

---

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Audit, Budget, & Finance Committee Meeting Minutes**  
**March 9, 2011**

---

The following are the minutes from the meeting of the Audit, Budget, and Finance Committee (the “Committee”) of the Buffalo Fiscal Stability Authority (the “BFSA”) held on Wednesday, March 9, 2011, in the Buffalo Market Arcade Complex. The meeting was called to order at 12:35 PM.

**Committee Present:** Floss & Olsen

**Committee Member(s) Excused:** Townsend

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

**Additionally Present:** A.V. Buzard, Esq., Harris Beach, PLLC; H. Todd Bullard, Esq., Harris Beach, PLLC

**Opening Remarks**

Committee Chair Olsen opened the meeting. He called a roll of the members. Finding a quorum present, the meeting commenced.

**Approval of Minutes**

Chair Olsen introduced Resolution No. 11-01, “Approving Minutes and Resolution from September 29, 2010.” He asked for a motion to move the item.

Director Floss offered a motion to approve the resolution. Chair Olsen seconded this motion.

**AUDIT, FINANCE & BUDGET COMMITTEE RESOLUTION NO. 11-01**  
**APPROVING MINUTES AND RESOLUTION FROM SEPTEMBER 29, 2010**

---

BE IT RESOLVED that the Buffalo Fiscal Stability Authority Audit, Finance, and Budget Committee approves the minutes of its meeting on September 29, 2010.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority Audit, Finance, and Budget Committee ratifies and affirms resolution 10-03 that was approved on said date.

Vote to approve 2-0.

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

Chair Olsen advanced the agenda to the next item for consideration by the Committee: a review of BFSA’s Preliminary 2012 Budget and Four-Year Financial Plan (the “Preliminary Budget”) as well as this committee’s consideration to authorize its public posting. He stressed that the Preliminary Budget was not currently being considered for adoption. The Preliminary Budget will be posted on BFSA’s website as well as at all chapters of the Buffalo & Erie County Public Libraries located within the City of Buffalo. Additionally, public comments on the Preliminary Budget will be accepted at BFSA’s

Public Forum on May 9<sup>th</sup>.

Chair Olsen added that questions, comments, and proposed revisions to the Preliminary Budget should be addressed to BFSAs Executive Director Jeanette Mongold. The final version of the document will be considered for approval at the June Board Meeting.

Chair Olsen invited Ms. Mongold to comment on the Preliminary Budget.

Ms. Mongold addressed the Committee. She stated that the BFSAs a New York State Public Authority subject to various State laws. One such law requires public authorities to publically post preliminary budgets at least thirty days prior to approval and no less than sixty days prior to the commencement of the following fiscal year. BFSAs standard practice is to meet and exceed this requirement. Public postings of preliminary budgets are made around ninety days prior to the approval of the document and approximately one hundred days prior to the start of the following fiscal year. Furthermore, the BFSAs solicits public input commentary of its preliminary budget concurrently with the annual Public Forum, which is held to allow the public to comment on the City of Buffalo and the Covered Organizations' proposed budgets and four-year financial plans.

Ms. Mongold noted that the Preliminary Budget had been prepared very conservatively, and also is prepared on the full accrual basis of accounting, which is consistent with what the BFSAs Act requires of the City and the Covered Organizations. The Board had requested a 24% decrease in operating expenses for FY 2010. This conservative approach was maintained in the approved 2011 budget as well as the currently proposed 2012 Preliminary Budget.

Ms. Mongold summarized the key aspects of the Preliminary Budget as follows:

– **Revenues**

The BFSAs two main sources of revenue are New York State Sales Tax and State Aid.

- Sales tax revenues intercepted by BFSAs, pertaining to the Buffalo School District (the "District"), are fully forwarded to the District. Sales tax revenues intercepted by the BFSAs, pertaining to the City, are adjusted for the amounts which are set-aside for BFSAs operating expenses and future principal and interest payment amounts for BFSAs issued debt.
- The projected sales tax revenues for fiscal year 2012 have been held flat as compared to the estimated revenues included in the 2011 budget, and furthermore is projected flat over the remaining years of the financial plan. Although these revenues have increased in calendar year 2010, the revenues have been conservatively budgeted as we expect a decrease in City sales tax revenues due to population results. In October 2010, the New York State Comptroller issued a warning letter stating that the City's percentage of sales tax revenues is expected to decrease due to the anticipated final U.S. 2010 Census results and the City's expected population decline. Even with this conservative approach, the ratio of sales tax revenues and state aid to debt service is 12.5:1.0.
- The projected State Aid amount is derived from the Governor's Executive Budget and held flat in the out-years of the Preliminary Budget.

– **Expenditures:**

- The BFSAs total staff related expenses have increased modestly by 0.8%. The projected cost of employee healthcare has decreased \$5,000, offset by an increase in the salary line by \$7,750.
- Total Office Related expenses are projected to increase from \$12,750 to \$13,300. The \$550 increase from adopted 2011 budget to the Preliminary Budget represents a 4.3%

- increase.
- Meeting Expenses are projected to decrease by 16.3%, due to a reduction in the Meeting Expenses Travel line.
- Total Profession Fees are projected to increase \$10,000, or 3.9%, due to the requirement to have an actuarial evaluation performed on the BFSA's OPEB liability in 2012. This evaluation must be performed once every three years...
- Rent expense is projected to increase 5% annually, or \$2,300. BFSA rents office space from the Buffalo Urban Renewal Agency, a City of Buffalo entity (previously the landlord was the Buffalo Economic Renaissance Corporation which is in the process of dissolution).
- Furniture and Equipment has decreased \$1,000 or 33.3%. The fiscal year 2011 budget included the one-time purchase cost of upgrade office software and operating systems, which is not an annually reoccurring expense.
- Total Operating Expenses are budget at an increase of 1.5%, or \$13,000 from fiscal year 2011, which is reasonable especially given that \$10,000 of the \$13,000 increase is due to the GASB 45 required OPEB evaluation.

Ms. Mongold concluded her comments regarding the Preliminary Budget.

Director Floss inquired why the projected FY 2012 Employee Health Insurance cost was projected to decrease by \$5,000 rather than increase, given the national trend of increasing health insurance costs. Ms. Mongold replied that the FY 2011 budget assumed five staff members receiving family coverage while the FY 2012 Preliminary Budget assumes four staff members with family coverage and one with individual coverage. Additionally, the cost estimates provided for healthcare premiums in the previous budget had been higher than the actual premium cost, which is partly why the FY 2011 actual employee healthcare premium costs are expected to be below the budgeted amount. No change has been made to the employee healthcare policy.

Chair Olsen introduced Resolution No. 11-02, "Authorize BFSA to Post the Preliminary 2012 Budget and Related Four-Year Financial Plan." He asked for a motion to move the item.

Director Floss offered a motion to approve the resolution. Chair Olsen seconded the motion.

**AUDIT, FINANCE AND BUDGET COMMITTEE RESOLUTION NO. 11-02  
AUTHORIZE BFSA TO POST THE PRELIMINARY 2012 BUDGET AND RELATED FOUR-  
YEAR FINANCIAL PLAN**

---

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 2012 through 2015; 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.

NOW THEREFORE BE IT RESOLVED, that the Audit, Finance and Budget Committee of the Board of the Buffalo Fiscal Stability Authority does hereby authorize the posting of the preliminary 2012 budget and related four-year financial plan in a minimum of five separate locations of the Buffalo and Erie County Public Library system 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 does hereby authorize the posting of its preliminary 2012 budget and related four-year financial plan on its website for the next 45 days.

Vote 2-0 to approve.

### **Adjournment**

Chair Olsen asked for a motion to adjourn the meeting.

Director Floss offered a motion to adjourn the meeting. Chair Olsen seconded this motion.

Vote 2-0 to adjourn.

The meeting adjourned at 12:43 PM.