

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Audit, Finance & Budget Committee Meeting Minutes**  
**March 11, 2010**

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The following are the minutes from the meeting of the Audit, Finance & Budget Committee (the “Committee”) of the Buffalo Fiscal Stability Authority (the “BFSA”) held on Thursday, March 11, 2010, in the Buffalo and Erie County Central Public Library Auditorium. The meeting was called to order at 12:31 PM.

**Board Present:** Floss, Giardino, & Townsend

**Additional Board Members Present:** Arthur

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

**Additionally Present:** Mr. A.V. Buzard, Esq., Legal Counsel with Harris Beach, PLLC.

**Opening Remarks**

Committee Chair Giardino opened the meeting and took roll call. Finding a quorum present, the meeting proceeded.

**Approval of Minutes**

Director Giardino introduced Resolution No.10-01, “Approving Committee Minutes from September 30, 2009.”

Motion to approve by Townsend, second by Floss.

**RESOLUTION NO. 10-01**

**APPROVING COMMITTEE MINUTES FROM SEPTEMBER 30, 2009**

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BE IT RESOLVED that the Audit, Finance & Budget Committee of the Buffalo Fiscal Stability Authority approves the minutes of its meeting of September 30, 2009, and ratifies and affirms resolution 09-05 which was approved September 30, 2009.

This Resolution shall take effect immediately.

Approval 3-0.

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

Director Giardino introduced BFSA’s Preliminary 2011 Budget & Four-Year Financial Plan. He noted that the intent is to introduce the document for public inspection and commentary.

Director Giardino added, “Consistent with past practices, the document will be posted on the BFSA website and provided to all of the City public libraries to make available to the public. Comments on the budget and financial plan will be accepted at the Public Forum”.

He added, “We are not asking [for] approval of the budget today. This is a preliminary budget proposed by our staff. We are now commencing our public commentary period which will lead to the hearing [May 10<sup>th</sup>], but if you have any comments now we would be happy to record those comments. Comments that anyone desires to make over the next few weeks should be sent directly to our Executive Director who will circulate those comments with updated versions of the budget. Approval of the budget itself will be a matter of the full Board on June 9<sup>th</sup>.”

Director Giardino asked Executive Director Mongold to provide additional information to the Board.

Ms. Mongold addressed the Committee and provided the following information:

### **INTRODUCTION**

- \* Pursuant to New York State Office of the Comptroller requirements, BFSA’s budget is required to be publicly posted for at least thirty days prior to approval. It must be posted no less than sixty days prior to the start of the next fiscal year.
- \* The actual posting period will be considerably longer than the minimally amount required. It will be posted publically for at least forty-five days prior to Board action.

### **BUDGET PREPARATION**

- \* The budget was prepared very conservatively.
- \* The budget and four-year financial plan were prepared based on the full accrual basis of accounting and is consistent with what the BFSA Act requires from the City of Buffalo and the Covered Organizations. This method is consistent with past BFSA prepared budgets.

### **REVENUES**

- \* Revenues over the four years were held at 0% growth, in total, and include a reduction in state aid payments, which are reflective of the Governor’s proposed budget.
- \* Revenues include investment income. In connection with BFSA’s previously issued debt, the BFSA entered into investment contracts where the City’s debt service set-asides are invested.
  - The investment rates BFSA is receiving are much higher than those offered in the current market and much higher than the rates that the City of Buffalo is currently receiving. BFSA is currently receiving interest rates ranging between 3.9% to 5.2% whereas the City is currently investing at 0.5% to 0.65%. These interest earnings are, in turn, remitted to the City of Buffalo.

### **EXPENDITURES**

- \* Expenditures over the four-year plan reflect an increase of less than 1% (0.8%).
- \* During the preparation of the fiscal year 2010 Budget and Four-Year Financial Plan, the operating budget was reduced by 24%. The proposed budget is equally lean with a modest increase of slightly more than \$2,000.
- \* The total operating budget for BFSA is \$897,500.
- \* Expenses are projected to increase slightly at 0.23%, which are off-set by a slight increase in revenues of 0.25%.
- \* Staff-related expenses are budgeted to increase 4.99%. Salaries are budgeted to increase 5.45%. There is also a budgeted increase in pension expenditures, consistent with the increase anticipated by all New York State municipalities. Some of this increase was able to be off-set with reductions in expected healthcare expenditures. Healthcare expenses were less than expected in 2010; the projected expenses were adjusted downward in the 2011 budget.

- \* Office-related expenditures have been held static overall, with changes in individual line items.
- \* Meeting expenses have been budgeted 14% lower in anticipation of the move from “control status” to “advisory status.” This transition will require a few less meetings.
- \* Professional fees, representing mainly legal fees, are budgeted 8.6% lower than the current year, reflective of the anticipated transition into “advisory status.”
- \* Furniture and equipment have been increased 50%. This is a minor expenditure overall and is budgeted to increase \$1,000 to address necessary upgrades of operating systems and software packages to become consistent with those currently used by the City and the Covered Organizations.
- \* There is one positive change with respect with the BFSA LAN server. The server currently used is out-of-date and nearing the end of its life cycle. The Manager of Administration & Technology, Mr. Nathan Miller, has worked with the technology support staff at the State level to arrange for the creation of a virtual drive, accessed remotely. The move will occur without a cost and will alleviate the need to purchase a new server which would cost an estimated \$7,500.

Vice-Chair Townsend acknowledged the work of Mr. Miller.

Ms. Mongold concluded her presentation.

Director Giardino asked if there were any additional questions or comments regarding the preliminary budget and financial plan. Hearing none, he introduced Resolution No.10-02, “Authorize BFSA to Post the Proposed 2011-2014 Budget and Four-Year Financial Plan.”

Motion to approve by Floss, second by Townsend.

**RESOLUTION NO. 10-02**  
**AUTHORIZE BFSA TO POST THE PROPOSED 2011-2014 BUDGET AND FOUR-YEAR FINANCIAL PLAN**

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WHEREAS, the Buffalo Fiscal Stability Authority (the “BFSA”) was formed by Chapter 122 of the Laws of 2003, as amended by Chapter 86 of the Laws of 2004 (“the 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 will have costs and expenses to operate and carry out its functions, including but not limited to paying the costs and expenses of its agents, employees and facilities hereof, reimbursement of costs incurred by Directors for actual and necessary expenses incurred in the performance of such Director’s official duties, and otherwise to carry on and effectively carry out the obligations required by the BFSA Act; and

WHEREAS, the staff of the BFSA has carefully reviewed the revenues to be received and expenses and costs anticipated to be incurred in carrying out the duties and functions of the BFSA and has prepared a budget (attached) based upon its reasonable assumptions of such revenues, costs and expenses; and

WHEREAS, the staff of the BFSA has forecasted revenues to be received and expenses and costs anticipated in carrying out the duties and functions of the BFSA over the period for fiscal years 2011

through 2014; and

WHEREAS, consistent with the regulations of the Office of the State Comptroller, the BFSA will make available proposed budgets and financial plans for public inspection at least 30 days before approval by the Board, and not less than 60 days before the commencement of the next fiscal year, and for a period of not less than 45 days; and

NOW THEREFORE, BE IT RESOLVED, that the Audit, Finance and Budget Committee of the Board of the Buffalo Fiscal Stability Authority do hereby authorize the posting of the preliminary budget and four-year financial plan in a minimum of five separate locations of the Buffalo and Erie County Library for the next 45 days; and

BE IT FURTHER RESOLVED, that the Audit, Finance and Budget Committee of the Board of the Buffalo Fiscal Stability Authority do hereby authorize the posting of its preliminary budget and four-year financial plan on its website for the next 45 days.

This resolution shall take effect immediately.

Approval 3-0.

### **Adjournment**

Director Giardino asked if there was any further business. Hearing none, he asked for a motion to adjourn.

Director Floss offered a motion to adjourn the meeting that was duly seconded by Director Townsend. The meeting adjourned at 12:41 PM.