Board need to receive material before the day of the meeting by at least one week. The material on this issue was not received in a timely manner which made a diligent review difficult.

Director Arthur agreed and suggested that the issue be referred to the Governance Committee.

Mrs. Mitchell added that the Common Council had approved the increase but with a separate source of funding. Therefore, if the Board approves the modification, the Common Council will need to amend their approval.

Mayor Brown stated that the Administration felt comfortable with the process and is confident in the Common Council's approval.

Deputy Treasurer Mertz stated his desire to have future contract provisions agreed upon in negotiations between management and labor rather than passed down by legislation. He added that it looks like it has been fifteen years since this has occurred.

Having already received a motion and a second to approve the resolution, Chair Kolkmeier called for the vote. Vote 7-0 approval.

RESOLUTION NO. 08-11

APPROVAL OF CITY OF BUFFALO BUDGET AND FINANCIAL PLAN MODIFICATION

WHEREAS, on March 20, 2008, the City of Buffalo ("City") submitted a budget modification request for the 2007-08 fiscal year to the Buffalo Fiscal Stability Authority ("BFSAs"); and

WHEREAS, additional information was provided by the City at later dates during the month of March 2008; and

WHEREAS, the proposed modification would serve to amend the budget originally approved by BFSAs on June 5, 2007; and

WHEREAS, the modification addresses a multi-year change in the City's 2007-08 budget and four year financial plan; and

WHEREAS, the modification increases spending in response to an arbitration award which granted the Buffalo Professional Firefighters Association (“BPFFA”) certain wage increases; and

WHEREAS, the 2007-08 budget would increase by \$3.64 million providing a 5.5 percent salary increase; and

WHEREAS, the financial plan would increase by \$3.64 million in 2008-09 providing a 5.5 percent salary increase; and

WHEREAS, the financial plan would increase by \$3.64 million in 2009-10 providing a 5.5 percent salary increase; and

WHEREAS, the financial plan would increase by \$3.64 million in 2010-11 providing a 5.5 percent salary increase; and

WHEREAS, the City is proposing to offset the costs of this increase through the use of available surpluses against the budget for 2007-2008 and projected surpluses for years 2009-2010 and 2010-2011,

WHEREAS, the City proposes to use New York State Aid and Incentives to Municipalities (“AIM”) funding to cover this expense in year 2008-2009; and

WHEREAS, the City’s Common Council has approved the budget modification but with a different source of funding; and

WHEREAS, BFSA staff has reviewed the budget modification and determined that it complies with the requirements of the BFSA Act.

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority hereby determines that the City of Buffalo’s proposed budget and financial plan modification is complete, complies with the standards set forth in Sections 3857 and 3858 of the Buffalo Fiscal Stability Authority Act, and is hereby approved subject to the Common Council approval of the change in the source of funding to coincide with this approval.

This Resolution shall take effect immediately.

Director Arthur stated that he had made it publically known at his first BFSA Board meeting that his son’s were both members of Local 282. He felt that there was no need to abstain from this vote as both are emancipated.

Director Arthur requested a brief recess which was granted.

BFSA Issues

Report on Executive Director Search (part a)

Chair Kolkmeier stated that the next item of business was an update on the search for an Executive Director. He recommended moving into Executive Session to discuss the matter with BFSAs outside legal counsel from Harris Beach, PLLC.

Motion by Alair, seconded by Johnstone.

Director Arthur provided his understanding the Open Meetings Law as it pertains to Executive Sessions. He asked for Counsel Buzard's legal opinion regarding this matter.

A.V. Buzard replied that matters leading to the appointment of a particular person or discussion of persons can be conducted privately in Executive Session, consistent with the law, but with a little broader than Director Arthur's interpretation.

Chair Kolkmeier stated that any discussion of the process in Executive Session would only be a review of dialogue publically discussed at previous public meetings.

Director Arthur disagreed w/ Counsel Buzard's interpretation of the Open Meetings Law. He felt that meetings had taken place without disclosure to the public or to other members of the Board, despite Chair Kolkmeier's assertions that they had not. He has written a letter to Robert Freeman, Executive Director of the New York State Committee on Open Government asking for his opinion. He felt that he had addressed the issue with the Chair in two letters and had not received a response.

Additionally, Director Arthur made a motion to request Mr. Freeman's appearance at an upcoming Authority meeting to provide an overview of the laws in question.

Motion by Arthur, second by Brown.

Director Giardino agreed that Directors have not received all information. For the Board to properly function, all members need access to pertinent information on a timely basis. His understanding was that there was a publicly advertised meeting to hold an Executive Session and interview finalists but that it had been cancelled. He supports going into Executive Session to realign around a process, to discuss the candidates, how they relate to the previously established process, and come out in public and explain what the process is. What is troubling is to find out who the candidates are by reading them in the paper.

Director Arthur reiterated that the Board has not notified him of committee meetings, number of applicants, how many men and women had applied and how many Blacks and Hispanics had applied for the position. Directors should have relevant information to make an informed decision.

Chair Kolkmeier noted that there is difference of opinion between Director Arthur and his attorney's interpretation of events versus his and BFSAs outside counsel's interpretation. He called for a vote on the two motions currently on the table.

The first motion to enter into Executive Session had received a second and was subsequently approved. Vote 6-1 (Arthur dissented).

The second motion was to invite Executive Director Robert Freeman for a review the Open Meetings Law and the Freedom of Information Law.

Director Arthur stated that he would come to address the Board at no charge to the BFSA. He will also discuss the Public Authorities Law. He is considered an expert. He will not give a legal opinion and has not been retained as counsel.

Vice-Chair Townsend asked for clarification on the New York State Committee on Open Government. A.V. Buzard clarified that it is a New York State entity that offers an advisory, non-binding opinion. Vote 6-0 (Townsend and Kolkmeier abstain) to take effect immediately.

Director Townsend stated for the record that the three members of the Search Committee all are business people from different parts of the State. The idea that they can not correspond via electronic means (telephonically, email, etc.) in the modern age is unreasonable and archaic. Additionally, the idea of passing around the names of all of the candidates to every member of Board is troublesome as the confidential short list was leaked to the Buffalo News. If candidates lists are to be disclosed to all Board members, confidentiality is the key. The persons who applied currently hold jobs and have the right to expect confidentiality.

Director Johnstone stated that we have a very complex organization and trust among members is essential. The article that was printed revealing names of candidates was very troubling. The newspaper also misunderstood the goal of the committee as the Selection committee. The committee was never supposed to be a selection committee as the decision has always been the full Board's charge.

At 1:45 PM the Board entered into Executive Session.

At 2:38 PM the Board emerged from Executive Session.

Approval of Minutes

Chair Kolkmeier directed the Board to BFSA's January 28, 2008, and February 8, 2008, meeting minutes and asked for a motion to approve.

Director Johnstone recommended approval of the minutes with the following correction to the January 28, 2008, minutes: page 12, paragraph 4 originally read as, "Director Johnstone, referring to the item under tab 6 Police Hires, asked whether the City could provide information **in the future** regarding overtime costs as impacted by the new hires." Her recommendation was to change the dialogue as follows: "Director Johnstone, referring to the item under tab 6 Police Hires, asked whether the City could provide information **in October** regarding overtime costs as impacted by the new hires."

Director Mertz recommended approval of the minutes with the following correction to the January 28, 2008, minutes: page 4, paragraph 2 originally read as, "Director Mertz noted that the current annual healthcare and benefits expense for the **City** is about \$90 million, with \$50 million being allocated to retirees and \$40 million to active employees." His recommendation was to change the dialogue as follow: "Director Mertz noted that the current annual healthcare and benefits expense for the **School District** is about \$90 million, with \$50 million being allocated to retirees and \$40 million to active employees."

The Board accepted these amendments to the January 28, 2008, minutes. Having a motion and a second to approve, the vote for approval was passed 7-0.

RESOLUTION NO. 08-12

APPROVING MINUTES AND RESOLUTIONS FROM JANUARY 28, 2008 & FEBRUARY 8, 2008

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meetings of January 28, 2008, & February 8, 2008, and ratifies and affirms resolutions numbered 08-01 through 08-09 that were approved January 28, 2008 and resolution numbered 08-10, approved February 8, 2008.

This resolution shall take effect immediately.

BFSA Issues

Report on Executive Director Search (part b)

Chair Kolkmeier stated that the Board had reviewed four options in Executive Session. They determined that it would be beneficial to maintain the process which had been previously discussed: to interview the two remaining finalists within a week or so.

Chair Kolkmeier asked for a motion to approve a resolution to appoint Bertha H. Mitchell as Acting Executive Director, retroactive to March 10, 2008.

Motion by Arthur, second by Johnstone. Vote 7-0 to take effect immediately.

RESOLUTION 08-13

RESOLUTION APPOINTING ACTING EXECUTIVE DIRECTOR

WHEREAS, Joseph V. Stefko, Ph.D. resigned as Acting Executive Director from the Buffalo Fiscal Stability Authority ("BFSA") effective March 7, 2008, and

WHEREAS, Bertha H. Mitchell, MBA, has been serving in the role of Chief Financial Officer of BFSA.

NOW THEREFORE BE IT RESOLVED, that Bertha H. Mitchell is hereby appointed as Acting Executive Director of BFSA until such time as a permanent Executive Director is named.

BE IT FINALLY RESOLVED, that the salary rate for this position shall be \$102,000, effective March 10, 2008.

This resolution shall take effect immediately.

Signatures on Bank Documents

Chair Kolkmeier introduced a resolution to amend the list of those authorized as signatories for check signing, funds transfers, or other orders for payment of money issued in the name or on the behalf of BFSA.

Acting Executive Director Mitchell summarized that the change was necessitated by the resignation of the former Acting Executive Director, Dr. Stefko as well as her own recent appointment. It authorizes the current Principal Analyst and reaffirms the Chair, Vice-Chair, Treasurer and Deputy Treasurer in this capacity.

Director Townsend pointed out a correction that the final resolved clause needs to add the title Deputy Treasurer.

Motion to approve by Brown, second by Townsend. Vote 7-0 to take effect immediately.

RESOLUTION NO. 08-14

AUTHORIZED SIGNATORIES AND SIGNING RESTRICTIONS FOR DEPOSIT ACCOUNTS AT HSBC BANK, USA AND AT BANK OF NEW YORK AND APPROVAL TO OPEN NEW DEPOSIT ACCOUNTS AT HSBC OR BANK OF NEW YORK WITH SAME SIGNATORIES AND RESTRICTIONS

WHEREAS, in order to efficiently carry out the requirements of Chapter 122 of the Laws of 2003, the Buffalo Fiscal Stability Authority (the "BFSA") has or will establish certain deposit accounts (the "Accounts") at HSBC Bank, USA; and

WHEREAS, in order to efficiently carry out the requirements of the BFSA Act, from time to time it is necessary for the BFSA to open new Accounts so that certain incoming funds can be segregated for specific purposes and transferred to another BFSA account or to the City as necessary; and

WHEREAS, the BFSA desires to appoint certain authorized signatories and to establish certain signing restrictions for the operations of all Accounts, other than for those where specific authority has been given by separate resolution.

NOW THEREFORE, BE IT RESOLVED, that in connection with the signing of checks, drafts funds transfers or other orders for the payment of money issued in the name and on behalf of the BFSA against any funds deposited in the Accounts, the following authorized signatories and signing restrictions will apply to all transactions:

1. The Chair, Vice Chair, Treasurer, Deputy Treasurer and Principal Analyst, are each authorized as a sole signer for any payment up to and including \$25,000.00; and

2. Two of the above-listed signatories of the BFSA are required to jointly sign for any payment over \$25,000.00.

BE IT FURTHER RESOLVED, that the Chair, the Vice Chair, the Treasurer, Deputy Treasurer, or the Principal Analyst can authorize the opening of new Accounts at the HSBC Bank, USA or at the Bank of New York, provided that the new Accounts will operate under the same signatories and restrictions above.

This resolution shall take effect immediately.

Approved March 31st, 2008

Preliminary BFSA Budget & Four-Year Plan

Chair Kolkmeier introduced BFSA's preliminary budget and four-year plan. The plan is required to be posted in no less than five locations for at least 45 days prior to Board approval. The Audit, Finance & Budget Committee met earlier in the day and approved the posting of this material at the nine Buffalo libraries, the BFSA website, as well as the City Clerk's office and the City Record's office. Complimentary copies will be sent to the Commissioner of Administration, Finance, Policy and Urban Affairs and the City Comptroller's office.

Director Giardino reiterated these comments and relayed that Director Arthur had requested additional information on the line items.

Director Arthur queried if a public forum will be held for the public to meet and comment on BFSA's budget and how Directors may make changes to the preliminary budget. Mrs. Mitchell stated that the public can comment on BFSA's budget via email, standard mail, telephonically or in-person (by appointment). Director Arthur recommended that a public hearing be held to allow citizens to provide feedback.

Director Townsend stated that, as someone who has attended prior public forums on the City's budget and four-year plan, they are expensive and yet not well attended. She speculated that a public forum for BFSA's diminutive budget likely will be even less attended. A compromise would be to have staff compile all comments submitted through traditional means and relay them to the Directors.

Chair Kolkmeier suggested that the Board refer the issue to the Budget, Audit and Finance Committee.

Director Giardino stated that this was acceptable.

Engagement of Lumsden & McCormick

Director Giardino summarized a resolution to retain the firm of Lumsden & McCormick to conduct the Authority's independent audit. The Audit, Finance & Budget Committee had recommended approval of this action.

Motion by Mertz, second by Brown.

Director Arthur cited that Lumsden & McCormick had been retained as the result of a successful RFP in 2004. He questioned how the process to retain them taken place. Mrs. Mitchell answered that the NYS Comptroller does not require the service to be rebid every year. A change of Partner in Charge is required after five years if the same firm has performed the service for those five years.

Director Arthur questioned whether or not Lumsden and McCormick was an Equal Opportunity Employer. Mrs. Mitchell stated that they had certified that they were at the time of the successful RFP. He asked that the firm provide a letter stating that they continue to be an Equal Opportunity Employer and a break-down of their employment.

Chair Kolkmeier called for a vote for the motion on the table. Vote 7-0 to approve.

RESOLUTION NO. 08-15

APPROVE ENGAGEMENT OF LUMSDEN AND McCORMICK, LLP. AS INDEPENDENT AUDITOR

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

WHEREAS, the BFSA receives the City's and the School District's share of the County's sales tax and the City's state aid revenue to pay for the expenses of the BFSA and debt service on the BFSA's bonds, notes and other obligations; and

WHEREAS, to the extent that those revenues exceed the needs of the BFSA, those funds are to be transferred to the City and School District as soon as practicable; and

WHEREAS, the BFSA issued a request for proposals in 2004 for an independent auditor to audit the BFSA's accounts as required by the Section 3871 of the BFSA Act; and

WHEREAS, the Audit, Finance and Budget Committee selected Lumsden & McCormick LLP on February 18, 2004 as the firm most capable of carrying out the required duties; and

WHEREAS, the BFSA extended the engagement of Lumsden & McCormick LLP for the audit year ending on June 30, 2007,

WHEREAS, Lumsden and McCormick has expressed an interest to continue to provide auditing services to the Authority

WHEREAS, due to an increase in the audit and testing requirements that must be done beginning with the audit for the fiscal year ending 2008 audit fees will increase by \$1,000 from the prior year, and

WHEREAS, the firm of Lumsden & McCormick LLP has performed its duties as independent auditor in a satisfactory manner.

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby engage the accounting firm of Lumsden & McCormick LLP. to provide accounting and auditing services to the BFSA. Such services shall be undertaken for such amounts and on such terms as agreed upon by the Chair, Vice Chair or Executive Director.

This Resolution shall take effect immediately.

Engagement of Public Financial Management, LLC (PFM) for Advisory Services & Engagement of Mintz Levin Cohn Ferris Glovsky and Popeo, PC as Bond/ Disclosure Counsel

Mrs. Mitchell summarized a resolution to reaffirm PFM as financial advisors and Mintz Levin Cohn Ferris Glovsky and Popeo, LLC, as Bond/ Disclosure Counsel. She stated that the process had been similar to the solicitation of Lumsden & McCormick as an independent auditor. Despite the expectation that the City will be issuing its own debt, we need advisors to help us with our own existing debt and with review of the City's transactions.

Further, former BFSA Executive Director Dorothy Johnson is now employed by PFM. She does not work in the financial advisory area and has no ties to BFSA.

Motion by Townsend, second by Mertz.

Director Arthur asked for specifics regarding the terms of the fees. Mrs. Mitchell stated that they are paid by the hour (bond counsel - \$300, associates - \$275, paralegals - \$125). If they work on a discrete area, a fixed price is negotiated and not exceeded, regardless of work hours. The cost is typically \$40,000 to \$50,000. They are not expected to be used this year since BFSA does not foresee issuing in 2008, other than for disclosure counsel purposes.

Director Arthur requested the Executive Summary of these agreements.

Mayor Brown stated his concern that the former Executive Director of the Authority was in the employ of a firm that has contracted services with BFSA. If the BFSA does not have a policy for former employees employment this could represent a potential conflict of interest.

Vice-Chair Townsend stated that this had been a concern of hers as well. She requested that Ms. Johnson contact the State Ethics Commission to solicit an opinion whether there would be any potential conflict with this action. She deferred to Mrs. Mitchell.

Mrs. Mitchell stated that Ms. Johnson had received an opinion from two separate lawyers, Mr Glaser from Albany and Mr. Sleight of Harris Beach. It was their separate opinions that there was not conflict of interest nor any ethics considerations as long as her work as a consultant was not related to any work done on the behalf of BFSA or the City of Buffalo or any of the covered organization. Though they had been contacted on multiple occasions, the New York State Commission on Ethics did not provide feedback.

Director Giardino suggested that PFM provide information to the Board on how they will manage any potential conflict of interest as it would pertain to Ms. Johnson. This language should be added to the resolution.

Chair Kolkmeier called for a vote on the motion on the table. Vote 7-0 to approve.

RESOLUTION NO. 08-16

APPROVING ENGAGEMENT OF PUBLIC FINANCIAL MANAGEMENT AS FINANCIAL ADVISORS

WHEREAS, the Buffalo Fiscal Stability Authority (“BFSA”) was formed by Chapter 122 of the Laws of 2003 to “oversee the city’s budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings through debt restructuring; to finance short-term cash flow or capital needs; and if appropriate, approve borrowings by the City as well as to develop financial plans on behalf of the city if the city is unwilling or unable to take the required steps toward fiscal stability;” and

WHEREAS, the BFSA may not issue debt during the current year, but will require advisory services in the evaluation of the structure and/or pricing of proposals from the City and other Covered Organizations that may issue their own debt;

WHEREAS, the BFSA occasionally requires advice on issues arising from its own prior debt issuances

WHEREAS, the BFSA requires and is empowered to retain advisors and counsel to assist in the performance of its duties; and

WHEREAS, the BFSA is a public authority of the state of New York and as such is governed by certain state laws that specify the method for the procurement of certain services; and

WHEREAS, the BFSA issued a request for proposals for financial advisor in November 2003; and

WHEREAS, a selection committee consisting of BFSA Directors and staff selected Public Financial on January 21, 2004 as the firm most capable of carrying out the required duties; and

WHEREAS, the BFSA engaged the financial advisory firm Public Financial Management to provide financial advisory services to the Authority on an as-needed basis as requested by BFSA for a period of three years; and

WHEREAS, the BFSA extended its contract with the Financial Advisor firm Public Financial Management in January 2007 for one additional year

WHEREAS, the firm has performed their duties to the full satisfaction of the BFSA, and have expressed an interest in continuing their services for an additional year at the same rates that those offered in the last year; and

WHEREAS, the firm has advised BFSA that BFSA's former Executive Director, Ms. Dorothy Johnson, is now employed as a senior consultant in their strategic consulting group, and

WHEREAS, the firm has advised that Ms. Johnson does not now or will, during the period of this engagement, have any involvement in the affairs of BFSA, the City of Buffalo or the Covered Organizations and will provide BFSA with a written document to that effect;

NOW THEREFORE BE IT RESOLVED, that the BFSA engage the financial advisory firm of Public Financial Management for the period beginning January 31, 2008 and ending January 31, 2009 to provide financial advisory services to the Authority on an as-needed basis. Such services shall be undertaken for such amounts and on such terms as agreed upon by the Chairman, or Vice Chairman and Executive Director.

This resolution shall take effect immediately.

RES 08-17

APPROVING ENGAGEMENT OF MINTZ LEVIN COHN FERRIS GLOVSKY AND POPEO, PC AS BOND AND DISCLOSURE COUNSEL

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

WHEREAS, the BFSA requires and is empowered to retain advisors and counsel to assist in the performance of its duties; and

WHEREAS, the BFSA is a public authority of the state of New York and as such is governed by certain state laws that specify the method for the procurement of certain services; and

WHEREAS, the BFSA issued a request for proposals for bond and disclosure counsel services in November 2003; and

WHEREAS, a selection committee consisting of BFSA Directors and staff selected Mintz Levin Cohn Ferris Glovsky and Popeo, PC, as the firm most capable of carrying out the required duties; and

WHEREAS, the BFSA engaged the law firm of Mintz Levin Cohn Ferris Glovsky and Popeo, PC to provide such bond and disclosure counsel to the Authority on an as-needed basis as requested by the Chairman for a period of three years; and

WHEREAS, this firm has performed their duties to the full satisfaction of the BFSA, and have expressed an interest in continuing their services for an additional year at the same rates as those offered in the last year; and

WHEREAS, the BFSA requires disclosure counsel services for its long-term debt for the next twelve months and wishes to extend the engagements with the above firm.

NOW THEREFORE, BE IT RESOLVED, that the BFSA engage the law firm of Mintz Levin Cohn Ferris Glovsky and Popeo, PC, respectfully to provide such bond and disclosure counsel to the Authority on an as-needed basis as requested by the Chairman. Such services shall be undertaken for such amounts and on such terms as agreed upon by the Chairman, Vice Chairman or Executive Director.

This resolution shall take effect immediately.

City Issues

Review of Seasonal Workers' Pay Increase

Chair Kolkmeier introduced a resolution for wage increases for seasonal employees of the City. Mrs. Mitchell summarized the resolution for the Board. She stated that the City Administration had requested this action in order to give seasonal employees an increase in wages consistent with the City's "Living Wage" Ordinance. The action is expected to cost the City \$350,000 in the current year with pay retroactive to July 1, 2007 and \$350,000 in each additional year of the Four-Year plan. The City pledges to pay for the increase with previously budgeted surplus funds. Subsequently, a budget modification was not required.

Motion to approve by Johnstone, second by Mertz. Vote 7-0 to approve.

RESOLUTION NO. 08-18

APPROVAL OF CITY OF BUFFALO WAGE INCREASE FOR SEASONAL EMPLOYEES

WHEREAS, on March 5, 2008, the City of Buffalo ("City") submitted a proposal to increase wages for seasonal employees for the 2007-08 fiscal year to the Buffalo Fiscal Stability Authority ("BFSA"); and

WHEREAS, the 2007-08 budget would require \$350,000 to accommodate the increase in wages, and would adjust every January first; and

WHEREAS, the wages for seasonal employees would require approximately \$350,000, before annually adjusting, in 2008-09 to accommodate the current wage increase; and

WHEREAS, the wages for seasonal employees would require approximately \$350,000, before annually adjusting, in 2009-10 to accommodate the current wage increase; and

WHEREAS, the wages for seasonal employees would require approximately \$350,000, before annually adjusting, in 2010-11 to accommodate the current wage increase; and

WHEREAS, the City is proposing to offset the costs of these increases through the use of current surpluses previously budgeted in Hourly Salary lines of City Departments affected by the increase in wages; and

WHEREAS, the City's Common Council has approved the amendment to increase seasonal employees wages; and

WHEREAS, BFSa staff has reviewed the proposed wage increase and determined that it complies with the requirements of the BFSa Act.

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority hereby determines that review of the City of Buffalo's proposed wage increase for seasonal employees is complete, and finds that it complies with the standards set forth in Sections 3857 and 3858 and other applicable sections of the Buffalo Fiscal Stability Authority Act, and is hereby approved.

This Resolution shall take effect immediately.

Approved March 31, 2008

Discussion of Second Quarter Report

Chair Kolkmeier initiated a review of the City and covered entities' quarterly reports. He asked Mrs. Mitchell to summarize these items.

At 3:10 PM Director Giardino exited the proceedings.

Utilizing a PowerPoint presentation, Mrs. Mitchell explained that originally the City had budgeted \$425 million. There is a positive variance of \$7.1 million as revenues have increased while expenditures are down. The net impact of \$9.97 million to revenues is a result of investment interest (better cash balances), higher property tax revenue, additional State Aid, a reduction in non-property taxes (\$1.2 million in Class I Utility Tax). Miscellaneous expenditures decreased mainly due to unfilled positions, a cost-avoidance of \$1.6 million.

Mayor Brown announced that they are aware that there are a significant number of unfilled positions and that the current employees are "picking up the slack." However, given the State's fiscal distress and the currently estimated budgetary shortfall of \$4.6 billion, it seems prudent to have a hold on nonessential hiring as well as on expenditures.

Mrs. Mitchell continued the presentation. She stated that capital outlay costs were up because of demolitions. Personal services costs are up, and overtime for the police and fire departments are higher than budgeted. There have been savings in fringe benefits as well as in debt service.

Police overtime is quite high, at \$5.9 million as of March 2008, expected to rise to \$8.5 - \$9.0 million by the end of the fiscal year. Part of the problem is attributable to the shortage of police officers, which has partially been addressed by the new hires. IOD (Injured On Duty) of about 100 is also a factor. Firefighter overtime is also high at \$6.6 million over budget as of March 2008. Expectation is that fire overtime will finish between \$9 to \$10 million once the salary increase back to July is factored in. IOD's in fire average 75.

Director Townsend asked Mayor Brown a question regarding the Buffalo News article highlighting uniformed personnel making six figures annually. It seems that individuals are able to acquire a lot of overtime pay in the year prior to retirement, which allows for a higher pension annuity. What management tools do the commissioners currently have to allocate overtime more evenly?

Mayor Brown responded that constraints as a result of collective bargaining that make this difficult. Additionally, there are requirements to maintain public safety. The result is that violent crime is down.

The officers that are drawing these salaries are "putting in the work."

Director Mertz noted that the overtime increases appear to be significantly over what was budgeted. Is there a chance that this can be "managed-down?"

Mayor Brown stated that there are a couple of techniques currently being used, one being the additional hiring of personnel to better meet minimum manpower manning and reduce overtime.

School District

Discussion of Second Quarter Report

Mrs. Mitchell stated that, at the end of the second quarter the school district is projecting a budgetary surplus of \$18.2 million mostly fueled by lower expenses.

Revenues are expected to be down by some \$763,000 with State Aid being higher but federal reimbursement for Medicaid expenses falling short of budget. Compensation expenses are expected to be some \$8.7 million under budget primarily due to lower than budgeted filled positions, lower health insurance expenses of \$8.0 million from the single carrier plan and \$1.3 million lower expenditures for charter schools, a result of lower than budgeted enrollment at those schools.

At 3:27 PM Mayor Brown exited the proceedings.

BMHA Issues

Discussion of BMHA Second Quarter Report

Mrs. Mitchell continued the presentation. She stated that BMHA's first half compares favorably against budget. Revenues are about 55% of budget but some receipts during the first half will not recur in the same amounts in the second.

Expenditures compare favorably against budget. BMHA is also carrying a significant number of vacancies which will favorably affect performance against budget. Utilities, which are a major cost item, were only 39% of forecast for the first half but should catch up in the second half. Despite the obvious seasonality in utility costs, BMHA appears to be realizing higher than anticipated utility savings from the three phases of the energy performance contracts which are close to completion.

HUD (US Department of Housing and Urban Development) has required all housing authorities including BMHA to change its management model to private sector-like project management. The first compliance milestone would determine the amount of funding they would get in calendar year 2008. HUD has postponed the project management compliance audit and thus BMHA is still uncertain as to the level of subsidy they will receive. Management believes that they have met compliance requirements.

BURA Issues

Year 34 Action Plan

Mrs. Mitchell summarized BURA's Year 34 Action Plan. Utilizing a PowerPoint presentation, she stated that BURA is responsible for administering the city's HUD formula entitlement grants and must prepare a yearly action plan which reflects the proposed use of the monies. All of the requirements have been completed, including timely filing of the plan with HUD for review and approval.

BFSA staff has reviewed the plan and recommends approval, subject to further approval by HUD.

Motion to approve by Arthur, second by Johnstone. Vote 5-0 to approve.

RESOLUTION NO. 08-19

APPROVAL OF BUFFALO URBAN RENEWAL AGENCY'S PROGRAM YEAR 34 ANNUAL ACTION PLAN

WHEREAS, the Buffalo Urban Renewal Agency ("BURA") submitted an Annual Action Plan for Program Year 34 to the Buffalo Fiscal Stability Authority ("BFSA") for approval, and

WHEREAS, the Annual Action Plan for Program Year 34 was due to the Federal Department of Housing and Urban Development ("HUD") on or by March 17, 2008, and

WHEREAS, to facilitate the prompt spending of these needed public dollars, BURA is seeking BFSA approval at the March 31, 2008, assuming HUD approval in late April; 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 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, BURA officials have submitted sufficient evidence that HUD and BURA policies and procedures are being followed in obligating the federal funds and in the crafting of such Plan; and

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

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approves and authorizes the Buffalo Urban Renewal Agency's Year 34 Action Plan subject to final HUD approval.

This Resolution shall take effect immediately.

Approved March 31, 2008

Discussion of Second Quarter Report

Mrs. Mitchell summarized BURA's second quarter report. She stated that BURA appears balanced against budget but has significant discrepancies in the individual programs. Some appear to be close to full disbursement while others are way behind. The key to their success is their ability to move staff from one program to another as funds are exhausted.

Administrative and reporting errors are not uncommon in their quarterly reports. BURA's business is a complex administrative challenge but one that need focus and attention as negative results can seriously affect their ability to raise the needed revenues to fulfill their mission.

Honoring Former Staff

Former Acting Executive Director Dr. Joseph V. Stefko

Chair Kolkmeier introduced a resolution to honor former Acting Executive Director Dr. Joseph V. Stefko.

Motion by Arthur, second by Mertz. Vote 5-0 to approve.

RESOLUTION NO. 08-20

HONORING FORMER BFSA ACTING EXECUTIVE DIRECTOR DR. JOSEPH V. STEFKO

WHEREAS, on July 3, 2003, the New York State Governor signed into law Chapter 122 of the Laws of 2003, also known as the Buffalo Fiscal Stability Authority Act, which created the Buffalo Fiscal Stability Authority (“BFSA”) to assist in the restoration of fiscal stability in the City of Buffalo; and

WHEREAS, on September 10, 2003, and pursuant to Resolution 03-20, the BFSA Board of Directors voted unanimously to appoint Joseph V. Stefko as Principal Analyst of the Buffalo Fiscal Stability Authority, noting him to be “highly qualified for the position and possess unique training and experience...”; and

WHEREAS, during his tenure with BFSA, Dr. Stefko served as Principal Analyst, Deputy Director and Acting Executive Director; and

WHEREAS, during his tenure with the Authority, BFSA assisted the City of Buffalo and its covered organizations in enhancing their financial reserves, reducing their annual debt costs, enhancing its credit rating and realizing more than \$236 million in savings; and

WHEREAS, Dr. Stefko’s commitment to Buffalo and the Western New York community transcended his work with BFSA to include serving as Vice-Chairman on the Board of Goodwill Industries of WNY, Inc. and past President of the Buffalo-Niagara Chapter of ASPA; and

WHEREAS, after more than four years of tireless and dedicated service to BFSA, Dr. Stefko has chosen to step down from the position of Acting-Executive Director to return to the private sector; and

WHEREAS, despite his resignation from BFSA, Dr. Stefko’s innumerable contributions to BFSA and the community will endure.

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby honor and appreciate Joseph V. Stefko for his significant and outstanding contributions to the Buffalo Fiscal Stability Authority.

This resolution shall take effect immediately.

Closing Remarks

Director Mertz stated that municipalities OPEB liability continues to be of great concern. He asked that the reports currently being prepared on the City of Buffalo and the School District be completed as soon as possible to begin addressing the issue.

Chair Kolkmeier announces that BFSA Director Johnstone will be receiving Leadership Buffalo’s Inclusion Award at the annual Leadership Buffalo Award Luncheon on May 1, 2008, and if people are interested they should consider attending.

Chair Kolkmeier requested a motion to adjourn. Motion to adjourn by Arthur, seconded unanimously. The meeting adjourned at 3:32 PM.