

**AUDIT, FINANCE & BUDGET COMMITTEE MINUTES**  
**BUFFALO FISCAL STABILITY AUTHORITY**  
**Wednesday, March 13, 2009**

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The following are minutes from the Buffalo Fiscal Stability Authority's Audit, Finance and Budget Committee meeting held on Wednesday, May 13, 2009, at the Buffalo & Erie County Central Public Library.

**Committee Members Present:** Kolkmeier & Mertz

**Additional Attendees** [at the behest of Acting Chair Mertz]: Arthur, Johnstone, Mesiah & Townsend

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

Director Mertz called the Buffalo Fiscal Stability Authority's Audit, Finance and Budget Committee meeting to order at 12:30 PM in Committee Chair Giardino's absence. After calling attention to the emergency exits, Director Mertz called a roll of the members. Finding a quorum present, the meeting commenced.

**Opening Remarks**

Director Mertz summarized the meeting's agenda which included the following:

- A resolution to approve the minutes from the March 18, 2009, Committee meeting;
- A discussion of BFSAs Preliminary Budget and Four-Year Financial Plan; and
- A discussion on opening additional bank accounts.

**Approval of the March 18, 2009 Meeting Minutes**

Director Mertz asked for a motion to approve the minutes from the March 18, 2009, meeting.

Motion by Kolkmeier, second by Mertz. Approval 2-0.

**RESOLUTION NO. 09-03**

**APPROVING COMMITTEE MINUTES FROM MARCH 18, 2009**

BE IT RESOLVED that the Audit, Finance & Budget Committee of the Buffalo Fiscal Stability Authority approves the minutes of its meeting of March 18, 2009, and ratifies and affirms resolutions 09-01 & 09-02 which were approved March 18, 2009.

This resolution shall take effect immediately.

**Preliminary BFSAs Budget & Four-Year Financial Plan**

Director Mertz reintroduced BFSAs Preliminary Budget & Four-Year Financial Plan. He noted that there have been some minor revisions since its introduction to the Board on March 18, 2009. He asked that comments and suggestions be directed to BFSAs Executive Director, Ms. Bertha H. Mitchell or to the Board Chair, Paul Kolkmeier. He noted that there was a 24% reduction from next year's budget versus the projected FY 2009 final.

Director Arthur stated that he had introduced a resolution to the Board to reduce the budget by 15%. The resolution had been approved and had directed the Executive Director to respond in kind with suggestions for reducing the 2008-09 budget by 15 percent.

Ms. Mitchell directed the Committee to the memo in the Board book under tab 1 dated April 28, 2009 which was the response to the resolution. The memo states “the 2009-2010 budget for total operating expenses is 24% and salaries are 11% below the 2008-2009 budget.”

Director Arthur replied that the material submitted had not addressed the resolution and offered specifics on how the budget would be reduced. Chair Kolkmeier countered and referred to the memo. He noted that projected expenditures for fiscal year 2009 were 30% below budget and 11% below prior year expenses. Staff related expenses are 16% below budget and 14% below the prior year. Further, the 2009-10 Budget for operating expenses has been reduced by 24.43% with salaries 11% below 2008-09. Communications are down 40%, meeting expense is reduced by 6%.

Director Arthur stated that the memo had not addressed the resolution which was passed. Vice-Chair Townsend noted that, while a resolution had been introduced by Director Arthur, none had been passed. Ms. Mitchell followed and explained that the ultimate decision made by the Board had been to direct the issue to the Audit, Finance and Budget Committee. The currently proposed budget is the logical result of this request.

Director Arthur stated that due to the confusion over his request, he would withdraw his question and file a new resolution at the next meeting of the Board with greater specifics.

### **Discussion of Opening Additional Bank Accounts**

Director Mertz introduced the issue of opening additional bank accounts. He asked Ms. Mitchell to elaborate.

Ms. Mitchell explained that BFSA has authorization to maintain a depository account and a money market account with HSBC. Due to the recent economic downturn, returns on investment have been lackluster. Therefore, it is prudent to open deposit and brokerage accounts at M&T Bank to solicit competitive returns from both banks..

Chair Kolkmeier asked what rates HSBC has been offering. Ms. Mitchell replied that the rate on CDs was 0.00% and only 0.20% on Money Market accounts. The investment outlook does not look favorable. Opening an account with M&T will allow BFSA to perhaps get better returns.

Director Mertz asked if this account was solely for investment purposes or would also be used for operations. Ms. Mitchell assured the Committee this account was to be used for investments.

Director Arthurs asked how the current climate of low returns had affected BFSA’s budget. Ms. Mitchell explained the forward delivery agreement as part of the debt service funds, which in essence guarantees a specific return. The AIM funds, residual cash and operating funds, however, are short-term investments and therefore more readily influenced by current returns.

Director Kolkmeier directed the Committee to the “investment income” line item in the 2009-2010 budget and noted the forecast predicts a shortfall of \$50,000 from the budget of \$375,000.

Motion to send the issue to the full Board with a recommendation for approval by Kolkmeier, second by Mertz. Motion carried 2-0.

### **Adjournment**

Director Mertz entertained a motion to adjourn which was seconded by Chair Kolkmeier. The meeting adjourned at 12:44 PM.