**MINUTES**
**BUFFALO FISCAL STABILITY AUTHORITY**
**THURSDAY, JUNE 5, 2008**

The following are minutes of the Buffalo Fiscal Stability Authority (BFSA) meeting held on Thursday, June 5, 2008, at the Buffalo & Erie County Public Library's Central Branch.

**Directors Present:** Arthur, Brown, Collins, Johnstone, Kolkmeyer, Mertz, and Townsend

**Directors Absent:** Giardino & 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 1:10 PM by Chair Paul J. Kolkmeyer. The meeting was announced with a Notice of Meeting sent to the Board of Directors and announced to the public.

Chair Kolkmeyer pointed out the emergency evacuation exits. He stated that the meeting would continue the education effort on GASB 45 impact on Other Post Employment Benefits and its expected implication to states and municipalities. On May 1, 2008, Mayor Brown had transmitted the City's Budget and Four-Year Plan to BFSA. The documents have been thoroughly reviewed by staff and preliminary analysis was delivered at the last meeting.
For the second time since the City began developing four-year plans, no budget gap was projected during the forecast period and no changes were requested.

Further, on May 27th, the School District submitted a revised financial plan that considers the impact of a loss in the "Steps" Litigation. Staff had extensively reviewed all of the materials and will give a corresponding presentation to this effect.

He thanked the Mayor, the Mayor's staff, Superintendent Williams and his staff and those of the other covered organizations for their hard work preparing the material and presenting it in a timely fashion.

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

## Approval of Minutes

Chair Kolkmeyer directed the Board to BFSA's May 8, 2008, Board Meeting minutes and asked for a motion to approve.

Motion by Johnstone, second by Townsend. Vote 7–0 to take effect immediately.

**RESOLUTION NO. 08-25**

**APPROVING MINUTES AND RESOLUTIONS FROM MAY 8, 2008**

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting of May 8, 2008, and ratifies and affirms resolutions numbered 08-22 through 08-24 that were approved May 8, 2008.

**<u>PFM Presentation on OPEB</u>**

Chair Kolkmeyer introduced Nancy Winkler, Managing Director from Public Financial Management (PFM), BFSA's financial advisor. Ms. Winkler appeared at the behest of the Board to give a short presentation on the credit implications on state and local governments of OPEB reporting and how rating agencies and the markets in general view the various approaches being taken to deal with these liabilities.

Ms. Winkler utilized a PowerPoint presentation that elaborated on the following points: Overview of OPEB, Rating Agency Views and Expectations, her perception of where the City is on this effort and what other municipalities and states are doing about the funding issue;

- I. OPEB Obligation Management Process
    - I. Step 1: Complete an Actuarial Study;
    - II. Step 2: Develop implementation plan;
    - III. Step 3: Adjust on-going benefits structure;
    - IV. Step 4: Define budget implications of potential;
    - V. Step 5: Develop vehicle(s) for OPEB assets;
    - VI. Step 6: Develop a plan to optimally invest OPEB assets; and
    - VII. Step 7: Implement and oversee OPEB asset management.
- II. Views on OPEB funding from Standard & Poor's;
- III. Views on OPEB funding from Moody's Investors Service;
- IV. Status of OPEB in Buffalo;
- V. Current OPEB Legislation;
    - I. Basic Trust Requirements;
    - II. New York State Comptroller Legislation [brief summary];
- VI. OPEB Solutions Employed Within New York State;
    - I. New York City;
    - II. New York Power Authority.

Director Mertz asked whether or not actuaries review OPEB liabilities on a contract by contract basis. Ms. Winkler responded that they should do this for the most accurate analysis. An actuarial report is an estimate of liabilities and there are various methods different entities use to calculate this.

Director Mertz stated that actuaries' estimates of OPEB liabilities can be subjective due to the number of variables considered to estimate this liability. He questioned whether or not municipalities ever seek additional opinions to calculate this. Ms. Winkler stated that this does occur. For example, the State of Maryland and the Erie County Water Authority each sought a second opinion. “Doing Nothing” is not a sound medium or long-term strategy from a financial management perspective.

In response to this statement, Director Arthur asked what municipalities, in fact, should do. Ms. Winkler referred back to her OPEB Obligation Management Process slide and stated that developing an implementation plan and bringing down benefit costs is how municipalities should begin to address these. An eight year phase-in is deemed acceptable. Director Arthur asked whether or not municipalities were currently instructed by the State of New York “not to do anything about [OPEB liabilities]” and “not to worry about it.” Ms. Winkler stated that there is some misunderstanding about what can currently be done. There is not legal authority yet for entities to form a bankruptcy remote trust although legislation to allow the creation of trust has been introduced in New York State legislation following the recommendations from the State Comptroller. However, prior to setting aside monies in a “parallel tract,” it is important to conduct a thorough analysis and prepare a sound plan.

Mayor Brown expressed his frustration that much of the OPEB liabilities are out of the control of management. Further, the State has not passed legislation that could serve as a template.

Referring to the slide demonstrating actions taken by the New York State Power Authority, Mayor Brown stated that starting six months ago when the City was developing the current budget, the idea of establishing an OPEB trust account was examined. The City’s financial advisors expressed that this action could potentially damage the City’s rating as it would “tie-up” financial resources. Ms. Winkler responded that the rating agencies would examine the issue on a case-by-case basis. If an entity converted a “soft liability” to a “hard liability” using substantial funds from bonding, the agencies could indeed react negatively. A trust should be a part of the plan for the City of Buffalo in tandem with a management action plan. The trust over the long-run gives more flexibility over time because you can lower your ARC [Annual Required Contributions].

## City Issues
### *Budget Modification*

Chair Kolkmeyer stated that the Mayor had requested approval of a budget modification covering the disbursement of a total of $425,000 from the 2007-2008 AIM funds being held by BFSA. He asked Executive Director Mitchell to summarize the modification.

Motion to approve by Arthur, second by Brown.

Mrs. Mitchell stated that the $125,000 of the requested disbursement represents the City’s contribution to the Bethel Head Start Daycare Facility which is a $1.7 million building that when completed will have space for 112 students and 20 childcare slots and will employ 20 staff members with an emphasis on hiring neighborhood and City residents.

The remainder or $300,000 represents the City’s contribution to St. John Baptist Hospice Buffalo House with a total cost of $2.8 million. This facility will employ 24 staff members and will provide increased access to end-of-life services to the Fruit Belt neighborhood. The National Hospice and Palliative Care Organization has endorsed the project.

The Common Council has approved both projects. BFSA has reviewed the request and determined that the use of AIM funds for these two purposes fits the parameters of the 2007-2008 AIM purposes.

Vice-Chair Townsend cited the four criteria for the New York State restricted use of AIM funds. She felt that the projects did not match criteria numbered two and three which are as follows:

2) To support investments in technology or other efficiency and productivity initiatives that permanently minimize or reduce the municipality's operating expenses; and
3) To support economic development or infrastructure investments that are necessary to achieve economic revitalization and generate growth in the municipality's real property tax base.

Further, she stated that, liberally defined, the project does meet the first criteria, "To maintain, minimize or reduce the real property tax burden." She stated that she will vote to approve the budget modification but wanted the objection to be recorded.

Chair Kolkmeyer called for a vote. Approval 7-0.

**RESOLUTION NO. 08-26**

**APPROVAL OF CITY OF BUFFALO BUDGET MODIFICATION FOR CERTAIN ECONOMIC DEVELOPMENT PROJECTS**

WHEREAS, on May 7, 2008, the City of Buffalo ("City") submitted a budget modification request for the 2007-08 fiscal year to the Buffalo Fiscal Stability Authority ("BFSA"); and

WHEREAS, the proposed modification would serve to amend the budget originally approved by BFSA on June 5, 2007 and as modified on November 7, 2007 and subsequently modified on January 7, 2008; and

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

WHEREAS, the modification would utilize the 2007-08 New York State Aid and Incentives for Municipalities ("AIM") funds; and

WHEREAS, in providing increased AIM funding to the City in 2007-08, New York State restricted its use for the following purposes: 1) To maintain, minimize or reduce the real property tax burden; 2) To support investments in technology or other efficiency and productivity initiatives that permanently minimize or reduce the municipality's operating expenses; 3) To support economic development or infrastructure investments that are necessary to achieve economic revitalization and generate growth in the municipality's real property tax base; and/or 4) To minimize or prevent reductions in City services; and

WHEREAS, the City has previously allocated these funds, totaling $12.8 million, into the "Grow Buffalo Trust Fund" to support economic development initiatives, and

WHEREAS, the proposed modification would draw down $425 thousand in these funds as the City of Buffalo contributions to funding two economic development projects: 3) $300,000 for the construction of the St. John Baptist Hospice Buffalo House, and 2) $125,000 for the construction of Bethel Head Start/Daycare located at 1424 Jefferson Avenue; and

WHEREAS, the City's Common Council has approved the budget modification; 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 proposed budget 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.

This Resolution shall take effect immediately.

## <u>Review of Four-Year Financial Plan</u>
***City of Buffalo***

Chair Kolkmeyer noted that the primary objective of today's meeting is to focus on the budgets and four-year financial plan submitted by the City, BMHA and BURA on May 1st and the revised budget and plan submitted by the School District on May 27th. He asked Mrs. Mitchell to provide a summation of the material.

Motion to approve by Arthur, seconded by Brown.

Director Arthur recommended approval of the resolution with the following revision to the second "whereas" statement:

Original – *"WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and City budget on May 1, 2008 to the BFSA;"*

Revised – *"WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and* ***proposed*** *City budget on May 1, 2008 to the BFSA;"*

He explained the material that is statutorily required to be submitted to BFSA by May 1st is the proposed budget and can not be referred to as the budget until after the Common Council formally approves the document.

Mrs. Mitchell stated that, over the last few weeks, staff has conducted an in-depth analysis of all the budgets and financial plans for the City and Covered Organizations. In general the plans are well thought out and based on reasonable assumptions. In the case of the School District, the potential of a loss in a court case has been evaluated and provisions have been made to ensure that the District would be prepared to deal with such an eventuality.

Everybody has made great strides over the last few years and is in a stronger position than they were a few years ago. However, the structural difficulties that presented themselves in the early years of the BFSA still exist. The City and the covered organizations have very limited ability to generate increased revenues on their own and rely on State funding to cover increasing demands on the expenditure side. Any contraction on the growth of State funding would have a significant impact on their operations. On the bright side, almost all collective bargaining agreements have expired and negotiations present an opportunity not only for employees to get some well deserved increases but for these organizations to structure agreements that will harness costs with more affordable provisions that still provide a safety net for the staff but are affordable in the future. Although the OPEB liability that was discussed earlier does not have to be funded immediately, the prospect of the need to fund it in the future should give pause and be in everybody's mind as we move forward.

She asked BFSA Principal Analyst Michael Kelly to summarize the staff's analysis of the plans. Utilizing a PowerPoint presentation, Mr. Kelly made the following points:

1. The City's 2008-09 Budget – Proposed Revenues:
   → $435 million (w/ transfers)
      - 39% from the City of Buffalo;
      - 16% from Erie County;
      - 42% from the State of New York;
2. The City's 2008-09 Budget – Proposed Spending:
   → $435 million (w/ transfers)
      - 24% Fringes;
      - 23% Transfers;
      - 18% Police;
      - 13% Fire;
      - 5% Public Works;
      - 4% Utilities; and
      - 3% Other;

3. The City's Revenue is increasingly dependent on State Aid:
   → 32.9% from State Aid in 2003-2004 ;
   → 40.3% from State Aid in 2011-2012;

4. The City's Personnel Costs as a percentage of total expenditures:
   → 85.5% in 2003-2004;
   → 80.5% (projected) in 2011-2012

At this point, Mr. Kelly asked BFSA Senior Analyst/ Media Contact Bryce Link to address the Board and summarize the City's Police and Fire Overtime costs.

Continuing the presentation, Mr. Link made the following summary:

Police Overtime – Percentage of Operational Costs

1. 2007-2008 (projected) overtime costs of $9.22 million or 13.8% of operational costs;
2. 2008-2009 (budgeted) overtime costs of $7.13 million or 9.8% of operational costs.

Director Townsend noted that the mean overtime for the 710 officers is approximately $13,000, which also has an effect on pensions.

Mr. Link continued and made the following points:

Police Overtime – Aggregate Disbursement

1. The Aggregate Disbursement is a trend increase, compared with $6.6 million from 2006-07 and $3.2 million in 2005-06

Fire Overtime – Percentage of Operational Costs

→ 2007-2008 (projected) Overtime cost of $10.57 million or 19.8% of Operational Costs;
→ 2008-2009 (budgeted) Overtime cost of $7.89 million or 14.9% of Operational Costs.

Director Townsend noted that the mean overtime for the 710 officers is approximately $13,600, which also has an affect on pensions.

Director Johnstone questioned what the basis was to budget police and firefighter overtime at a much lower rate than the projected current year-end total. Mr. Link responded that there is an assumption that new management rules will help address this issue. She requested verification in writing from the City as to how they expect these measures will contain the problem.

Mayor Brown asked City Commissioner of Administration, Finance, Policy and Urban Affairs, Ms. Janet Penksa to address this issue. She stated that, going forward, there will be no more discretionary overtime. Only minimum manning and emergencies can be authorized within the departments without further approval. There will be monthly reviews of overtime expenditures in CitiStat. Police and Fire will be reviewed on a biweekly basis. Variances ≥ 5% will need to be explained by the Department heads and a plan to bring it back into line will be required. Additionally, overtime is a very important component in the ongoing labor contact negotiations.

Director Johnstone asked whether there was a mechanism in place to collect reimbursement for overtime costs from entities holding special events. Mayor Brown stated that historically, these services have been offered gratis by the City; it would be a major change in culture to begin to do this. In the meantime, the City is finding way to reduce overtime by making some adjustments as to how some events are covered.

Director Townsend questioned what controls are in place to contain firefighter overtime. Commissioner Penksa stated that one of the root causes of the high firefighter costs is increased sick time taken, attributable to "a morale issue [lack of contract]." The Fire Commissioner will be active in ensuring that those who have called off ill are at home, per management rules. Discretionary overtime is also being severely curtailed.
Director Mertz asked what percentage of the budget's overtime cost is under the control of management. Commissioner Penksa estimated this at 70%. In the Police and the Fire departments the City expects to have a new class of police personnel and firefighters by the end

of the year. Mayor Brown asked Ms Penska to talk about the possibility of lateral transfers, that is police and fire officers from other cities who might want to join the Buffalo forces. She has learned from Albany that there is no reason for those officers to be kept out.

Mr. Link continued and made the following points:

Fire Overtime – Aggregate Disbursement

→ The Aggregate Disbursement is a trend increase, compared with $5.1 million from 2005-2006, $6.7 million in 2006-07 and YTD $8.8 million in 2007-08.

Mr. Kelly continued the presentation. He made the following points:
OPEB Liability – The revised City of Buffalo numbers are as follows:

1. Accrued Liability - $945.6 million;
2. Total Annual Required Contribution (ARC} - $79.5 million;
3. Unfunded Actuarial Accrued Liability Amortization - $59 million.

Director Mertz queried whether the City would budget the entire ARC in the budget if & when the State allows and/or requires OPEB to be funded. Commissioner Penksa stated that the City would likely fund it overtime as a more conservative approach. It will not be paid through borrowing.

***School District***
Mrs. Mitchell stated that the School District had submitted a revised financial plan on May 27th. The new plan includes a provision for funding the cost of a loss in the "Steps Litigation." This modification sets up a methodology to fund the upfront cost of such an event and the subsequent cost over the four years would total some $91 million over the life of the plan. The asked Mr. Link to provide further summary.

Mr. Link made the following points:
School District Total Budget =$874.4 million of which $750 million is the general fund

1. 2008-09 Adopted Revenues
    a. 69% State Aid;
    b. 12% Grants;
    c. 8% Property Tax levy;
    d. 4% Sales Tax
    e. 3% Fund Balance [higher due to potential "Steps Litigation" liability;
    f. 2% Food Service;
    g. 2% Other General Fund.

Director Townsend noted that only 12% of the revenues are generated locally and questioned whether or not this was typical. It seems to be an extraordinary amount of dependence on State and Federal sources, exacerbated by the state of the economy. Mr. Link responded that it was atypical, when compared to the "Big Four" municipalities in New York State.

Mr. Link continued his presentation summarizing the following topics:

1. BPS General Fund Expenditures;
2. BPS Annual Expenditure Growth;
3. Student Enrollment trends;
4. General Fund Revenues & Expenditures;
5. Baseline Gaps in adopted Four-Year Plan;
6. District Employment Levels.

Chair Kolkmeyer questioned why employment levels are rising while enrollment is decreasing. School District Chief Financial Officer, Mr. Gary Crosby addressed the Board. He explained that the District has funds relating to the "Contract For Excellence", which need to be spent on new programs or enhancement of existing ones. These new programs necessitate hiring new employees, mostly teachers.

Chair Kolkmeyer pointed to budget gaps in the out years of the Four-Year Plan. To close this gap, the District may need to cut fifty employees per year as a gap closing measure. Mr. Crosby agreed and stated that, due to seniority rules, these cuts would be made on a LIFO basis [Last In, First Out]. Other gap closing measures will include school closings, based on the study conducted by a professional demographer hired to help with the strategic plan for the reconstruction of schools.

The District is in much better financial situation now than it was earlier in the decade thanks to not only increases in State Aid, but savings from the wage freeze and the single carrier health insurance over the last few years. A return to multi-carrier insurance and the steps litigation will bring back added costs which they will need to fund. The cost of health insurance will be less than originally anticipated because now that the District has three year experience and data under a single carrier they have alternatives as to its funding, such as self insurance if forced to back to multiple carriers. The cost of charter schools was acknowledged by New York State and the District will receive $12 million in additional transitional help to get them through the crisis.

Director Mertz noted both the State Education Department and the Contract for Excellence require higher standards and questioned whether these had measurable outcomes. Mr. Crosby said that student achievement is measurable and the District is awaiting results of the last round of testing. The contract for Excellence has higher standards requiring audits of the spending of funds proving that it is going into new programs and measures the outcomes. Mr. Merz questioned the increasing cost of maintenance in the next fiscal year. His assumption was that it should go down because of the new school's construction. Mr. Crosby replied that some of this cost increase is due to the fact that systems in place previously were not functioning and therefore required no maintenance. With the new construction, these systems are active and working and therefore require routine maintenance.

Director Arthur noted that there seems to be no funds dedicated to arts appreciation in the primary grades. Mr. Crosby agreed that it is an important part of education. The Superintendant is aware of this and is working with the District Foundation to increase the funding for the arts in the lower grades including through a gala to be held in the Fall.

Vice-Chair Townsend reiterated her concern that a large majority of the School District's funding comes from State Aid. Given the weak state of the economy, the risk to the revenue is severe. Mr Crosby stated that before factoring any new expenditures just the cost increases from 2007 to fiscal year 2008 were $27 million

Mr. Link continued the presentation and made the following points:
School District OPEB Liability

1. Accrued Liability - $1,227.8 million (data provided by AON Consulting).

***Buffalo Municipal Housing Authority***

At the behest of the Chair, Mrs. Mitchell summarized the BMHA's budget and Four-Year plan.

The BMHA plan contains surpluses each year of the plan enough to cover principal debt repayment and to leave a small surplus. Outstanding debt is a result of the three-phase energy conservation project which BMHA undertook in the last three years.

The 2008-2009 budget provides for revenues of $34.2 million which include a budgeted decrease of $3.6 million in HUD's operating subsidy. This is under the expectation that the federal government will cut housing subsidies nationwide. In addition to these revenues BMHA is also budgeted to receive additional revenues of $16.1 million in other grants for a total of $49 million in overall revenues. Major grant revenue components are HUD capital grants (for rehabilitation and upgrade of properties) budgeted at $10.3 million and Section 8 grants totaling $5.6 million.

Expenditures are budgeted at $32.9 million, which is somewhat below those budgeted for the prior year. Major drivers for BMHA operations are administration, maintenance and utility expenses.

- Administrative expenses are significantly higher primarily as a result of the change to asset-based management which switched staff from tenant services and capital grants to the central administration.

- Maintenance expenditures are almost flat for the budget year and grow by 7.8% by 2012.

- Utilities are budgeted at20% below the 07-08 budget as the energy savings from the three-phased conservation projects come on stream for the full year. Given the current economic trends this assumption appears aggressive and will need to be monitored. Utilities grow 11% over the 4-year period of the plan. (BMHA gets utilities adjustments from HUD for price increases, but on a lagged basis)

As mentioned in the May 8, 2008 Board Meeting,

- Cuts in federal housing subsidies are the major threat to the budget, but also may present a major opportunity. Federal funding was cut in the last year, although not as drastically as the cuts reflected in the 2008-2009 budget and plan.

- BMHA has still not been audited for compliance with asset-based management, which is the key to maintaining or increasing the subsidy levels reflected in the plan. Failure to pass a compliance audit would result in a significant loss of subsidy, over and above those reflected here. BMHA is confident that they will pass the compliance review.

- Utility expenditures have been budgeted aggressively. Failure to achieve the budgeted levels of savings will severely impact results.

BMHA is not required to show OPEB figures until the end of the 2008-2009 fiscal year and has not yet undertaken the process to measure such liabilities.

***Buffalo Urban Renewal Agency***
At the behest of the Chair, Mr. Kelly summarized the BURA's budget and Four-Year plan.

The Buffalo Urban Renewal Agency administers the City's HUD formula grant programs and since our previous review at last month's meeting there have been no changes in BURA 2008-09 budget or financial plan.

The major grant programs are the CDBG,

HOME, (Investment Partnership Program to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people),

ESG, (The Emergency Shelter Grants program provides homeless persons with basic shelter and essential supportive services) and

HOPWA programs, (Housing Opportunities for Persons with AIDS)

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For the 2008/09 fiscal year BURA's funding or revenue totals $24.2 million

This is a decrease of approximately $2.5 million (OR -9.4%)

For the upcoming fiscal year, BURA will spend 83% of its grant on program expenditures (public or human services, bricks and mortar projects, housing, rehabilitation, etc.)

17% of BURA's spending will go towards Administration and Planning (studies, salaries, grantee oversight, etc.)

BURA staff levels have been fairly consistent in recent years and total approximately 60 positions currently. This is down from a high of 87 positions in the 2003-04 fiscal year.

Staff levels are expected to remain flat over the course of the City's four-year plan through 20011-12. Staff levels may have to be reduced if current staff levels prove unsustainable due to funding decreases or increasing costs prompted by new collective bargaining agreements.

BURA OPEB costs are part of the City's OPEB liability and as such make up part of the estimated $945 million future liability faced by this community going forward.

Lastly, and as mentioned last month BURA faces some degree of risk with its budget and four-year plan. One new risk that should be added is that:

HUD plans to monitor BURA's operations starting this month and these monitoring sessions will shed light on most major aspects of BURA operations. BFSA will be in close contact with HUD to learn about any on-going issues that may surface. If serious findings result from grant mismanagement, BURA could be faced with reduced grant amounts or paybacks for ineligible uses of funds.

Overall, though, it should be noted that BURA is in fairly good financial shape headed into the 2008-09 fiscal year.

Mrs. Mitchell stated it is clear from the presentations that there have been major improvements in the financial picture of all the organizations and their financial plans are reasonable, although the school district may be required to revert to more cuts if the steps situation contemplated in their numbers comes to pass.

However, the good results are not only an effect of efficiencies and belt tightening put on by the entities, but also in a major part a result of State Aid growth through the period which has covered growth in expenditures over the period. Barring major containment on the rate of growth of expenditures either through declining staff counts, or other reductions in the rate of growth of personnel costs, all entities will continue to require yearly increases in State Aid to sustain operations.

Continuing the presentation, Mr. Kelly summarized the following:

1. City of Buffalo Revenues – Total compared with State Aid portion (FY 04 – FY 12);
2. School Distric Revenues – Total compared with State Aid portion (FY 04 – FY 12);
3. City of Buffalo Expenditures – Personnel Costs compared to Total Costs (FY 04 – FY 12); and
4. School District Expenditures – Personnel Costs compared to Total Costs (FY 04 – FY 12).

Director Arthur stated that the motion was on the table to approve the resolution. He reiterated his call to solicit the State Legislature to amend the BFSA Act and allow changes to the Public Forum timetable so that they can be more meaningful and will give the public time to focus on the documents. It seems that as it stands right now the process is a waste of time and money.

Vice-Chair Townsend expressed a differing opinion on the issue. She stated that it is important to have people comment on the proposed budget before the Common Council amends it and approves it. BFSA does not have the authority to make changes to the document; receiving public feedback to the document while it is still fluid is logical. Mrs. Johnstone stated that it seems that the problem is the timing of the City's budget process and if that is cast in stone we have to continue to try to adapt to it as best we can. She suggested that a small group look into this matter and report back.

Chair Kolkmeyer stated that the role of the BFSA is far more macro level than micro level. It is not the role of the Authority to get too involved in the details of the budget.

Vice-Chair Townsend noted that the BFSA had initially rejected the 2004 Budget and Four-Year plan. Changes were made and it was later amended, resubmitted and accepted within the stated timeframes.

Vote 7-0 to approve.

**RESOLUTION NO. 08-27**
**ADOPTION OF 2008-2009 BFSA BUDGET AND 2009-2012 FOUR YEAR PLAN**

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

WHEREAS, the BFSA receives revenues according to the direction to the State Comptroller in the BFSA Act, and incurs expenses for its operation and carrying out the functions prescribed in the BFSA Act; and

WHEREAS, the Office of the State Comptroller's regulation 203 requires that BFSA prepare a Financial Plan covering the budget year and the three subsequent fiscal years in a form similar to that of the budget, and

WHERAS, the BFSA has carefully reviewed and projected the revenues expected to be received and expenses expected to be incurred over the four-year period of the financial plan of fiscal years 2008-2009 through 2011-12,

NOW THEREFORE, BE IT RESOLVED, that the Directors of the Buffalo Fiscal Stability Authority do hereby approve the 2008-2009 BFSA Budget and 2009-12 Financial Plan.

This resolution shall take effect immediately.

**<u>BFSA Issue</u>**
***BFSA Budget & Four-Year Plan***

Chair Kolkmeyer stated that the Audit, Budget & Finance Committee had met earlier in the day and recommended sending the Budget & Four-Year plan to the full Board for approval.

Director Arthur stated that it is troubling to him that there is no outside oversight over the BFSA budget. There's no one "on the outside taking a look."

Chair Kolkmeyer stated the full Board oversees the budget and that the independent auditors review and verify it as well. He asked if Director Arthur would recommend additional entities to review the document.

Director Arthur stated that he would have material at a later date to document his claim.

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

**RESOLUTION NO. 08-28**
**ADOPTION OF 2008-2009 BFSA BUDGET AND 2009-2012 FOUR YEAR PLAN**

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

WHEREAS, the BFSA receives revenues according to the direction to the State Comptroller in the BFSA Act, and incurs expenses for its operation and carrying out the functions prescribed in the BFSA Act; and

WHEREAS, the Office of the State Comptroller's regulation 203 requires that BFSA prepare a Financial Plan covering the budget year and the three subsequent fiscal years in a form similar to that of the budget, and

WHERAS, the BFSA has carefully reviewed and projected the revenues expected to be received and expenses expected to be incurred over the four-year period of the financial plan of fiscal years 2008-2009 through 2011-12,

NOW THEREFORE, BE IT RESOLVED, that the Directors of the Buffalo Fiscal Stability Authority do hereby approve the 2008-2009 BFSA Budget and 2009-12 Financial Plan.

This resolution shall take effect immediately.

**<u>Closing Remarks</u>**

Chair Kolkmeyer requested a motion to adjourn. Motion to adjourn by Arthur, seconded unanimously. The meeting adjourned at 1:35 PM.