BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
May 14, 2012

The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the "BFSA" or the "Authority") held on Monday, May 14, 2012, in the Buffalo Market Arcade Complex. The meeting was called to order at 1:01 PM.

Board Members Present: Arthur, Brown, Doherty, Floss, Jurasek, Mesiah, Olsen, and Poloncarz

Board Members Absent: Giardino

Staff Present: Mongold, Link, N. Miller, R. Miller, Tyler

Additionally Present: Ms. Mary Anne Schmitt-Carey, President, Say Yes to Education
Mr. Gene Chasin, Chief Operating Officer, Say Yes to Education
Ms. Amber Dixon, Interim Superintendent, Buffalo School District
Ms. Barbara Smith, Chief Fiscal Officer of the Buffalo School District
Ms. Pietra Lettieri, Esq., General Counsel, Harris Beach, PLLC
Mr. William Holder, Dean of the University of Southern California (USC) Leventhal School of Accounting

<u>Opening Remarks</u>
Chair Olsen opened the meeting by welcoming all in attendance. He then briefly reviewed the logistics for the meeting and advised the Board that there was a lengthy agenda as follows:

<u>Discussions with Outside Entities</u>

- An organizational introduction to Say Yes to Education by President Mary Anne Schmitt-Carey and Chief Operating Officer Gene Chasin,
- A report from the Buffalo School District (the "District") representatives on issues they are currently facing that could have an impact on the District's finances. In particular, District representatives have been asked to address the issue related to the agreement on teacher evaluations and the potential impact on both School Improvement Grants ("SIGs") as well as other potential revenue impact,
- A discussion with a public finance expert, as was requested during the last board meeting. This discussion is intended to provide an expert opinion on certain definitions in the BFSA Act that were discussed at the last Board meeting as they relate to transitional matters for moving into an advisory period.

<u>Regular Business</u>

- A review of comments generated from the Public Forum,
- A review of the proposed budgets and Financial Plans of the City and Covered Organizations,
- If time permits, a review of the third quarter reports of the City and Covered Organizations,
- A recommendation from the Audit, Finance and Budget Committee to the Board to approve the extension of the contract with the independent auditors for an additional two years, and
- A resolution to reconstitute the Governance Committee.

Chair Olsen noted that prior to the conclusion of the meeting members of the audience would have an opportunity to address the Board to discuss items from the day's meeting.

Roll Call of Directors
Chair Olsen asked Secretary Arthur to call a roll of the members.

Secretary Arthur found a quorum present; the meeting commenced.

Approval of the March 14, 2012 Minutes
Chair Olsen introduced Resolution No. 12-09, "Approving Minutes and Resolution from March 14, 2012."

Director Arthur offered a motion to approve the resolution.

Director Mesiah seconded the motion.

RESOLUTION NO. 12-09
APPROVING MINUTES FROM MARCH 14, 2012

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting on March 14, 2012.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority ratifies and affirms Resolution Nos. 12-01 through 12-08 that were approved on March 14, 2012.

The Board voted 7-0 to approve the resolution.

Say Yes To Education

Chair Olsen advanced the agenda to the next item of business: a presentation from representatives from Say Yes to Education. Ms. Mary Anne Schmitt-Carey, President, and Mr. Gene Chasin, Chief Operating Officer, will discuss the interaction of the organization with the District.

Ms. Schmitt-Carey began the presentation by thanking the Board for allowing her to present. She advised she started the work with leadership in Buffalo a year ago and was hopeful that the leaders will work together in different ways with an eye towards transparency, efficiency and the effective use of resources to increase high school and college completion rates. The District was first reviewed from a due diligence perspective of post readiness completion, such as strategies to increase high school completion, the organization and development and implementation of a strategic plan between the County, the City, the School District and the private sector.

Ms. Schmitt-Carey provided some historical background on the Say Yes to Education organization. Over the past 25 years, the organization has reviewed the academic, social and health indicators of students and determined the success rate is improved by the following:

- The incentive of a college scholarship,
- Identifying the students' academic challenges and weaknesses,
- Addressing the need for social and health services which distract from the students' ability to learn,
- Programming adjustments that include extension of the school year,
- The development of internships that affect the probability of students remaining in the community after graduation, and
- Assistance with the financial aid and the college application process.

The resources to accomplish the above provisions were initially provided by the founder, Mr. George Weiss. Today, the participating cities are set up with a collaborative structure between the public and private sector which includes the leadership of the county, city, the school district and private foundations. The process includes:

- The establishment of a governance structure that is chaired by the County Executive and includes the Mayor, School Board President and a later identified community leader to review the following reports:
    - Financial, due diligence,
    - Curriculum and instruction,
    - Special education and population,
    - Social and health programming,
    - Information technology.

There will be an operational group established that will be responsible for implementing the academic and social programs within the school. A task force will be added to become involved with the detailed components of the program, as follows:

- Asset mapping of the District and County programs to use dollars efficiently and effectively,
- City fiscal analysis of youth programs, and
- Achievement of synergy between the County, City and District.

Mayor Brown entered the proceedings at 1:18 PM.

Ms. Schmitt-Carey continued by stating that Say Yes to Education adopts and implements a national strategy for college and career success that provides a catalytic approach to educational and economic success. It transforms the way government agencies work together and creates a role for every sector in driving college and career success. Highlights of the program are:

- A unique public-private partnership that includes higher education as "anchor" institutions to leverage additional private resources and expand the pipeline of receptive and supportive colleges/universities for first generation college enrollees,
- A systematic approach to improvement,
- A coherent urban agenda focused on building a strong workforce, combating poverty, and investing in people.

Ms. Schmitt-Carey concluded her presentation by thanking the Board for the opportunity to discuss the dynamics of the Say Yes to Education program.

Chair Olsen opened the floor for questions.

Director Mesiah asked what portion of the funds comes from the Board of Education and from the New York State Education Department. Ms. Schmitt-Carey replied that the expectation was that funds from both departments would flow into the program.

Director Mesiah lamented the previous excitement of magnet schools that were to revolutionize education and never materialized. He also mentioned the excitement of charter schools and asked what assurances could be given that Say Yes would remain viable. Ms. Schmitt-Carey dispelled the notion of being similar to a charter school. The Say Yes to Education program is designed to implement the effective use of public dollars to drive the implementation of effective programs to enable each student to be successful. The program requires an entire community to believe in the capacity of students and to deliver in a very consistent way, with programming that gets students through high school and on to college. Say Yes to Education organizes the assets and dollars within the community to make the delivery of programming standard practice.

Mayor Brown stated the statistics for the previous programs were impressive and asked if the program could be implemented more quickly in Buffalo as a result of lessons learned in Syracuse. He asked if Buffalo would see the same level of success. Ms. Schmitt-Carey responded in the affirmative and indicated the City of Buffalo School District has the following advantages:

- the student monitoring system has already been developed,
- resources for the analysis tools have been secured, and
- the commitment from the District to begin to look at the modification of the curriculum and teacher professional development.

Director Jurasek asked how many of the county, city and school district budgets in Hartford and Syracuse, the previous models, required new dollars compared to reallocated dollars? Ms. Schmitt-Carey advised there was no new money in New York State. The funding is expected to come from reallocation.

Director Arthur requested written information be provided to the Board so that any questions that may arise could be addressed at a later date.

Director Arthur requested rearrangement of the agenda to move the District discussion after the BFSA discussion with the public finance expert.

BFSA Act Related to Transitional Language

Chair Olsen agreed to the request and advanced the agenda to the next item of business: the BFSA discussion with the public finance expert related to questions in applying the transitional provisions of the BFSA Act. Chair Olsen added that at the last board meeting there was a significant amount of discussion between the Board and legal counsel related to the BFSA Act and the statutory requirements to be met in order for the Board to move from a Control Period to an Advisory Period. Based on the recommendations by legal counsel, there are three areas that require Board determination with respect to laying the framework for whether or not these statutory requirements have been met. They are:

1. The Board must make a determination of whether a deficit has occurred in any of the three immediate preceding fiscal years when reported in accordance with generally accepted accounting principles ("GAAP") without including capital items,
2. A determination of which organizations the Board will include when applying the provisions of the Act, and
3. What specific funds are to be evaluated under the provisions of the Act, and whether the funds are to be reviewed individually or collectively?

In order to address these matters, the Board requested to meet with a public finance expert. He asked Executive Director Jeanette Mongold to provide a brief summary prior to the scheduled discussion Mr. Holder.

Ms. Mongold advised the Board she held discussions with the technical advisory group of the Governance Finance Officers Association ("GFOA") in order to identify an appropriate individual to address the Board regarding the transitional language and the deficit. Mr. Holder is currently Dean of the Leventhal School of Accounting at USC Marshall School of Business, is a certified public accountant and recently held a member position with the Governmental Accounting Standards Board ("GASB") which is the authoritative body that establishes generally accepted accounting standards ("GAAP") for state and local governments. He is an expert on financial accounting and reporting for governments and has been published in numerous professional publications. Mr. Holder was advised that the Board has requested expert guidance to assist the Directors in making the determination related to the deficit language provided in the Act. The BFSA Act was provided to him along with a copy of the memorandum from Harris Beach that was discussed at the last board meeting.

Analysis of the Deficit

Mr. Holder addressed the Board via video link. He provided the following information:

After reading the materials provided by Executive Director Mongold and considering some of the professional literature regarding governmental accounting there are several decisions to be made. The statute is ambiguous with respect to various matters which require reasonable conclusions to be reached. The items that are important in the determination are:

1. The breadth of measurement as to whether a deficit exists.
The language isn't clear whether the measurement is to be based on the General Fund, governmental funds or City-wide measurements. He indicated that because the term "expenditures" was used that the writers likely were focusing on either the General Fund or governmental funds collectively. The choice is left to the Board of Directors, due to the tone and interpretive language of the provisions.

2. What elements should be included?
The next item is to determine what elements should be included in terms of determining if a deficit exists or not. The question is whether to evaluate only revenues and expenditures, or be more inclusive and include Operating Transfers In and Operating Transfers Out. Although the language does use the term "expenditures", it doesn't use it in a manner that is exhaustive. He indicated a reasonable conclusion would be to include Operating Transfers In and Operating Transfers Out, however noted it is not unreasonable to exclude these items. He indicated that it may be more reasonable to include Operating Transfers In and Operating Transfers Out considering what the Board is trying to measure and given some of the structural issues of how taxes are raised and moved among funds.

3. The exclusion of capital items
There is some ambiguity within GAAP that surrounds whether or not expenditures are treated as a capital item. After reviewing the way the language is written in the BFSA Act, the Board could look at the City's policy for determining capitalization of certain items after they reach a certain dollar threshold. Those thresholds are generally set with materiality measurements and judgments in mind. GAAP would tolerate capitalizing items that are going to benefit more than one year of activity irrespective of how trivial their cost might be. In examining the capital item exclusion, thinking about materiality may be a useful exercise.

4. Evaluation of deficit
If resources included for a particular period of time are less than the uses of those resources, it is clear a deficit would result. If the converse were true, that is, if the resources exceed the uses of those resources, there would not be a deficit during a particular time period.

Mr. Holder concluded his presentation.

Director Floss asked Mr. Holder's opinion as to whether or not it's reasonable to consider future revenue potential from future increases in property tax revenues in context of evaluating if a deficit has occurred. Mr. Holder stated the financial statements that are referred to within the provisions indicate the statements are to be prepared under GAAP. Whether a deficit resulted would be driven by the actual revenues that are generated during the year and are not a function of future revenues. Future revenues do not qualify to be reported in the current year under GAAP, so it is difficult to see how they would alleviate what otherwise would be a deficit.

Mr. Holder concluded his analysis by thanking the Board for the opportunity to review the material and discuss the concerns of the Board.

Chair Olsen opened the discussion among the Board members to determine if there is an interest in the Board moving to an advisory status.

County Executive Poloncarz stated that the primary issue is the determination as to whether or not there is a deficit. The criteria in the BFSA Act states there must be three balanced budgets as well as the City issuing bonds. Certification was received from both the State and City Comptrollers confirming the sale of bonds. Therefore, the only determination to be made is whether there is a deficit. Mr. Holder referenced in his presentation the adoption and adherence to budgets in determining whether a deficit exists. The New York State Legislature wanted to insure the City of Buffalo was placed on sound, fiscal footing. Since the City has complied with three balanced budgets and has achieved access to the financial markets it is recommended that the Board to move to advisory status.

Chair Olsen agreed the focus should be on the General Fund in determining the deficit rather than individual funds such as the Solid Waste and Recycling Fund. The issue is how to look at revenues and expenditures based on the interpretations discussed as reasonable by Mr. Holder.

Director Floss reminded the Board of the recommendation to memorialize each of the conclusions and asked if motions were needed.

Chair Olsen suggested that since there is an interest in transitioning to advisory status, a resolution should be prepared in consultation with counsel that memorializes the transition.

Director Arthur offered a motion requesting that a Special Meeting of the Board be convened on Tuesday, May 29, 2012, for the purpose of entering into an advisory period, effective July 1, 2012, and acting upon any and all resolutions that may be necessary to carry out the transfer to an advisory period.

Director Floss seconded the motion.

Director Jurasek stated for the purpose of clarity that, as he understands the issue, there is an action deadline for May 29 and that there are three questions that need to be affirmed or negated, and memorialized accordingly, before acting on the issue.

Chair Olsen responded affirmatively and requested Secretary Arthur call the roll of the vote.

The Board voted 7-1 (Olsen dissents) to approve the convening of a special meeting on Tuesday, May 29, 2012 for the purpose of entering and acting upon any and all resolutions that may be necessary to carry out the transfer of the BFSA into an advisory status effective July 1, 2012.

<u>School District Issues</u>
Teacher Evaluation Process and Potential Impact

Chair Olsen advanced the agenda to the next item of business: the issues related to the agreement on a teacher evaluation system and the potential impact on the Financial Plan in the event that an agreement is not reached. He asked District Interim Superintendent Amber Dixon and District Chief Financial Officer Barbara Smith to provide an update on these items.

Ms. Dixon began her presentation by stating the problem was very complex. The evaluation process was required for the current school year. An evaluation document was to be in place between the Buffalo Teachers Federation ("BTF") and the Buffalo Council of School Administrators ("BSCA") to evaluate teachers in six Persistently Low-Achieving ("PLA") schools this year. These schools were in the first two rounds of PLA identification.

Approximately $10 million was received for those schools with the knowledge that something additionally would need to be implemented. The New York State Education Department ("NYSED") advised the District in December 2011 that evidence would have to be provided that an agreement had been reached with the collective bargaining units regarding the evaluation system. An inquiry was made by the District concerning the format of the evidence to be submitted and the response from the State was written guidance would be provided. Two weeks later the State advised there would be no written guidance and the District needed to provide evidence that the collective bargaining agreements had been amended to incorporate the new evaluation process.

On December 28, 2011, BTF President Philip Rumore, Interim Superintendent Dixon and BCSA President Crystal Barton signed off on documents attesting that implementation of a teacher and principle evaluation system would be made this year based on New York State Education Law §3012C. NYSED Commissioner King advised the Buffalo District and nine other additional districts that the plans were not adequate and were provided with written guidelines that included a checklist of items that were sufficient or insufficient. As a result, they were also notified that as of January 1, 2012, funds would no longer be provided to the District.

An immediate request was made for additional guidance. One webinar was provided that was shared across the State with the ten school districts. Following a discussion with the other districts and review of the law, a document was agreed upon and submitted to NYSED on January 28, 2012.

The Commissioner began providing verbal feedback indicating the submission did not rise to the level of rigor expected and there were areas that needed strengthening. In the interim, it was mentioned that there was wording included in the glossary that referred to student attendance. NYSED would not approve a document that included this type of language in the glossary. The document includes State and Local guidelines. Attendance could not be discussed in the State portion of the guidelines; however, eventually NYSED decided it could be included in the locally developed state portion of the evaluation.

A third, formal document was submitted on March 23, 2012. Mr. Rumore advised he would remove his signature if the BTF Council of Delegates did not approve his signing of the agreement. A phone call was received on March 28, 2012 from NYSED that there were minor flaws included in the document that needed to be addressed quickly in order to become approvable. The changes were made and a call was placed to Mr. Rumore. During that time an email was received that included a formal denial letter from NYSED. Mr. Rumore was contacted and at that point decided he would not bring the issue to the BTF Council of Delegates because this was the third formal submission and that the members had lost confidence in the Commissioner's willingness to approve anything. The changed document was submitted with the inquiry to see if it was approvable. NYSED responded affirmatively. The document was submitted with the signatures of Ms. Dixon and Ms. Barton. The Commissioner responded with a note advising that all that was missing was the signature of Mr. Rumore. When contacted, Mr. Rumore reiterated he was not sure if the BTF Council of Delegates wanted him to sign the document because of the loss of confidence in NYSED.

As of January 1, 2012, $5 million in grants stopped flowing to the District. A hearing was held at NYSED at the end of April 2012. The District's position was they were in compliance with the language signed off on for the School Improvement Grant ("SIG") funding and a signed agreement was reached by January 1, 2012. A determination has not been received nor a final deadline as to when the funds can be disbursed to the District. The District has taken the following actions:

- After-school programs were stopped at the six schools that were involved after January regent exams,
- Professional development and contracts for support services were stopped.

Since January 2012, the SIG funding for the six schools has not been received. While these funds are not written into the core budget of the school, they are designed to supplement instructional services rather than supplant instructional services.

As of today, a response was received from the Commissioner regarding the next seven schools regarding the plans that were submitted on December 29, 2011, which included four restart models. Those schools would report directly to the NYSED rather than the District. In addition, three turnaround plans were submitted that involve transferring half of the staff and the principle, but is not dependent on the teacher evaluation system being in place for next year. Approval was received last week via a letter for six of the seven plans submitted, which included conditional approval for the restart models that requires a signed, approvable evaluation agreement with the BTF and the BCSA by July 1, 2012. Ranges of award are from $1.3 million to $1.8 million for those schools.

The District is currently working to schedule a meeting with the BTF to discuss the 2011-2012 fiscal year and the 2012-2013 fiscal year. The failure to obtain an agreement has a severe impact on the upcoming year jeopardizing $33.4 million in State Aid. Ms. Dixon noted that attendance is not the obstacle in the teacher evaluation conflict and the District will continue to work through the current obstacles.

Director Jurasek asked for confirmation of the amount of funds in jeopardy for FY 2012-2013.

Ms. Dixon responded the total amount is $57 million. Chair Olsen inquired what amount of the $57 million are budgeted permanent funds. Ms. Dixon responded $33.4 million are permanent funds.

Director Mesiah asked what is the issue that is causing the delay in reaching an agreement. Ms. Dixon responded there isn't one particular matter but three minor changes NYSED required in the March 23rd submission. Those changes were:

- A document submitted in the form of a table that needed to be in narrative form,
- A section of the document broken into six different areas that NYSED requested to be submitted into 15 different areas, and
- A chart submitted at 100% needed to be resubmitted at 80% and 60%.

Ms. Dixon noted that as a result of the document submitted on March 23rd, no teacher would have an evaluation any different than previous evaluations performed. There is no "stumbling block" regarding attendance or any issue of disagreement on the part of the District. A loss of faith exists with the NYSED Commissioner by the members of the BTF.

Mayor Brown inquired if the $57 million were permanently lost at this point. Ms. Dixon responded no funds have been permanently lost. The teacher evaluation system is ready for implementation as soon as a document is provided allowing the District to do so.

Mayor Brown noted that it seemed like bureaucracy at the State level and frustration at the teachers' union level. He asked if there was some way both entities could be approached to resolve the issue. Ms. Dixon responded a request was made for NYSED to approve the signed document currently in their possession noting that the three changes were so minor and there would be no impact on the evaluation of the teachers. NYSED did not agree and stated the document would not be in compliance with the Federal law. The same request was made of the BTF; they too refused.

Mayor Brown asked if the District had requested an opinion from the Federal government with regards to the compliance of the document. Ms. Dixon advised the District had allowed NYSED to make the determination.

Chair Olsen asked what would need to be done to deal with the loss of these funds. Ms. Dixon responded the loss of school improvement funds would place the responsibility back into the hands of the community. The loss of SIG funding could result in the eradication of school bus aides, teacher aides, music, and the arts along with the loss of maintaining integrity in the classroom.

County Executive Poloncarz asked if there is a "drop dead" date for which the matter is to be resolved. Ms. Dixon responded there is a July 1, 2012 deadline for the SIG funding for the three restart models and a January 2013 date for the State funds. No funds will flow to the district until an agreement is reached.

Director Floss asked if conversation has been generated with the WNY Delegation and if they have offered to come in and mediate the issue or work with NYSED since they have legislative oversight of these matters. Ms. Dixon advised at various points she has had conversations with the WNY delegation who in turn has reached out to have discussions with Mr. Rumore.

Director Jurasek asked if the difference between the $57 million and the $33 million was school enrichment and enhancement dollars as opposed to actual building operations. Ms. Dixon answered affirmatively. She concluded her presentation by stating there could be some bending and accommodating amongst all parties involved in order to put the children's needs first.

Chair Olsen thanked Ms. Dixon her for her candor and hard work.

Summary of Public Forum
Chair Olsen advanced the agenda to the next item of business: the summarization of comments on the Financial Plans of the City and the Covered Organizations through the public forum held on May 7, 2012. He asked Principal Analyst Bryce Link to provide a brief summary**.**

Mr. Link thanked the Board for the opportunity to present the Public Forum's summary. He began with a review of the summaries received from the participants who attended the May 7th public forum. The following Directors were in attendance: Chair Olsen, Secretary Arthur, County Executive Poloncarz, Director Floss and Director Jurasek.

The Public Forum is required by the BFSA statute and it is an opportunity for the public to present comments, suggestions and recommendations to the Board. This is not the only opportunity City residents have in providing comments; BFSA provides these opportunities at the end of each Board meeting as well as throughout the year.

There were six individuals who provided the following comments to the Board:

Arts & Cultural Funding

- Funding of arts and cultural programs is important. The City should return funding these organizations,
- Cultural organizations are an investment in economic development and job creation. A request was made for BFSA to send a message of support and to recognize the importance of operational funding for cultural organizations.

District Matters

- Concerns with what is occurring with the BTF and the current controversy over agreeing on a teacher evaluation process,
- Teacher evaluations should include the entire student population,
- Teachers do have the ability to motivate students to attend school.

Buffalo Municipal Housing Authority Matters

- The Public Forum is inopportunely scheduled in May,
- Stated support for the management of the Marine Drive apartments by the Buffalo Municipal Housing Authority ("BMHA").

District Matters

- The Common Council is interested in providing additional aid to the District but has no control over how the funds are used,
- The City collects $138 million in Property Tax and transfers 51% of it to the District,
- The Common Council would like to have input on which programs the money is spent for,
- The Common Council is concerned with the constraints of the Maintenance of Effort guarantee.

BFSA Transition to Advisory

- When the Authority transition to advisory? What will be the process?

Buffalo Professional Firefighters Association

- The Buffalo Professional Firefighters Association has offered the City of Buffalo various proposals,
- The City has been unwilling to negotiate.

Mr. Link concluded the presentation by thanking Mr. Joshua Boston and Ms. Jacqueline Sievert for serving the important role as the independent scribes at the public forum, and documenting the comments received from the public into a formal report. He thanked Financial Analyst/ Manager of Technology Mr. Nathan D. Miller for his assistance with the Public Forum and for compiling the 2012-13 Public Forum report.

Chair Olsen asked if the Board had any questions. Hearing none, he advanced the agenda.

Review of the Proposed 2012-2013 Budget and the Related Four-Year Financial Plans of the City

Chair Olsen advanced the agenda to the next item of business, the review of the proposed 2012-2013 budgets and the related four year plans of the City and Covered Organizations. Two separate reports were subsequently submitted related to the City; one report on the 2012-13 Proposed Budget and a separate report on the Financial Plan. Management of BMHA is reworking their Financial Plan and will be reported to the Board at the next board meeting on June 4th.

County Executive Poloncarz noted his need for early departure. He thanked the BFSA staff for their assistance in responding to his questions concerning the sales tax as budgeted by the City. He added that he does not believe the Control Board should be dictating policy with regards to a particular government. He indicated he has an issue with the large use of what would be the 2012-2013 budgeted use of fund balance at the same time there is a tax reduction. The concern is that in future years there is the potential for having almost no fund balance. If the tax based was maintained at the same level, the need to use fund balance would be alleviated.

Mayor Brown added that the County Executive's concerns were fair and valid. However, the decision to lower the commercial tax rate by 8.5% was a choice to provide property tax certainty and to drive investment more quickly into the City of Buffalo. The City is receiving calls weekly from national and international potential investors. The City wants to be able to indicate there is a low tax environment. The City has gradually made these reductions in the tax rate over seven budgetary periods. If the budget is approved, the residential tax rate will be reduced by over 15% and the commercial tax rate by almost 25%. Pension expense has been a cost-driver for the City. However, as the economy begins to become healthier, pension costs will begin to slow as the market reflects the improvement. By providing a certain level of property tax certainty the belief is it will stabilize the City's tax base and drive new investment in the City.

A number of entities are stepping forward and making new investments within the City. Over time, the balanced budget and the smaller surplus in fund balance will not be completely wiped out.

Chair Olsen added that one of the reasons the BFSA was created is that, prior to the current administration, the tax rate was driven right up to the constitutional limit and there was no possibility to raise additional revenue. The significant drop between property tax levels and the constitutional cap is very important.

Mayor Brown added there is considerable room in the constitutional taxing margin. The City also has the highest municipal credit rating in its history, A1 from Moody's, A from Standard & Poor's, and A+ from Fitch. Additionally, the taxpayers were able to save $1.6 million due to the recent refinancing and improved credit rating.

At 3:03 PM, County Executive Poloncarz exited the proceedings.

Ms. Mongold began the presentation by acknowledging the hard work that went into the development of the budget and Financial Plan, and particularly thanked City Commissioner of Administration, Finance, Policy & Urban Affairs, Ms. Janet Penska, and City Director of the Budget, Ms. Donna Estrich. She noted that Mr. Link would provide additional information on the details of the Financial Plan.

High level observations for the Board are:

- The 2012-2013 budget as submitted appears reasonable with respect to the revenues and expenditures projected within the budget,
- The budget is balanced with the use of fund balance as a resource,
- The budget provides for $11.5 million of fund balance to fund the baseline budgetary deficit,
- The plan uses all available fund balance for 2012-2013 and relies on all available fund balance in each remaining fiscal year.

Ms. Mongold utilized a slide presentation and provided the following information:

- City of Buffalo's Unassigned Fund Balance at June 30, 2011 was $5.7 million,
- There is an expected reclassification from assigned fund balance to unassigned fund balance of $6.3 million related to changes in litigation matters,
- BFSA is assuming there will be no budgetary surplus in 2011-12; it's noted the City is projecting a budgetary surplus,
- Restricted Net Assets - the restriction related to approximately $1.0 million has been released and is therefore available to the City.

This restriction relates to a debt covenant that was entered into in conjunction with the 2004 deficit borrowing that the BFSA entered into. The BFSA withholds a certain amount of sales tax monthly for the future principal and interest payments on this bond. As the amount is withheld, the restriction is lifted resulting in the year-to-year impact of approximately $1.0 million.

In total, there is approximately $12.9 million of available fund balance, providing a cushion of approximately a $1.4 million. It's important to note that fund balance is classified at a certain point in time, on June 30th of each year. There is a possibility that events could occur that may trigger more funds to be reclassified to other categories, which could result in an unbalanced budget with a projected fund balance deficit in Unassigned Fund Balance.

With respect to the out-years of the Financial Plan, there are various uncertainties with respect to projected revenues. In some instances, certain actions would have to occur outside the control of the City in order for these revenues to be recognized or fully realized. It is important to discuss these assumptions since there aren't additional fund balance resources to draw on and to understand the financial impact in the event the revenues don't materialize.

These uncertain revenue projections include:

- **Recurring State Aid** - Within the Financial Plan there is an anticipated growth factor of 2% applied to the 3 out-years of the Financial Plan that totals $19.6 million. The State's Financial Plan has revealed a 0% growth factor which creates a mismatch between the State projection and the City's projection,

- **Increased reliance on other financing sources** – The City has budgeted for Transfers In from Other Funds, and the uncertain revenue projections apply to the projected transfer from the Enterprise Parking Fund. There are future events that need to occur in order for all projected revenue to be recognized which consists of:
    - The proposed sale of parking ramps which accounts for $11.5 million over three years,
    - A revision of the parking fee structure which is projected to provide for an additional $7.2 million of parking fee revenue.

  These items require approval by the Parking Board, and be reasonably estimated in order to meet the specifics of the Financial Plan,

- **An estimated increase for parking fines –** the City is projecting an additional $5.5 million from a program to be implemented for license plate scanners for which there is no historical experience with this program to determine if the estimates are reasonable,

- **Restricted Aid & Incentive for Municipalities ("AIM") Funds** – Funds held by the BFSA will be fully utilized within the four years resulting in no remaining restricted State AIM available beyond 2016 for the City to use for future year budgets,

- **The "Rainy Day" Fund** – The fund remains intact and can be used for revenue shortfalls such as a mid-year state aid cut or unanticipated expenses, but may not be used for general operations,

- **Programs to Eliminate the Gap ("PEG") actions** – PEG actions include estimated savings from an asset management program and energy assessment program; total PEG savings have been budgeted at $11.0 million over the Financial Plan,

- **Estimated expenditures possibly under-projected -** Certain expenditures may be under budgeted, in particular the cost of health insurance.

Ms. Mongold concluded her summary by stating that a total of $38 million of revenues are included in the financial plan that rely on the actions of other entities, including New York State and the Parking Board.

Chair Olsen asked Mr. Link to provide his summary of the City's 2012-13 Proposed Budget and Four-Year Financial Plan.

Mr. Link began by identifying the major operating revenue sources. They are:

- State AIM - $179.9 million,
- City Property Tax Levy - $138.0 million,
- Sales Tax - $74.4 million,
- Transfers In - $12.6 million,
- Restricted AIM - $3.7 million, and
- All Other - $62.5 million.

Total resources are $482.6 million which includes the use of $11.5 million in fund balance.

A review of 2012-2013 proposed expenditures is comprised of:

- Fringe Benefits - $144.7 million,
- Operating Transfers Out - $105.4 million,
- Police Department - $78.4 million,
- Fire Department - $54.6 million,
- Public works - $27.0 million,
- Utilities - $17.0 million, and
- All other - $55.5 million.

Total FY 2012-13 proposed expenditures are $482.6 million.

To get a better and more accurate picture of operational costs for the City, one needs to eliminate operating transfers out of $105.4 million. The remaining amount, $377.2 million represents total operating costs. Of the $377.2 million, 85% are comprised of employee costs. These costs consist of salaries and fringe benefits (including pension and health insurance), totaling $320.6 million. The other portion of operational costs consists of supplies, service agreements, equipment and capital outlay totaling $56.6 million.

A historical perspective based on budgeted amounts, in regards to personnel costs, indicate that since FY 2006 there has been a growth in personnel costs over the seven year period. Personnel costs have increased by $91.7 million primarily driven by increases in pension and health insurance costs. Moderate salary increases have occurred over this time period. Additionally, the average cost per active employee between FY 2005-06 and the proposed FY 2013 budget, has increased from $80,316 to $109,220, or 36%. The largest cost drivers here include pension, health insurance, and overtime.

Over the Financial Plan, in each fiscal year expenditures exceed revenues for a total baseline budgetary gap of $31.6 million. The City is proposing to utilize $20.6 million in Unassigned Fund Balance to close a portion of the gap, as well as implementing $11.0 million in PEG actions.

There are no real concerns in the current fiscal year, other than the reliance on the use of fund balance, but there are serious considerations with the out-years, especially with the dependence of the City to receive additional revenues from the State and the County. Expenditures are projected to grow modestly over the next four years.

After the use of Unassigned Fund Balance, the City is going to close out the remaining gaps by implementing the following new programs:

- **Asset & Property Management Plan** - Projected to reduce expenditures by $3.9 million through the closing as well as of the sale of various City owned properties,
- **Implementation of the Energy Assessment Plan** - Projected to reduce operational costs by nearly $7.1 million. Activities include replacement of light fixtures and bulbs, conversion to LED Light Emitting Diode ("LED") lighting, weatherization, and window replacement.

Focusing on the out-years of the Financial Plan, the four previously mentioned revenue sources and the use of the Unassigned Fund Balance comprise 82%-85% of all City resources. The currently proposed Financial Plan will deplete the restricted AIM funds by FY 2014-15 and the Unassigned Fund Balance by FY 2015-16. Property Tax revenue is reduced in the upcoming fiscal year and will remain flat until FY 2014-15 when growth is projected based on an increase of property assessments.

Sales tax growth is projected at 3% in the out-years of the Financial Plan.

The City is proposing to increase the transfer from the Parking Enterprise Fund to the General fund with a series of modifications to current operations of the Parking Enterprise Fund. The revenue is untested and not guaranteed to materialize.

Growth in expenditures will remain relatively flat in the out-years of the plan at less than 1% annually. Departmental spending is being held with minimal growth. Health insurance is projected to increase at 3% annually and pension costs are budgeted to increase 1% annually. All Other Fringe benefits have the most significant change at this time due to the following:

- the salary accrual of $8.0 million that would be used for any potential collective bargaining agreements which may be settled,
- the designation of a freeze account for uniform police and fire overtime.

Active employee and retiree health care costs between fiscal years 2009-2013 have increased by $13.65 million. The City is paying nearly the same amount for retiree health care costs as they are for active employees. Costs should be slowing their increase due to new policies being implemented as well as by the City working closely with insurance consultants to reduce costs. However, this area may be under-projected based on historical experience.

The following considerations relate to projected expenditures:

- Minimal annual departmental spending increases,
- $8.0 million budgeted annually for salary adjustments; anything greater than projected would place additional strain on Financial Plan, and
- Modest growth in fringe benefits which may be under-projected.

Mr. Link summarized his presentation by stating for consideration the following:

- A total four-year operational deficit of $31.6 million exists before the use of fund balance of $20.6 million,
- The four-year plan relies on $18.0 million of restricted AIM funds,
- The depletion of Unassigned Fund Balance,
- Overtime costs are budgeted at relatively flat levels for police and fire in the out-years,
- personnel costs are held flat and benefit costs continue to rise,
- The New York State economic climate is a risk to additional State aid revenues.

Mayor Brown commended Mr. Link and the staff for the excellence in the presentation. He offered thanks to the City staff, the Commissioner of Finance and the Budget Director for their diligent work in preparing this year's budget. He also acknowledged the BFSA staff for reaching out to and working with the City staff cooperatively in the budgetary process.

Chair Olsen commended the Mayor. The Mayor has managed to reduce the labor force significantly and provide property tax relief for residential and commercial taxpayers. This provides a better climate to encourage people to move to the City and provides the City with additional revenue. The collective bargaining process has become more realistic with a more appropriate emphasis on employee contribution for healthcare benefits during active service and retirement.

He added his concerns regarding the proposed cost reductions related to the PEGs, as they are sometimes difficult to accomplish, and the financial problems that may arise due to the ability of the policy and fire unions to enter into binding arbitration. The City has very little control in terms of ensuring that realistic awards are provided under binding arbitration that are reflective of the City's ability to pay.

Director Floss added that while it is important to look at the out-years and the risks that are associated with any deficits that might occur, and how important the assumptions are, it is appropriate to note that the City has been very judicious over the last few years recognizing surpluses and not deficits in their budgets. The public and others should not be left with the impression there exists a dire situation. Additionally, with a lot of the public and private partnerships that are happening, an increase in pilot projects would enable to City to collect payments in lieu of taxes ("PILOTs"). Considering the additional State money expected from the State University of New York ("SUNY") with a downtown campus, the City should attempt to capture more State money and not expand at the expense of the residents of the City.

Director Jurasek offered that the degree of exposure in the Financial Plan in terms of the assumptions made are reasonable.

Mayor Brown added the City is making the assumption of a 2% increase in State aid as opposed to the State's 0.0% increase based on the fact that the State has been healthier than it has been. Other large, upstate cities that have significant fiscal challenges are aggressively making a case to the State that there needs to be an increase in State Aid.

Director Jurasek added that all of the assumptions in the budget as reasonable and appropriate with items for consideration and few concerns.

Director Doherty inquired what the assumption is by lowering the property taxes for a longer term. Is the assumption that the tax base will increase overall and tax dollars will go up over some time frame? Mayor Brown responded the City is hoping to have some potential deals closed by the end of the year and is anticipating an acceleration of more investment in the out-years of the Financial Plan.

Review of the Proposed 2012-2013 Budget and the Related Four-Year Financial Plans of the District

Chair Olsen advanced the agenda to the next item of business: review of the Proposed 2012-2013 Budget and the Related Four-Year Financial Plans of the District. He asked Ms. Mongold and Mr. Nathan Miller to provide a summary of the material.

Ms. Mongold provided preliminary comments and acknowledged the hard work that went into the financial and the transparency in the key assumptions as outlined within the document. The Financial Plan is consistent with what has been provided to the Board in the past. Key estimates and assumptions have been revised based on current information.

The District's FY 2012-2013 budget is balanced with reliance on fund balance. All available fund balance will be exhausted over the four-year period. Beginning with the FY 2015-16, the Financial Plan no longer includes fund balance as a resource as these reserves are projected to be fully exhausted.

At 3:50 PM, Mayor Brown exited the proceedings.

Ms. Mongold advised that the overwhelming message in the Financial Plan is that the District's costs are increasing at a rate that far exceeds the increase in revenues. Most of these costs are outside the immediate control of the District. The Financial Plan clearly acknowledges the situation and indicates that in the absence of an increase in revenues, cuts in program delivery will need to be made that would have devastating results on the District. The Financial Plan outlines management's plan to eliminate the budgetary gap; however, there will remain a $70.1 million gap to be closed through actions not clearly defined in the PEG action plan.

Ms. Mongold concluded her introduction to the District's 2012-13 Proposed Budget and four-year Financial Plan.

Mr. Nathan Miller addressed the Board and provided the following information:

The District's 2012-13 Proposed General Fund revenues total $759.6 million, as follows:

- New York State Aid (excluding Building Aid) - $514.8 million,
- New York State Building Aid - $119.1 million,
- Real Property Tax - $70.3 million,
- Erie County Sales Tax - $36.0 million,
- All Other Revenue - $19.4 million.

The District's 2013-16 Financial Plan increases General Fund revenues by $33.4 million, or 4.5%. The increases in total General Fund revenue are driven primarily by increased State Aid, excluding Building Aid, which is proposed to increase $36.9 million or 7.2%.

The District's 2012-13 Proposed General Fund expenditures total $775.5 million, as follows:

- Employee Compensation - $237.4 million,
- Employee Benefits - $171.9 million,
- Payments to Charter Schools - $91.8 million, and
- Other Expenditures - $274.4 million.

The District's 2013-16 Financial Plan increases General Fund expenditures by $75.0 million, or 9.6%. The increases in total General Fund expenditures is driven by increases in Employee Compensation of $9.8 million, or 4.1%, Employee Benefits of $37.8 million, or 22.0%, and Payments to Charter Schools of $28.0 million, or 30.5%. All other expenditures are proposed to decrease $0.7 million or 0.2%.

The District's proposed FY 2012-13 revenues total $759.6 million. Expenditures total $775.5. After the planned usage of Assigned Fund Balance of $900,000, the operational deficit is $15.0 million. The cumulative operational deficit over the four year course of the Financial Plan is $161.3 million and is reduced to $112.7 million after the spend down of $45.0 million in Unassigned Fund Balance, which would total $6.8 million by June 30, 2016.

The District has submitted its PEG plan for the out-years of the Financial Plan which consists of the following:

- Reductions of up to 50 positions in each of the out-years,
- Closure of five District facilities,
- Forced layoff of bus aides,
- Reductions of Art, Music and Athletic programs,
- Consolidation of administrative functions along with increased collaboration with the City of Buffalo.

Mr. Nathan Miller reiterated a point made earlier by Ms. Mongold that $70.3 million of PEG Actions were not clearly defined and more amorphous than other defined actions.

Risks to the Budget and Financial Plan are as follows:

- The District is heavily dependent on State aid. A loss of $33.4 million could occur if there is no teacher evaluation plan in place by January 17, 2013.
- Usage of $45.0 million in Unassigned Fund Balance to reduce the four year operational deficit would deplete this reserve.
- Annual anticipated compensation increases for unsettled labor contracts are not budgeted. Most collective bargaining agreements have expired.

Mr. Nathan Miller concluded his presentation.

Chair Olsen advised the review of the BURA 2012-13 Proposed Budget and Four-Year Financial Plan would be deferred to the next board meeting. An analysis of the material had been prepared and disseminated to the Board.

Chair Olsen noted that there were serious concerns related to the District. After exhaustion of the fund balance, there is still a deficit of close to $113.0 million. The plan includes the reduction of 150 teachers over the next four years, and recognizing that class size may be decreasing, there is also the recognition that performance rates are also decreasing and more personnel may be needed to address that issue. The policy of closing schools has been problematic in the past. The elimination of bus aides is a safety concern. Depriving students of enrichment through art, music and athletics will increase the attendance problem. All of the potential reductions begin to make education institutional rather than educational. Even after all the potential reductions there remains a $70.3 million deficit.

The importance of the schools to the City can't be overstated. The District's four-year Financial Plan is beyond dismal and does not meet the needs and requirements of the BFSA Act. The BFSA Act does not treat the District and the City simply as a corporation that needs a balanced budget. The reason we have City agencies is to provide services. If those services become compromised the issue becomes effectiveness.

It appears the discretionary funds depend on reaching the collective bargaining agreements with the BTF. The cost of cosmetic surgery is equivalent of the cost of the music and athletic programs. It is also equivalent to the cost of 50 teachers. It is unconscionable to think this benefit would not be surrendered before beginning the collective bargaining process. This is a matter of great concern for the Board and to everyone who cares about the residents and the City of Buffalo. Continuing down this road will result in great difficulty in getting parents to send their children to public schools and even more difficult to get people to want to move into the City.

Chair Olsen further advised his comments were not a criticism of the budgets or the staff of the District.

He stated there would be no review of the third quarter reports and that this would be deferred to the next board meeting.

Buffalo School District
Memorandum of Agreement on a Retirement Incentive

Chair Olsen advanced the agenda to the next item of business: review of a Memorandum of Agreement ("MOA") between the District and the BTF for a retirement incentive. He requested a motion to approve the MOA.

Director Arthur offered a motion to approve the retirement incentive.

Director Floss seconded the motion.

The Board voted 6-0 to approve the retirement incentive.

RESOLUTION NO. 12-10
APPROVAL OF MEMORANDUM OF AGREEMENT BETWEEN THE BUFFALO SCHOOL DISTRICT AND THE BUFFALO TEACHERS FEDERATION

WHEREAS, Chapter 122 of the Laws of 2003, Section 3858(2)(e), requires that during a control period the Buffalo Fiscal Stability Authority ("BFSA") shall approve or disapprove any collective bargaining agreement ("CBA") binding or purporting to bind the Buffalo Public School District ("District"); and

WHEREAS, the BFSA is required to promptly review a collective bargaining agreement that is submitted to it and shall disapprove any CBA that is not in compliance with the approved Financial Plan; and

WHEREAS, on March 28, 2012, the Buffalo Board of Education passed a resolution authorizing the Superintendent to enter into a Memorandum of Agreement ("MOA") with the Buffalo Teachers Federation (the "BTF") to offer a retirement incentive to qualified individuals; and

WHEREAS, the MOA is effectively a modification to the pre-existing CBA and as such, the above criteria requiring BFSA approval are applicable; and
WHEREAS, the MOA provides a one-time payment of $10,000 to incentivize eligible members of the BTF to retire from the District; and

WHEREAS, the agreement requires eligible individuals to notify the District by May 23, 2012 of their intent to retire which must be effective no later than June 30, 2012; and

WHEREAS, an estimated 182 members of the BTF are eligible for this retirement incentive; and

WHEREAS, the District submitted the proposed MOA with supporting materials to the BFSA for approval under Section 3858(2)(e) and Section 3858(2)(h) of the Act, and has complied with all information requests of the BFSA; and

WHEREAS, the District anticipates the retirement incentive will reduce the number of full-time equivalent positions held by the District; and

WHEREAS, the District is encouraging the retirement of individuals to avoid forced layoffs; and

WHEREAS the District anticipates that the retirement incentive will allow those vacated positions that need to be filled to be replaced with a teacher on a lower salary step; and

WHEREAS, the overall retirement incentive is projected to provide a net savings overall to the District.

NOW THEREFORE BE IT RESOLVED that the BFSA does hereby approve the aforementioned Memorandum of Agreement between the Buffalo School District and the Buffalo Teachers Federation.

This Resolution shall take effect immediately.

At 4:10 PM Director Mesiah exited the proceedings.

BFSA Issues
Reconstitution of the Governance Committee

Chair Olsen advanced the agenda to the nest item for consideration: the reconstitution of the Governance Committee, due to a vacancy resulting from the resignation of Director Gail Johnstone. He advanced a resolution which appointed Director Brigid Doherty to the Governance Committee.

Chair Olsen requested a motion to reconstitute the Governance Committee.

Director Floss offered a motion to reconstitute the Governance Committee.

Director Arthur seconded the motion.

The Board voted 5-0 to reconstitute the Governance Committee.

RESOLUTION NO. 12-11
RECONSTITUTE GOVERNANCE COMMITTEE

WHEREAS, the Board of Directors ("Board") of the Buffalo Fiscal Stability Authority ("BFSA") approved Resolution No. 06-27 establishing a Governance Committee ("Committee") on April 12, 2006; and

WHEREAS, the Board of the BFSA approved Resolution No. 07-54 and Resolution No. 10-04 reconstituting the Committee on November 7, 2007 and February 10, 2010, respectively; and

WHEREAS, the Committee was established as BFSA falls under the requirements of the Public Authorities Accountability Act of 2005, which has the stated purpose of ensuring greater efficiency, openness and accountability for public authorities within New York State; and

WHEREAS, the Public Authorities Accountability Act requires each state authority to establish a governance committee comprised of independent members; and

WHEREAS, the composition of the Committee was previously the Board Chair R. Nils Olsen, Jr., Board Secretary George K. Arthur, and Director Gail E. Johnstone; and

WHEREAS, Ms. Gail E. Johnstone is no longer a member of the BFSA Board of Directors.

NOW THEREFORE BE IT RESOLVED, in the interest of the ongoing operation and continued efficiency of the Committee, the Governance Committee is hereby reconstituted to include Board Chair R. Nils Olsen Jr., who shall continue to serve as Chair of the Committee, Board Secretary George K. Arthur, and Director Brigid Doherty.

This Resolution shall take effect immediately.

Director Arthur noted that Director Giardino's term expired in 2009 and that he has not attended several meetings. Since his appointed authority is from the New York State Legislature, the Board should contact them and inquire if they are aware of his absence.

Chair Olsen advised the problem had been communicated to the State Legislature. An attempt to cite the importance of the matter with the WNY Delegation should be made again.

Auditing Contract Extension

Chair Olsen advanced the agenda to the next item of business: consideration of an extension to the auditing contract for two additional years. He requested a motion to approve the extension of the auditing contract.

Director Floss offered a motion to approve the extension of the auditing contract.

Director Arthur seconded the motion.

The Board voted 5-0 approve the extension of the auditing contract.

RESOLUTION NO. 12-12
EXTENSION OF AUDITING CONTRACT

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

WHEREAS, Section 3871 of the BFSA Act requires the engagement of an independent certified accountant; and

WHEREAS, on March 18, 2009, the BFSA approved Resolution No. 09-06, engaging the accounting firm of Lumsden & McCormick, P.C., to provide accounting and auditing services to the BFSA through fiscal year 2010-11; and

WHEREAS, the original request for proposal allows for the renewal of the contract to a maximum of five years; and

WHEREAS, it has been recommended by the Audit, Finance and Budget Committee that the BFSA extend the auditing contract with Lumsden & McCormick, P.C., for the remaining two years; and

WHEREAS, it is the desire of the BFSA to renew the auditing services of Lumsden & McCormick, P.C. for the remaining two years.

NOW THEREFORE LET IT BE RESOLVED, that the BFSA does hereby extend the engagement of Lumsden & McCormick, P.C., to provide accounting and auditing services to the BFSA through the fiscal year 2012-13, subject to annual review. Such services shall be undertaken for such amounts and on such terms as agreed upon by the Chair, Secretary, or the Executive Director.

This Resolution shall take effect immediately.

New Business

Chair Olsen noted that discussions with Harris Beach have identified a potential conflict of interest as they are being considered to serve as the City's bond counsel. In addition, if BFSA moves into an advisory period as anticipated, BFSA could be more direct in working with the City and the District on State Legislative agenda items and in other areas. It would be beneficial to have local counsel who has worked closely with the City's municipal charter.

Chair Olsen requested the Board consider the possibility of obtaining new counsel. The problem does not exist with respect to litigation and requested assistance in search of new counsel.

Director Arthur suggested Harris Beach continue with any outstanding litigation items. Full-time services of a legal counsel are not required. This is a cost saving measure.

Chair Olsen inquired if there was any opposition or additional new business. There was none.

Privilege of the Floor
Chair Olsen extended the Privilege of the Floor to any attending member of the public who wished to comment for the public record on any action taken during the Board meeting.

Ms. Marilyn Gallivan addressed the Board. She thanked the Board for the option of the public commentary portion of the public meeting and noted the general transparency of BFSA as an entity.

Adjournment

Chair Olsen requested a motion to adjourn the meeting.

Director Arthur offered a motion to adjourn.

Director Floss seconded the motion.

The Board voted 6-0 to adjourn.

The meeting adjourned at 4:17 PM.