BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes - December 8, 2010

The following are the minutes of the meeting of the Board of Directors of the Buffalo Fiscal Stability Authority ("BFSA" or the "Authority") held on Wednesday, December 8, 2010, in the Buffalo & Erie County Central Public Library auditorium. The meeting was called to order at 1:08 PM.

Board Present: Arthur, Brown [proxy], Collins [proxy], Floss, Johnstone, Olsen and Townsend

Board Excused: Giardino and Mesiah

Staff Present: Link, Miller, Mobley and Mongold

Additionally Present: Ms. Pietra Letteiri, Esq., Harris Beach, PLLC

Opening Remarks

Chair Olsen called the meeting to order. He noted that the meeting's agenda included the following:

- Consideration of a proposed Memorandum of Agreement ("MOA") between the Buffalo Municipal Housing Authority and the Operating Engineers of Local 17-17s, AFL-CIO (American Federation of Labor-Congress of Industrial Organizations);
- Review of the Buffalo School District's (the "District") 2010 audited financial statements; and
- A high level review of the first quarter results for the City of Buffalo (the "City") and its Covered Organizations (the District, the Buffalo Municipal Housing Authority or "BMHA", and the Buffalo Urban Renewal Agency or "BURA").

Chair Olsen reminded the Board that members of the audience would have an opportunity to address the Board with comments or questions at the end of the meeting. He then requested Secretary Arthur to perform a roll call.

Roll Call of Directors

Secretary Arthur called a roll of the Board and determined that a quorum was present. The meeting commenced.

City of Buffalo Commissioner of Administration, Finance, Policy and Urban Affairs, Ms. Janet Penksa represented Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the Buffalo Fiscal Stability Act (the "BFSA Act"), which reads, *"…The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the single designee…"*

Additionally, Erie County Commissioner of Parks, Recreation and Forestry, Mr. James Hornung represented County Executive Chris Collins in accordance with Subdivision 1 of §3853 of the BFSA Act.

Approval of the November 3, 2010, Meeting Minutes

Chair Olsen introduced Resolution No. 10-51, "Approving Minutes from November 3, 2010." He asked for a motion to move the item.

Director Arthur offered a motion to approve the minutes with new language as follows:

Page seven, paragraph two
Original language: ***Director Arthur stated, "I recall going back to the famous Herb case where Bradley Herb sued the City of Buffalo…"***

Proposed new language: ***Director Arthur stated, "I recall going back to the famous Hurd case where Bradley Hurd sued the City of Buffalo…"***

The proposed new language corrects a misspelling in the draft.

Ms. Penksa seconded the motion.

RESOLUTION NO. 10-51
APPROVING MINUTES FROM NOVEMBER 3, 2010

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting on November 3, 2010.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority ratifies and affirms Resolution Nos. 10-44 through 10-50 that were approved on November 3, 2010.

This resolution shall take effect immediately.

The Board voted to approve the resolution 7-0.

BMHA Issues
Collective Bargaining Agreement with the Operating Engineers of Local 17, AFL-CIO

Chair Olsen advanced the agenda to the next item: consideration of a proposed MOA between the BMHA and the Operating Engineers Local 17-17s, AFL-CIO. He noted that the Mayor's representative wished to make a motion in this regard.

Ms. Penksa offered a motion to refer the proposed MOA to committee for further consideration. Chair Olsen seconded the motion.

Ms. Penksa commented that, subsequent to the presentation by the BFSA staff of the financial projections of the BMHA for the current year budget and related four-year financial plan, the federal fiscal situation has changed considerably. She indicated there has been a new focus at the federal level in terms of reducing the federal deficit and reduction of the spending. The BMHA has projected a federal funding level from the United States Housing and Urban Development ("HUD") of 92% throughout the four-year financial plan, and requested BFSA staff to revisit the reasonableness of these projections, in particular due to past subsidies which have been as low as 83%. She noted it is under BFSA's authority to consider whether or not a contract is affordable, as benchmarked against assumptions in the four-year plan.

Chair Olsen agreed with Ms. Penksa that the federal and state fiscal situation was dire and indeed worsening. The federal commitment to deficit reduction does not bode well for continuation of discretionary aid to BMHA.

Director Arthur sought clarification on the motion. He asked whether the contract was being referred back to the various entities for renegotiation.

Ms. Penksa replied that the motion offered was to refer the proposed contract to committee with additional examination with deference to the state and federal financial situation.
Chair Olsen explained that the motion would refer the proposal to committee for further examination. It may or may not be recommended for approval by the committee.

Ms. Pietra Letteiri, Esq., Harris Beach, PLLC, replied the motion would remove the item from Board consideration and refer it to committee. The committee would then review the item and make a recommendation to the Board whether or not to reconsider the item and would offer a recommendation how to proceed on the vote.

Director Arthur noted that if the full Board reconsidered the item and rejected it, BMHA would therefore need to renegotiate the contract with Local 17. Ms. Letteiri confirmed this.

Director Floss requested that, if the item were referred to committee, then all interested parties (the City's Administration, the BMHA's Board of Directors, and union leadership of Local 17) be given the opportunity to submit a brief or a report explaining their respective positions.

Chair Olsen agreed this would be prudent and directed staff as such.

Director Arthur noted the usual thirty minute timeframe of a standard committee meeting would not be adequate to review the material, especially if additional parties were participants. Additionally, he asked if legal counsel could prepare a written, legal opinion of the Board's responsibility to the proposed contract if it has transitioned into Advisory mode while the proposed contract is still under consideration by a committee.

Chair Olsen agreed with Director Arthur's sentiments and directed counsel as such.

The Board voted 7-0 to refer the proposed MOA to committee for further consideration.

Buffalo School District Issues
Review of Released Financial Statements for Fiscal Year 2010

Chair Olsen advanced the agenda to the next item for consideration: a review of the District's Financial Statements for Fiscal Year 2010. He asked Executive Director Jeanette Mongold to provide a summary of the material.

Ms. Mongold addressed the Board and provided the following:

Final 2010 Budget v. Actual Overall Summary

The focus of this presentation is on the General Fund, as this represents the District's main operating fund. The audit resulted in the issuance of an unqualified opinion (i.e., "clean opinion"). There were no substantial audit findings or any material weaknesses noted.

- Total revenue and other financing sources totaled $725.2 million, representing a negative $4.4 million variance from the budgeted amount. This is relatively minor as it represents less than 1% of total revenues for the year.
- Total expenditures and other financing uses totaled $682.9 million, representing a favorable variance of $94.6 million.
- The net change in fund balance was an increase of $42.3 million. The District had originally budgeted for a use of fund balance of $47.9 million.

Final 2010 Budget v. Actual (Explanations on Variances)

- As previously noted, actual revenues are consistent with budgeted revenues. The difference is less than 1% of revised budget.
- The net increase to fund balance has a favorable budgetary variance at June 30, 2010, of $90.2 million, or 11.6% of the final revised budget (the difference between the budgeted revenues less expenditures and the actual revenues less expenditures).
  - Of this $90.2 million favorable variance, $55.0 million was budgeted as a contingency for potential estimated cost in the instance of an unfavorable outcome in connection with the outstanding Wage Freeze and Steps litigation. These estimated potential estimated costs are budgeted annually basis.
  - Another $6.8 million represents encumbrances (i.e. contractual obligations for goods and services that have been entered into, but have not been incurred or received).
- Subtracting the $55.0 million set aside for the Wage Freeze and Steps Litigation along with the $6.8 million for encumbrances, the District has a revised favorable budgetary variance of $28.4 million, or 3.7% of budget.
  - The largest portion of this $28.4 million favorable budgetary variance relates to the Employee Benefits category, at $11.6 million:
    - $2.5 million – Active Employees Health Insurance (lower costs due to single-carrier costs and maintained vacancies);
    - $1.0 million – Retired Employees Health Insurance;
    - $2.8 million – Termination Pay (fewer retirements than originally budgeted for);
    - $2.3 million – Workers Compensation;
    - $2.0 million – FICA/Pension (mostly due to vacancies);
    - $1.0 million – Miscellaneous / Other.
  - The second largest portion of the overall $28.4 million variance is for Teaching Instruction, of $6.6 million. This resulted from a combination of vacancies and lower actual average salaries
  - The third largest portion of the overall $28.4 million variance is in the Operating-Central Services category, of $3.8 million. This variance is composed as follows:
    - $1.3 million for a combination of vacancies and overtime;
    - $1.0 million in utility's' savings resulting from the letting of a long-term contract with the City's utility pool; and
    - $1.5 million in forced reduced spending. The District made a concerted effort to reduce spending due to the impending financial crisis.
  - Payments to Charter Schools were $1.3 million less than budgeted due to lower than projected student enrollment at Charter Schools (67 less students than projected).

- Pupil Transportation was $3.9 million less than budgeted. This lower amount is attributed to lower than projected fuel costs, more efficient route scheduling, as well as a change in policy in which students who attend school outside of the City of Buffalo are no longer transported.
- Pupil Services were $2.7 million under budget. This is attributed partially to vacancies; another significant factor was a shift in funding for school psychologists and guidance counselors, who were paid by federal grants rather than through the General Fund.
- Other miscellaneous expenditures were $1.5 million more than budgeted.

Fund Balance Summary at June 30, 2010

- Total Fund Balance increased $42.3 million over fiscal year 2009.
- Unreserved Fund Balance increased by $30.6 million over fiscal year 2009.
- Reserved Fund Balance increased $11.7 million from FY 2009 to FY 2010. Of this $11.7 million, $10.0 million was additionally reserved within the Judgments and Claims category. These funds are restricted and may only be used for the designated purpose.
- Unreserved, Designated Fund Balance increased $36.9 million. These funds are set aside based on management's intention. These funds have the ability to be transferred to other categories for alternative use as opposed to those that are reserved. The significant changes from 2009 to 2010 include:
    - $12.8 million of the increase designation is for additional pension obligations that will be due in conjunction with adopting the early retirement incentive;
    - An additional $29.1 million has been designated for the 2010-11 budget (for a total of $72.4 million of fund balance to be used in 2010-11).
- Unreserved, Undesignated Fund Balance decreased $6.3 million to $36.3 million.

Significant Fluctuations: 2009 to 2010

- Total revenues increased $3.7 million, or 0.5%, excluding operating transfers;
- Total expenditures increased $9.5 million, or 1.6%, excluding operating transfers out.
    - Employee benefits increased - $5.1 million;
    - Charter School payments increased - $3.5 million;
    - Transportation increased - $0.8 million.

Ms. Penksa noted that the expenditure increase between FY 2009 and FY 2010 was a fairly large increase.

Director Floss referenced the $6.6 million favorable budgetary variance in the Instruction category. He asked if any type of impact study had been performed on student performance correlated with managing costs and not spending such amounts on additional teacher hirings. He noted that a much larger variance could be realized by not filling any vacant positions; however this would not be appropriate and would have an adverse effect on student performances. Ms. Mongold replied that the BFSA had not performed this analysis but would follow up with the District to see if any quantitative data was available relative to this.

Chair Olsen asked if the $3.5 million positive budgetary variance in Charter School payments reflected the amount originally budgeted by the District or the amount adjusted after the Governor's veto of the budget. Ms. Mongold replied that the Governor's veto will affect the current year's operations. It did not affect the operations of the previous year. However, the veto impact on Charter School payments from the Governor's veto has not yet been budgeted in the District's 2010-11 annual budget.

Total Revenues

- Total General Fund revenues have increased from $447.2 million in FY 2003 to $725.2 million in FY 2010. The increase from 2003 to 2010 was $278 million, representing a 66% increase. It is noted that the significant increase in revenue which began in FY 2008 correlated with the additional funding received in connection with the State's "Contract for Excellence" program. The Contract for Excellence program was subsequently halted, and the District has not received the additional funding as had been expected.

Director Townsend asked to receive the percentage of State Aid to Total Revenue for each fiscal starting FY 2003. Ms. Mongold replied that it would be provided following the meeting. State Aid decreased $15 million from FY 2009 to FY 2010. State Aid and accounts for approximately 85% of total revenues.

Director Johnstone sought clarification regarding the total revenue shown included the Joint Schools Construction Board's (the "JSCB") revenue. Ms. Mongold replied that it did not, and only represented the District's General Fund revenues.

Ms. Penksa asked for the amount of total FY 2010 revenue that was received as part of the recent Federal Stimulus Program. Ms. Mongold replied that $19.9 million was attributed to federal stimulus funding. New York State was able to keep total State Aid stable from FY 2009 to FY 2010 by backfilling State Aid with ARRA ("American Recovery and Reinvestment Act") funding.

Ms. Penksa noted that it is a concern that the nearly $20 million received in federal stimulus funding likely would no longer be available going forward. Additionally, the $55.0 million set aside for the Wage and Steps Litigation, and subsequently included in the surplus, represents a potential liability. Given these factors, the surplus can easily be "eaten away."

Chair Olsen agreed that the level of surplus was illusionary given the potential for significant reductions in State Aid.

Total Expenditures

- Total expenditures have increased from $441.2 million in FY 2003 to $683.0 million in FY 2010. This constitutes a $241.8 million increase, or about 55%.
- "Backing in" the potential cost of $74.0 million for the Wage and Steps Litigation, the total increase in expenditures would be 70%. If this litigation is lost, total expenditures will have outpaced total revenues over this time frame.

Total Fund Balance

- Total Fund Balance has increased from $33.5 million in FY 2003 to $212.2 million in FY 2010. Ms. Mongold informed the Board that two important factors must be taken into consideration when analyzing this increase in fund balance. Those factors are:
  - ✓ The wage freeze initiated in FY 2004 has contributed significantly to this increase.
  - ✓ The Buffalo Teachers Federation has been without a contract since FY 2004 which also has significantly contributed to the growth in fund balance.

Ms. Penksa noted that the $212.2 million in total Fund Balance in FY 2010 includes both designated and undesignated fund balance, as discussed previously in the presentation.

Ms. Mongold agreed, and added that there was no reflection in the General Fund of the $1.2 billion current Other Post-Employment Benefits ("OPEB") liability. OPEB continues to be annually budgeted for on a "pay as you go" basis.

<u>Unreserved/Undesignated Fund Balance</u>

- Unreserved, Undesignated Fund Balance grew from $4.6 million in FY 2003 to $42.6 million in FY 2009; however, it decreased to $36.3 million in FY 2010.

<u>Concluding Comments</u>

The District has seen improvements in certain areas, while there are significant issues that remain which could negatively impact to the District's financial health.

Ms. Mongold concluded her presentation.

Director Arthur asked if BFSA referred the material presented to the various entitities for comment. For example, had the District received a copy of the presentation just given and responded?

Ms. Mongold affirmed presentation materials do get submitted to the various entities for feedback. However, this particular presentation had been submitted to the District late on the prior day; the District may not have had opportunity to review it.

Chair Olsen noted that the data presented is from the District's financial statements which are prepared by the District. The areas for discussion include addressing the probable liabilities over the long-term that threaten the District's financial health. He agreed with Director Floss's earlier concerns about the risks to the District's ability to perform its primary mission which is to provide high quality educational services.

Director Arthur replied that feedback from the various entities would be valuable to the ongoing work of the Authority.

First Quarter Report

Chair Olsen advanced the meeting to the next item for consideration: a review of the District's first quarter report. He asked Principal Analyst Bryce Link to provide a summary for the Board.

Mr. Link provided the following summary for the Board:

<u>Introduction</u>

- The District is projecting a $3.5 million unfavorable budget variance after its first quarter, largely due to revenues lower than projected. This unfavorable variance is largely driven by the State's reduction of State Aid due to the FMAP ("Federal Medicaid Assistance Percentage") contingency plan, implemented in the fall of this year. The District's State Aid was subsequently reduced by $4.1M.

Director Townsend asked for further clarification regarding FMAP.

Mr. Link replied that FMAP, or the Federal Medicaid Assistance Percentage rate, is the federal Medicaid reimbursement provided to states. New York State did not expect the federal government to reimburse New York State at a higher rate and enacted a FMAP Contingency Plan. The plan calls for New York State to reduce all non-mandated local assistance payments to all local entities state-wide by 1.1%. Subsequently, the District's State Aid was reduced by $4.1 million.

Mr. Link continued his presentation.

Introduction (continued)

- Employee compensation costs are projected to be under budget by $620,000 due to vacancies created by employees opting into the early retirement incentive offered in the current year.
- The current variance of $3.5 million is less than 1% of the District's operating budget and therefore deemed immaterial.

Risks

- Wage & Steps Litigation – Loss of the Wage and Steps Litigation would have a $74 million impact on the District in the current fiscal year. It is noted this amount has been included in the current year's budget. However, it would cost the District an additional $18.5 million annually going forward.
- Article VII Vetoes by Governor Paterson –The result of the Article VII vetoes impacted the District in two ways: first, it reduced a revenue advance from the State to the District for the District's annual pension contribution resulting in a one-year decrease to revenue of $11.5 million. The second veto lifted the pre-existing freeze on the Charter Schools payment formula and will result in an estimated increase in costs of $11.3 million to be paid to Charter Schools. The net impact of these items is $22.8 million.
- New York State payment reductions/delays – The State of New York has reduced the amount of aid payments midyear in the past to manage its own budget gap. Additionally, it has delayed payments to entities for cash flow purposes. The possibility of this occuring again in the near future is very significant given the State's dire financial situation.
- Unsettled Labor Agreements – The District has several outstanding labor agreements. Two of the largest are the Buffalo Teachers Federation and the Buffalo Administrators Union.
- OPEB – The District's OPEB $1.2 billion liability is a heavy concern; they have been unable to make significant reforms to address retiree health care costs.

Mr. Link concluded his presentation.

Chair Olsen noted that the risks cited in Mr. Link's presentation are a recurring concern. There is a disconnect between the 2010 District financial statements and the FY 2011 District 1st quarter report. The high level of potential liability confronting the District is a major concern. For BFSA to do its job adequately, it needs to get a "better handle of what the true picture is, with particular respect to liabilities and what ultimate steps would be taken in order to deal with a likely, very large hole in the budget."

Chair Olsen agreed with Director Floss's earlier sentiments that the District does not have much room to work with to deal with the looming costs other than dire actions such as cutting teachers, closing schools, cutting transporation services, etc…. None of these action are consistent with the professional aspirations of the those who work hard for the District to provide high quality educational services for the students.

BFSA needs a way to examine all of these potential impacts when reviewing financial plans so that a quality decision can be made. Perhaps the solution is to examine financial plans using a conservative approach and a less conservative approach. He added that BFSA needs to continue to monitor the District's financial health to see if it is consistent with that of an advisory Board.

Financial Review for the City and Other Covered Organizations
City 1st Quarter Update

Chair Olsen advanced the agenda to the next item for consideration: a review of the City's 1st quarter report. He asked Mr. Link to provide a summary of the staff's analysis.

Mr. Link addressed the Board and provided the following information:

First Quarter Update

- The City of Buffalo is projecting a $1.7 million surplus as of the end of the first quarter.
- The City adopted an operating budget of $460.6 million and is currently projecting both reduced revenues of $1.9 million and reduced expenditures of $3.7 million for a net reduction of $1.7 million.

Director Townsend sought clarification of whether the revenue and expenditure amounts were for the quarter or for the full fiscal year. Mr. Link replied that it was the amount projected for the full fiscal year resulting from actions known as of the end of the first quarter. The surplus is not a true operating surplus as there is budgeted use of fund balance in the current year. The budgeted amount of fund balance is reduced from roughly $12 million to $10.7million.

Net Reduction

- The largest revenue variance is driven by the decrease in intergovernmental revenue in the amount of $2.25 million
- The State's FMAP Contingency Plan reduces aid to the City by $1.3 million.
- The Medicare Part D reimbursement has been delayed and has a negative impact of $600,000.
- The Department of Substance Abuse was notified by the State that their reimbursement will be reduced by $374,000.
- As intergovernmental aid has been reduced in some areas, it is offset slightly by:
  - Higher than projected earned interest - $190,000;
  - Various Service Fees higher than projected - $130,000.
- The revenue reduction is offset by the reduction in current year spending, largely departmental spending driven by staffing vacancies. Thirteen of fifteen departments are projecting to be under budget for total projected budgetary savings of $2.9 million.
- The City is projecting $800,000 in budgetary savings due to lower fringe benefits and services.
- The City currently has a staff vacancy rate of 6%, or 156 full-time equivalent vacancies.
- The department currently projecting the largest amount of budgetary savings is the Police Department at $1.2 million. The Fire Department is projecting budgetary savings of $700,000, while the Department of Public Works is projecting to be under budget by $447,000. The Department of Permits and Inspections is projecting to be under by $191,000. The remaining nine departments that are projected to be under budget contribute a combined savings of $800,000.
  - The budgetary savings are largely attributed to vacancies.
- The two departments that are projected to be over budget include the Department of Administration and Finance and the Department of Human Resources.
  - The increased costs for the Department of Administration and Finance are attributed to additional supplies and repair parts associated with the City's reconstitution of the Parks Department.
  - The increased costs for the Department of Human Resources are attributed to moving forward with the Police entrance exam in the current fiscal year rather than in the next fiscal year, when it was originally planned.

Current Year Concerns

- The City is also faced with a potential liability associated with the Wage & Steps Litigation lawsuit. This could have a current year negative impact of $30 million. Unlike the District, the City does not budget annually for this potential liability.
- There is uncertainty related to additional reductions in State Aid, due to the State's fiscal crisis.
- The City, similar to the District, has several outstanding labor contracts. Two of the largest unions, the Buffalo Police Benevolent Association and the Buffalo Professional Firefighters Association, have the option of going to binding arbitration which could have a severe impact on the City's current year operations. Current year and retroactive awards will impact not only the current fiscal year, but compound in the out years as well.

Mr. Link concluded his presentation.

Director Floss asked how the 6% vacancy rate compared to previous years.

Mr. Link responded that he FY 2010 1st quarter was about a 6.3% vacancy rate. The current 6% rate seems on par with the historic vacancy average.

Chair Olsen noted that the 1st quarter report for the City shows the relatively strong financial position that the Mayor and his Administration have been able to achieve. There are significant factors such as unsettled collective bargaining agreements which threaten this relative healthy position. Overall it is a "very good picture."

BURA's 1st Quarter Update

Chair Olsen advanced the agenda to the next item for consideration: a review of BURA's 1st quarter report. He asked Mr. Link to provide a summary of the staff's analysis.

Mr. Link addressed the Board and provided the following information:

<u>First Quarter Update</u>

BURA is an unique entity where grant revenues are accruable to the extent of expenditures are accrued. As expenditures increase and decrease, so do the grant revenues. Grant funds can carry forward from year to year.

- BURA is relatively on track compared to the adopted budget and are under by $401,000. Revenues and expenditures represent approximately 25.8% of budget to date.
- The only significant variation is with BURA operations which is at 22% of the total budget. The variance is driven by staff vacancies.
- HUD cleared all findings and concerns from the prior year with respect to the CDBG program.
- At year-end BURA is projecting to still owe $10.02 million in defaulted Section 8 loan guarantees.

Mr. Link concluded his presentation.

BMHA's First Quarter Update

Chair Olsen advanced the agenda to the next item for consideration: a review of BMHA's 1st quarter report. He asked Comptroller Margreta Mobley to provide a summary of the staff's analysis.

Ms. Mobley addressed the Board and provided the following information:

First Quarter Update

- BMHA's first quarter operating results are consistent with the budget.
- The Cost Center Operations revenues are $1.6 million. Expenses are $1.5 million. These represent approximately 26% of their respective budgets.
- AMPs (Asset Management Projects) revenues were $8.0 million and represent 25% of budget revenues. AMPs expenses total $6.3 million and represent 20% of expenses.
- This constitutes a positive net cash impact of $1.6 million for the quarter.

Central Office Revenue

- Total actual revenue at the end of the first quarter is $1.6 million. Public Housing Management Fees total $591,000; Bookkeeping Fees total $87,000.

Central Office Expenses

- Central Offices budgeted expenditures for fiscal year 2011 are $5.9 million.
- The total expenses as of September 30th are $1.5 million. Major line items costs are Administrative Costs at $1.2 million and Maintenance Costs of $248,000.
- BMHA has remaining an additional $4.3 million in its budget to cover costs for the remainder of fiscal year 2011.

AMPs Revenue

- AMPs total first quarter revenues of $8.0 million include $5.3 million of Net Subsidy income and $2.3 million of Net Dwelling income.
- An additional $24.3 million revenue is budgeted for the remainder of fiscal year 2011.

AMPs Expenses

- BMHA incurred $6.3 million in costs through September 30, 2010.
- Major cost line items include Administrative at $1.6 million, Maintenance at $2.0 million, Utilities at $1.0 million and General Expenses of $1.4 million.
- BMHA has $25.3 million of the total year budgeted expenditures of $31.6 million to cover costs for the remaining fiscal year.

Additional Comments

- Phase I of A. D. Price redevelopment has been completed and Phase II is scheduled for completion mid-year 2011.
- BMHA is on track to meet the requirements of expending sixty percent of the $14.7 million American Reinvestment and Recovery Act (ARRA) grant by March 2011 and the remaining forty percent by March 2012.
- BMHA has applied to HUD for a planning grant from the Choice Neighborhoods Program.
- BMHA is preparing an application for the purchase of Walden Heights which would increase the number of public housing units available for the senior population.

Ms. Mobley concluded her presentation.

Director Arthur asked for the geographic location of Walden Heights. He asked what the BMHA's rationale was for the potential purchase.

Ms. Mobley gave Mr. Arthur a general idea of the location and agreed to follow up with BMHA with respect to the intent of the potential purchase of the property.

Privilege of the Floor

Chair Olsen asked if any member had new business to discuss. Hearing none, he extended the Privilege of the Floor to any attending member of the public who wished to comment for the public record on any action during the meeting.

Ms. Marilyn Galivan addressed the Board. She thanked the Board for the opportunity to offer her insight in the Board's actions. She lauded Chair Olsen's ability to "pinpoint problems within budgets without putting the people involved down." She offered additional praise for the Board's actions, specifically Director Arthur's. She wished the Board well during the holidays.

Chair Olsen thanked Ms. Galivan for her comments and noted that the idea of the Privilege of the Floor had been a wise one originally offered by her.

Adjournment

Director Arthur offered a motion to adjourn. Chair Olsen seconded the motion. The Board voted 7-0 to adjourn.

The Board adjourned at 2:02 PM.