BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
March 13, 2013

The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the "BFSA") held on Wednesday, March 13, 2013, in the Buffalo Market Arcade Complex. The meeting was called to order at 1:02 PM.

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

Board Members Absent: Giardino

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

Additionally Present: James L. Magavern, Esq., Magavern, Magavern, & Grimm, LLP

Opening Remarks

Chair Olsen called the meeting to order. He began by stating that the Audit, Finance and Budget Committee (the "Committee") had met earlier and had authorized the posting of BFSA's 2013-14 Preliminary Budget and Related Four-Year Financial Plan in accordance with New York State requirements. This preliminary budget and financial plan as prepared by BFSA staff commences the public commentary period. Final approval of the budget will occur in June of 2013.

Chair Olsen asked if there were any comments on the preliminary budget and financial plan, which would be recorded. Hearing none, he asked that any comments be remitted to Executive Director Jeanette Mongold. Ms. Mongold will circulate updated versions of the budget as deemed necessary.

Chair Olsen outlined the meeting's agenda as follows:

- City of Buffalo items include a review of the City's FY 2011-12 audited financial statements, a review of the proposed 2013 capital borrowing, and a request from the Mayor of Buffalo (the "Mayor") to reallocate and redesignate efficiency grant funding among various projects.
- A review of a Memorandum of Understanding ("MOU") with the Buffalo Teachers Federation (the "BTF") regarding the involuntary teacher transfers issue within the Buffalo City School District (the "District").
- A review of a Memorandum of Agreement ("MOA") between the Buffalo Municipal Housing Authority (the "BMHA") and the International Union of Operating Engineers, Local 17-17S, AFL-CIO (the "Operating Engineers"), as well as a proposed borrowing.
- A discussion concerning the New York State Executive Budget and its impact on the City of Buffalo (the "City") and District if approved by the New York State Legislature.
- A review of the second quarter results and revised year-end projections of the City and the Covered Organizations.

- A resolution to honor the contributions of Dr. Janet Penksa, Ph.D., the City's former Commissioner of Finance, Administration, Finance, Policy and Urban Affairs, who had often served as the Mayor's proxy at BFSA Board of Director meetings.
- The receipt of advice from legal counsel.

Chair Olsen noted that members of the attending public would have an opportunity to address the Board regarding any item discussed during the meeting prior to the adjournment.

Roll Call of Directors

Chair Olsen asked Secretary Arthur to call a roll of the members. Finding a quorum present, the meeting commenced.

City Commissioner of Administration, Finance, Policy and Urban Affairs, Ms. Donna Estrich, represented Mayor Byron W. Brown, in accordance with Subdivision 1 of §3853 of the Buffalo Fiscal Stability Authority Act (the "BFSA Act").

Erie County Constituent Services Assistant, Mr. Leonard Williams, represented Erie County Executive Mark Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act 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…."*

Approval of the December 5, 2012 Minutes

Chair Olsen introduced Resolution No. 13-01, "Approving Minutes from December 5, 2012."

Director Floss offered a motion to approve Resolution No. 13-01.

Director Mesiah seconded the motion.

RESOLUTION NO. 13-01
APPROVING MINUTES FROM DECEMBER 5, 2012

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting on December 5, 2012.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority ratifies and affirms Resolution Nos. 12-32 through 12-35 that were approved on December 5, 2012.

The Board voted 7-0 to approve the resolution.

<u>City of Buffalo Items</u>
Review of the City of Buffalo FY 2011-12 Audited Financial Statements

Chair Olsen advanced the agenda to the next item for consideration: a review of the City of Buffalo's FY 2011-12 Audited Financial Statements. He asked Ms. Mongold to provide a summary of the material.

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

<u>City of Buffalo's Historical General Fund Revenue</u>
- $450.5 million in total revenue, including transfers in, was reported for FY 2011-12;
- $1.9 million year-to-year increase from FY 2010-11 to FY 2011-12;
- Four-year increase of $2.7 million, or 0.6%, from FY 2007-08 to FY 2011-12;
- Looking back, the first year BFSA issued deficit financing on behalf of the City of Buffalo was FY 2003-04 in the amount of $7.8 million. Deficit financing in the amount of $19.1 million was provided in FY 2004-05.

<u>City of Buffalo's Historical State Aid</u>
State aid received by the City, comprised of annual State Aid and Incentives to Municipalities ("AIM"), Restricted AIM, and School Tax Relief Program revenue or STAR revenue, totaled $180.0 million in FY 2011-12, which represented 40% of total revenue of the City. Any year-to-year increases in State AIM are held by the BFSA and are released to the City upon approval by the BFSA Board as required by the BFSA Act; these monies are referred to as Restricted AIM.

<u>City of Buffalo FY 2011-12 Tax Levy</u>
The City's tax levy comprises 30% of total General Fund revenues. The tax levy consists of a City portion and a District portion, of which each includes a further amount for general operations and debt service. The total tax levy for 2011-12 was $143.0 million.

The City's portion of the tax levy is as follows:
- $40.5 million for general operations during FY 2011-12;
- $32.2 million or debt service during FY 2011-12;
- Total is $72.7 million for 2011-12.

The District portion of the tax levy is as follows:
- $70.3 million total levy (49% of the total tax levy);
- $59.5 million for general operations;
- $10.8 million for debt service.

<u>City of Buffalo Historical General Fund Expenditures</u>
- $466.8 million of total expenditures including transfers out was reported for FY 2011-12, representing a $5.4 million increase, or 1.2%, from the prior year;
- Four-year increase of $26.4 million, or 6%, since FY 2007-08;
- $103.0 million increase, or 28%, since FY 2002-03.

Health Insurance and Pensions

Two of the major drivers of the increase in General Fund expenditures are health insurance and contributions to the New York State pension systems.

During FY 2002-2003, retiree and active health insurance were approximately the same amount at $19.3 million and $19.7 million, respectively. As time progressed, more money has been expended annually for retiree health insurance than for active employee health insurance. During FY 2002-03, the total health insurance cost was $39.0 million; in FY 2011-12 the combined cost was $66.1 million. This is a combined increase of $27.1 million, or 69%; the cost for retiree health insurance has increased 90% over the same time period. Most recently, the City expended $29.4 million for health insurance for active employees and $36.7 million for retirees.

Pension expenditures over the last four fiscal years have increased $7.1 million, or 40%, for the police and fire retirement system ("NYSPFRS") and $3.8 million, or 97%, for the employee retirement system ("NYSERS").

City of Buffalo Revenue and Expenditure Summary

From FY 2002-03 to FY 2009-10, General Fund revenue exceeded General Fund expenditures on an annual basis. In FY 2010-11 and FY 2011-12, General Fund expenditures exceeded General Fund revenue resulting in a decrease of fund balance as that was the only source available to close the operational deficits.

The deficit for FY 2011-12 was $16.3 million and was $12.8 million in FY 2010-11. A combined $29.1 million in fund balance has been used over the last two years to fund deficits.

City of Buffalo Fund Balance

Total fund balance was $113.6 million as of June 30, 2012, a $16.3 million decrease from the prior fiscal year. During the period of the wage freeze from 2004 to June 30, 2007, there were State aid increases and deficit financing which assisted the City in reaching a path of fiscal correction.

Chair Olsen asked if there are legal limitations regarding the use of the Rainy Day fund balance. Ms. Mongold responded that a formal policy is still pending with respect to the Rainy Day Fund. A draft policy was submitted to the Buffalo Common Council (the "Common Council) by the City Comptroller as to how the Rainy Day Fund balance may be used and how it is to be refunded in the instance it is used.

As of June 30, 2012, the available fund balance for the FY 2013-14 budget and all future years is $12.2 million. Unassigned fund balance was once at a high of $76.0 million and has subsequently been reduced to $47.9 million including the "Rainy Day" fund.

Director Floss asked if the $12.2 million in Unassigned fund balance was a component of the $47.9 million of total fund balance. Ms. Mongold confirmed that it was. The Rainy Day fund was approximately $36.0 million and may be used for unforeseen circumstances.
City Comptroller Mark Schroeder was working to make the language regarding the use of these funds more definitive.

Director Jurasek asked Ms. Mongold to clarify her statement. Ms. Mongold responded that the City Charter dictates that the "Rainy Day" fund may be utilized for unforeseen circumstances and that the City Comptroller is attempting to define what types of events would constitute an "unforeseen circumstance."

Other Postemployment Benefits ("OPEB")
The actuarial accrued liability for all current retirees and active employees was an estimated at $1.637 billion at June 30, 2012. This does not include obligations to future employees. Retiree health insurance is currently funded on a pay-as-you-go basis.

Solid Waste and Recycling Enterprise Fund
The City of Buffalo Solid Waste and Recycling Enterprise Fund is subsidized by the City's General Fund. Operating expenditures in this fund exceed the user fees collected. The deficit is partially funded through interfund transfers from the General Fund. The 2012 change in net deficit after the subsidy from the General Fund was $2.5 million.

Chair Olsen asked if the annual operating losses in the fund were offset through the utilization of the remaining fund balance. Ms. Mongold advised that fund balance has been set-aside as Committed fund balance.

Director Floss asked if the actual operating losses within the fund exceeded the budgeted operational losses. Ms. Mongold responded the fund is budgeted with a deficit.

Ms. Mongold noted that revenue for the Solid Waste and Recycling Enterprise Fund is collected through a user fee rather than a tax. As such, entities such as not-for-profits which do not pay property taxes contribute to the fund as all property owners are required to pay the user fee.

Director Floss noted that the subsidy from the City's General Fund was a mechanism by which the City subsidizes not-for-profits.

The total net deficit accumulated from FY 2006-07 to FY 2011-12 is $22.8 million. The General Fund has set aside $14.7 million as of June 30, 2012. The difference between the two amounts is due to certain long-term liabilities such as the other postemployment benefits liability which doesn't require annual funding by the General Fund.

Ms. Mongold concluded her presentation.

Chair Olsen remarked that there appeared to be a toxic environment for bargaining within both the City of Buffalo and the Buffalo City School District. This is significant because all of the major unions are out-of-contract. This is exemplified by two examples:

1. A meeting between the City and Firefighters' union resulted in the City rejecting a contract proposal from the firefighters indicating it would bankrupt the City. As a result, the union president encouraged 400 firefighters to change to a more expensive healthcare plan. The increased costs in healthcare for FY 2011-12 totaled $1.4 million in response to this encouragement. This is an inappropriate and wasteful use of money that could have been more productively used by both parties. This counterproductive relationship does not bode well for an agreement that would serve the interest of both parties.

2. As for the District and the collective bargaining with the Teachers' union, we are familiar with recent union actions. The Teachers' union held critically needed grant funds hostage, and justified its actions through a press release. This dispute was resolved at the twelfth hour with payments made to teachers ranging from $500 to $3,500 for those teachers who were involved in the involuntarily transfers. This sort of bargaining is not going to lead to any constructive resolution of the critical financial health of the City or the District.

The City's potential for binding arbitration and the potential impact for contract negotiations with the teachers and administrators are both troubling. It is very discouraging and it seems that the interests of both parties could be served in a responsible manner that would not place the City, District, or the unions at a total disadvantage.

Secretary Arthur asked if both the police and firefighters were currently in binding arbitration negotiations with the New York State Public Employment Relations Board. Ms. Mongold responded the police were in binding arbitration; the firefighters had recently ceased negotiations with the City.

Chair Olsen noted that teachers are not eligible for binding arbitration and that the Board of Education has no authority to impose any settlements.

Secretary Arthur added the police arbitration award was expected within 30 days.

Chair Olsen stated his concern that the award will not be good for the fiscal health of the City. The negotiations could have been done much more effectively if both parties of interest were to conduct negotiations in an open and respectful environment.

Director Floss noted that one of the reasons the BFSA board voted to move into an advisory period was to provide both parties the opportunity to negotiate without having "a sword over their head." Hopefully, this time will be used to negotiate appropriately. The only way to measure the success of the BFSA is to have all contracts negotiated and to also have a balanced budget. Until that happens BFSA has not been totally successful.

Chair Olsen stated that the City and the District have moved closer in terms of resolving the problems they have been confronted with. The built-in deficit within the District's financial plan that cannot be resolved by the elimination of all non-mandated services is concerning and would be tragic. It is most unfortunate that there is no respectful dialogue much less bargaining.

Secretary Arthur conveyed his optimism and stated that there were positive changes on the horizon.

Proposed 2013 Capital Borrowing

Chair Olsen asked if there were any additional questions or comments regarding the City's FY 2011-12 Financial Statements. Hearing none, he advanced the agenda to the next item for consideration: a review of the City's proposed 2013 capital borrowing.

Chair Olsen noted that the Board had reviewed the City's Capital Plan at the December 2012 Board meeting. BFSA is not required to approve the terms and final pricing of the borrowing while in an advisory period. Any comments by the Board shall be added to the report on this matter and submitted to the City for public comment, as applicable.

Chair Olsen asked Ms. Mongold to summarize the proposed 2013 capital borrowing.

Ms. Mongold stated that the Common Council had approved the 2013 capital budget in December 2012 in the amount of $21.3 million. The final capital budget was $200,000 greater than what was previously presented to the Board.

The City Comptroller analyzed the use of bond funds over the past number of years and found that bond proceeds were not spent in accordance with Internal Revenue Service ("IRS") guidelines. The guidelines require that 50% of proceeds to be expended within eighteen months and that 90% of proceeds to be expended within three years. There are also certain arbitrage calculations that need to be performed to confirm that the City is not earning interest on the proceeds. Interest rates have been very low; therefore this has not been an issue. The total amount of unspent bond proceeds to date is $36.8 million of which 91% is from bond issuances over the last five years.

The three-year mark for the 2010 bonds is approaching; 35% of unspent proceeds remain as of February 28, 2013. The requirement is that the percentage of remaining proceeds should be 10% or lower by the time the three year mark is reached.

With respect to the 2012 capital borrowing, 63% of bond proceeds remain unspent. It is noted that the 2012 construction season was shortened. The requirement again is that at least 50% of bond proceeds must be expended within 18 months after issuance.

The City Comptroller has performed a cash flow analysis and determined it to be more cost effective to issue 85% of the total approved 2013 capital plan in the current year; the vehicle best suited for this borrowing is a short-term borrowing called a bond anticipation note. The bond anticipation note will mature in one year, and the intent it to convert it into long term financing along with the remaining 15%. In the event the remaining 15% is needed to fund projects, the Comptroller's office would be able to issue an inter-fund loan for the difference.

The short-term financing of approximately $18.3 million will incur an estimated interest rate of 1% with estimated issuance costs of $42,000. The expected rating is MIG1 by Moody's Investors Service, Inc., which is the highest rating for municipal short-term debt.

The risks include interest rate risk, which is the risk that interest rates for municipal bonds could increase. The benefits are an estimated savings for one year of $120,000 and not paying interest on unexpended bond proceeds.

Director Floss asked if the Comptroller looked at calculations on the interest rate risk (e.g., did the Comptroller examine what the cost would be for a 500 basis point or a 100 basis point increase in interest rates.). Any memorandum sent over should request that specific analysis to be completed. The indication may mean borrowing more than the 85% a bit little sooner if interest rates change.

Chair Olsen asked if there were any additional questions or comments. Hearing none, he asked the Board to affirm the final report with the comments noted to be submitted to the appropriate City official for comment.

Secretary Arthur offered a motion to move the item.

Director Floss seconded the motion.

The Board voted 7-0 to forward the report to the City with the additional comments raised in the discussion.

Efficiency Grant Reallocations

Chair Olsen advanced the agenda to the next item of business: the consideration of the Mayor's request to reallocate efficiency grant funds and to redesignate funds from certain previously approved projects.

Under the BFSA Act, the BFSA is required to approve the spending plan for Efficiency Grant funding. He asked BFSA Principal Analyst, Mr. Bryce E. Link to review the item.

Mr. Link began by stating the requested amount for reallocation is $1,237,845 comprised of the following:

- $515,652 - surplus funds available from the emergency back-up generator project;
- $325,775 - police surveillance camera funds to be redesignated;
- $315,328 - vacant and distressed property database funds to be redesignated;
- $ 81,090 - GPS device installation funds to be redesignated.

The proposed amount for new projects is as follows:

- $325,775 - Delaware Park radio tower upgrade;
- $193,000 - supervisory control and data acquisition system for building technology;
- $ 24,500 - currency counters.

The proposed modifications to previously approved projects are as follows:

- $324,630 - demolitions (modified amount of $1,324,630);
- $ 25,000 - MUNIS financial system (modified amount of $525,000);
- $ 5,000 - license plate readers (modified amount $125,000).

The net impact of these modifications is $0.

The proposed appropriation reductions are as follows:

- $315,328 - reduction of vacant and distressed property database;
- $ 24,612 - reduction of GPS installation costs.

Director Doherty asked if the City had over budgeted the vacant and distressed property database by $300,000. Mr. Link responded the project was originally pursued by the former Executive Director of Strategic Planning, who envisioned a larger plan. Under the new Executive Director of Strategic Planning, the project was scaled back because of the realization that what was already in place was sufficient.

A short list of projects approved for funding with efficiency grants includes:

- city-wide cameras;
- demolitions;
- a City Hall generator;
- financial processing (MUNIS);
- a vacant and distressed property data support system;
- GPS software, license plate readers;
- a SCADA system – District health facility;
- a Delaware Park radio tower upgrade, and;
- currency counters.

The total original authorization for the projects was $25.0 million which was subsequently reduced by New York State. The net effects of the proposed changes are $339,940, and reflect the most recent reduction and the final New York State budget authorization amount of $20,074,458.

Mr. Link concluded his presentation.

Chair Olsen asked if staff had any concerns. Ms. Mongold expressed her concern that the BFSA has previously taken the position that demolitions should be funded from operations as opposed to special funding or through the use of bond proceeds. The Mayor's request increases the amount of efficiency grants to be used for demolitions. It is noted that the BFSA previously approved demolitions to be funded with efficiency grants. Overall, the amount that is being requested of approximately $325,000 isn't significant as compared to the total amount of efficiency grants of $20.1 million. Additionally, it is also noted that the federal funding for demolitions through BURA's HUD awards this year has been delayed due to the various issues involving the City Comptroller's Office taking over the administrative functions of BURA.

Chair Olsen asked if there were any additional questions or concerns. He added $1.4 million would go a long way towards demolitions as opposed to unwanted or unneeded healthcare.

Director Jurasek asked if the Common Council would review the reallocations. Ms. Mongold responded they would not review the reallocations. Through the BFSA Act, the State delegated the approval process to the BFSA. Furthermore, the State delegated the review and approval process for cash disbursements to the BFSA

Director Jurasek asked if the BFSA had approval authority or only the ability to provide comments. Ms. Mongold added the BFSA Board had approval authority over the use of efficiency grant funding.

Director Doherty asked if the projects were being done during the current fiscal year. Ms. Mongold responded the State had advised the City that all construction work is to be completed by the fall of 2013. Director Doherty asked Ms. Estrich if the construction work was on schedule. Ms. Estrich confirmed that it was.

Chair Olsen asked if there were any additional questions. Hearing none, he introduced Resolution No. 13-02: "Approval of Redesignation and Reallocation of the Efficiency Incentive Grant Request," and requested a motion to move the item.

Secretary Arthur offered a motion to move Resolution No. 13-02.

Director Floss seconded the motion.

RESOLUTION NO. 13-02
APPROVAL OF REDESIGNATION AND REALLOCATION OF EFFICIENCY INCENTIVE GRANT REQUEST

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (the "BFSA") to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations; and

WHEREAS, in 2006, New York State ("NYS") amended the Buffalo Fiscal Stability Authority Act (the "Act") to include Section 3857-A, which provides for Efficiency Incentive Grant funding to the City of Buffalo (the "City"); and

WHEREAS, according to Section 3857-A of the Act, the City "shall develop and submit to the Authority a plan for achieving recurring savings through innovations and reengineering"; and

WHEREAS, the BFSA has previously approved individual projects for the use by the City of $20,414,398 of total available Efficiency Incentive Grant funding since March 2007; and
WHEREAS, New York State reductions to available funding has reduced Efficiency Grant funding available to the City by $339,940 to a total available amount of $20,074,458; and

WHEREAS, the City has submitted modifications to reduce planned spending for two projects in the amount of $339,940; and

WHEREAS, the City has furthermore submitted to BFSA a request to redesignate and reallocate available Efficiency Incentive Grant funding in the amount of $897,905 for the purpose of modifying the amount of funding available for multiple projects; and

WHEREAS, such redesignated funding is requested from one previously authorized project from the installation of police surveillance cameras ($325,775); and

WHEREAS, such reallocated funding comes from remaining balances available for closed projects including the installation of an emergency generator at City Hall and the installation of global positioning devices on City-owned vehicles, which have $515,652 and $56,478 of remaining funds available, respectively; and

WHEREAS, the BFSA staff has reviewed the City's revised plan for the NYS Efficiency Incentive Grant funding, and has determined the request to be reasonable.

NOW THERFORE BE IT RESOLVED THAT, the BFSA approves the reallocation of Efficiency Grant dollars to the various projects listed below, noting that such initiatives meet the goals of the NYS Efficiency Grants program of achieving efficiencies, increasing revenues or enhancing the delivery of certain City services.

BE IT FURTHER RESOLVED, that the Buffalo Fiscal Stability Authority does hereby approve the City of Buffalo's request to reduce the two projects by $339,940 in Efficiency Incentive Grant funding as follows:

<u>Reduction to Align Project Budgets with Available Appropriations:</u>
- Vacant and Distressed Property Database $315,328
- Reduction of GPS Installation Costs $24,612.

BE IT FURTHER RESOLVED, that the Buffalo Fiscal Stability Authority does hereby approve the City of Buffalo's request to redesignate or reallocate a total of $897,905 in Efficiency Incentive Grant funding to the following projects in the following amounts:

<u>New Projects:</u>
- Delaware Park Radio Tower Upgrade $325,775;
- Supervisory Control and Data Acquisition System for Building Technology $193,000;
- Currency Counters $24,500.

Reauthorized Amounts for Previously Approved Projects:

- Demolitions $324,630 (modified amount $1,324,630);
- MUNIS Financial System Upgrade $25,000 (modified amount $525,000);
- License Plate Readers $5,000 (modified amount $125,000).

The Board voted 7-0 to approve Resolution No. 13-02.

District Items

Memorandum of Understanding Regarding Teacher Transfers

Chair Olsen advanced the agenda to the next item for consideration: a review of the Memorandum of Understanding ("MOU") between the District and the BTF regarding compensation to those individuals impacted by the involuntary transfer of teachers from certain schools. He asked Financial Analyst/Manager of Technology, Mr. Nathan D. Miller to review the item.

Ms. Estrich commenced the role of Mayor Brown's proxy beginning at 1:55 PM.

Mr. Miller began by providing a historical summary of the item. In January of 2010, the Bilingual Center, Futures Academy, and the Dr. Charles Drew Science Magnet School were designated as Priority Schools by the New York State Education Department ("NYSED") because they were in the lowest 5% percentile of achievement of State Title I schools. The District implemented a U.S. Department of Education Reform Model known as the Turnaround Model to address the issue. The specific model required replacement of the principal, the rehiring of no more than 50% of the teaching staff, and that the new principal be afforded operational flexibility to improve student outcomes. Approximately 53 teachers from the three schools were transferred out of the three schools on an involuntary basis.

The transfers were grieved by the BTF. An arbitrator ruled that the District had violated the collective bargaining agreement ("CBA"). The District then appealed the decision and continued to implement the Turnaround Plan.

An MOU was settled between the District and BTF on January 2, 2013, which ended the litigation with the following stipulations:

- Group A - 53 teachers who were involuntarily transferred will receive $3,500 each, a total of $185,500;
- Group B - no more than 53 teachers comprised of teachers who were on the involuntary list but were not transferred, as well as teachers who were on the voluntary list but denied the ability to transfer to the three schools as a result of the involuntary transfers will receive $2,500 each for a total of $132,500;
- 73 teachers (group C) who were assigned to work in the three schools in the spring of 2011-12 and were not part of group A or B will each receive $500 for a total of $37,500.

The total General Fund cost is not to exceed $355,500. These payments are not considered wages and are therefore not pensionable.

As a result of the settlement, $5.9 million in school improvement grants were secured. Negotiations commenced that allowed the District and the BTF to agree to a separate MOU regarding the Annual Professional Performance Review plan ("APPRs") as required by New York State law. The FY 2012-13 increase in New York State aid of $33.4 million was secured by the agreement on this MOU as well as approval of the APPR plan by NYSED.

Mr. Miller concluded his presentation.

<u>BMHA Items</u>

Memorandum of Agreement between the Buffalo Municipal Housing Authority and the International Union of Operating Engineers, Local 17-17S, AFL-CIO

Chair Olsen asked if there were any questions. Hearing none he advanced the agenda to the next item for consideration: a review of the Memorandum of Agreement ("MOA") between the Buffalo Municipal Housing Authority and the International Union of Operating Engineers, Local 17-17S, AFL-CIO. The MOA was approved by the BMHA's Board of Commissioners on February 28, 2013. It had not yet been submitted to the Common Council for approval. It was noted that the BMHA had brought a proposed labor agreement with the Operating Engineers to BFSA for consideration at the March 2011 Board meeting. The BFSA did not approve the labor agreement.

Chair Olsen requested that Ms. Mongold and Mr. Miller provide a review of the item.

Ms. Mongold stated that the BFSA had not approved the 2011 proposed labor agreement for the following reasons:

- There was not enough of an impact on BMHA's OPEB liability, an issue which was addressed in the newly proposed labor agreement.
- The contract allowed employees with only six months of experience to retire and receive health insurance at no cost to the employee for life. The vesting period has been increased to a minimum of ten years.
- There was a concern that the terms of the labor agreement would establish a precedent and hinder future contract negotiations with other unions. These concerns have too been eliminated.

Mr. Miller addressed the Board and began his summary of the proposed CBA with background information on the Operating Engineers. The previous contract expired on June 30, 2002; the currently proposed CBA would expire on June 30, 2013. There are eighteen budgeted positions. Historically fourteen are filled leaving a vacancy rate of 28.5%, or four full-time positions.

Salary Increases

Salary increases are as follows:

- 0% - July 1, 2002-June 30, 2007;
- 3% - July 1, 2007;
- $2,000 - base increase July 1, 2008, then 3%;
- 3% - July 1, 2009;
- 3% - July 1, 2010;
- 2% - July 1, 2011;
- 2% - July 1, 2012.

Employees who retired between July 1, 2002 and prior to the ratification of the MOA would receive retroactive payments. Current employees would receive salary step advancements effective July 1, 2007 as if there had not been the BFSA-imposed wage-freeze, if applicable.

The average employee will receive average annual increases of 3.7% since the lifting of the wage freeze. The previous average base salary was $43,615 and would now be $53,346.

Health Insurance

- *Active employees*
  - elimination of the more costly POS 201 plan;
  - current employees will contribute 15% for single coverage and 10% for family coverage;
  - new employees will contribute 15% for single coverage and 15% for family coverage.

- *Retirees*
  - active employees who retire prior to June 30, 2018 continue to have the option of both the POS 201 and POS 204 plans;
    - contributions of 15% for single coverage and 10% for family coverage,
  - active employees at retirement shall contribute 15% of single coverage's premium or 15% of the family coverage's premium;
  - mandatory enrollment in Medicare part B when eligible at 100% cost to the retiree,
  - BMHA reserves the right to place the retiree into a Senior Plan of equal or better value than the current plan.

- *Future Employees at Retirement*
  - POS 204 plan only;
  - contributions of 15% for single and family coverage;
  - mandatory enrollment in Medicare part B when eligible at 100% cost to the retiree;
  - BMHA reserves the right to place the retiree into a Senior Plan of equal or better value than the current plan.

- *Vesting Periods*
  - Current employees with less than ten years of service at retirement would be ineligible for BMHA provided health insurance. After ten years of service the contributions would be as follows:
    - 20% 10-14 years;
    - 15% 15-19 years;
    - 0% 20 plus years.

  - New employees with less than fourteen years of service at retirement are ineligible for BMHA-provided health insurance. The other contributions are as follows:
    - 25% 15-19 years;
    - 20% 20-24 years;
    - 15% 25 plus years.

- *Other Contract Provisions*
  - Current employees receive five salary steps and would be unaffected by approval of the MOA. New employees would see an increase from five salary steps to seven salary steps;
  - Current employees receive a maximum of 25 vacation days and would be unaffected by approval of the MOA. New employees would receive a maximum of twenty days;
  - Personal leave time for current employees is a maximum of five days; new employees have a maximum of four days;
  - Current employees are not affected by the residency requirement; however, new employees have to meet the full residency requirement throughout the length of their employment.

- *MOA Costs/Savings*
  - The estimated net cost of the proposed MOA in FY 2012-13 is estimated at $739,442. The estimated four-year net cost is $1,177,827.
  - BMHA prudently set aside funding each year to resolve the contract. Prior year accruals are at $329,000. The amount budgeted in the current fiscal year is $307,000 with the remaining estimated amount of $103,442 to be funded with budgetary savings. The vacancy rate of four engineering positions is expected to be maintained.

- *Conclusions*

  Retroactive and current fiscal year net costs have largely been budgeted with accruals and vacancies. The six month vesting for retiree health insurance has ended and all future/current employees begin to contribute to health insurance.

- *Recommendations*

  BMHA underestimated the gross costs of the MOA by basing cost assumptions on current employees' base salaries. Future analysis should include the following:
  - Actual historic salaries, overtime, and all other impacted compensation as well as FICA and pension costs;
  - Payments to employees who have left service, as applicable;
  - Retroactive salary step increases.

The MOA expires at the end of the fiscal year 2012-13. BFSA recommends that future contracts have longer active terms. It is also recommended that BMHA should begin to plan for any negative financial impacts from the provision of the Affordable Healthcare Act as it relates to the 2018 excise tax.

Mr. Miller concluded his presentation.

Chair Olsen asked if there were any questions or comments.

Director Floss noted that the contribution percentage by active employees for single coverage was higher that the contribution percentage by active employees for family coverage. This disparity would give a reverse incentive and will increase costs to BMHA. For example, there should be an incentive for two married individuals to opt for single coverage (i.e., two single plans) as opposed to one family coverage, since family coverage is more costly. Traditionally, an employee contribution for family coverage is a higher percentage than for single coverage, which would then place the incentives on the employees to purchase the least expensive coverage. The concern is a precedent may be set that will ultimately increase premiums over time.

Ms. Mongold advised there were representatives from the BMHA who were available for comment.

BMHA Assistant Executive Director, Mr. Modesto Candelario addressed the Board.
Mr. Candelario replied that this incentive would only occur if the married couple had no dependents that would be covered under the healthcare plan.

Director Floss noted that an individual working at BMHA with a partner working at a private institution would be given an incentive to use BMHA and not use the private institution's insurance at all, which would result in additional costs. It may have been cheaper in the past for the family to use another company's health insurance. There are a number of different incentives that appear to be moving in the wrong direction. The argument is not necessarily to raise contribution percentages, but it may be cheaper to lower the single coverage to 12% and increase the family coverage to 15%, which would eliminate incentive issues and may save money for both the BMHA and the employees.

Mr. Candelario responded the current employee group is comprised of families with children whose spouse is not providing health insurance.

Director Floss acknowledged Mr. Candelario's explanation and stated in a sense the family coverage is being subsidized. He then asked if it is better to subsidize the health insurance or give all employees of the group a one-time increase in salary or a payment that would follow them through where the employee could pay their own premium. Director Floss stated there are a number of different ways that may eliminate the incentives and take the concerns of the BMHA into account. He further added he was willing to continue the discussion with Mr. Candelario outside the confines of the Board meeting.

Chair Olsen added that once negotiated contracts are completed, they tend to be models for some of the larger contracts. An attempt to be reasonable and supportive of employees in a specific situation could get used in other situations.

Chair Olsen asked if there were any further questions or comments. Hearing, none he requested the Board affirm the final report to be submitted to the Executive Director of the BMHA for a response.

Secretary Arthur offered a motion to move the item.

Director Floss seconded the motion.

Director Jurasek asked Chair Olsen to state the recommendations.

Chair Olsen stated the comments made by Director Floss were the recommendations.

The Board voted 8-0 to affirm the final report with the recommendations as discussed.

Proposed Borrowing by the BMHA

Chair Olsen advanced the agenda to the next item for consideration: a review of the proposed borrowing by the BMHA. The BMHA is planning to enter into a loan limit credit facility to fund the demolition of the remaining structures at the vacant Kensington Heights Apartment Complex and to provide asbestos remediation and soil remediation of the property.

He asked Ms. Mongold to provide a summary of the proposed borrowing.

Ms. Mongold began by stating that the purpose of the borrowing was to demolish the remaining structures at the vacant Kensington Heights Apartment Complex in addition to performing asbestos and soil remediation to ready the land for future sale. BMHA formed the Kensington Heights Revitalization Corporation, a for-profit entity which BMHA is sole shareholder and is eligible to participate in the NYS Brownfield Cleanup tax credits program. The estimated tax credits that this project is eligible for are approximately $4.0 million. A draft application for the tax credits has been submitted and is being reviewed. Up to 22% of up to $24.0 million of new construction costs could also be reimbursed. The tax credits are also transferrable to the purchaser of the property.

Director Mesiah conveyed his understanding that the asbestos remediation had been completed a few years ago. Ms. Mongold responded that two structures had been demolished and that there were four remaining.

Chair Olsen asked if there were any requirements placed on selling or holding the tax credits. Ms. Mongold deferred the question to BMHA's legal counsel.

Mr. Lawrence Rubin, Special Counsel to the BMHA, addressed the Board. He advised that there were no restrictions on the reuse of the property in order to access the reimbursable tax credits. Some asbestos removal had been completed. BMHA was successful in obtaining a grant from the New York State Dormitory Authority to begin the remediation. The work was expanded from merely asbestos remediation to demolishing all the towers and completing soil remediation beyond the asbestos contamination. The project will make the entire seventeen acres "shovel ready" with tax credits available for any redeveloper of the property.

Chair Olsen asked if the majority of the clean-up related to asbestos remediation. Mr. Rubin responded there is a U.S. Environmental Protection Authority ordered asbestos remediation. Additional soil remediation is required that dates back 50-60 years.

Secretary Arthur asked what the time table for completion was. Mr. Rubin advised that the asbestos removal and remediation was already underway with two towers demolished. All demolition and remediation work should be done within twelve to twenty-four months. During the process, exploration of redevelopment and resale opportunities will take place.

Director Doherty asked what are the tax consequences would be if there were a gain on the sale of the property. Mr. Rubin responded there was not expected to a gain. The sale of the property will pay off the balance of the loans. NYS tax credits are expected to provide $4.0 million, and there may be some federal tax implications on these funds. The Kensington Heights Revitalization Corporation will receive the $4.0 million in Brownfield tax credits to be used to repay the amount borrowed from M&T bank. The sale of the property would be addressed through other creative efforts at a later time. The important item is to have the expenses incurred by a taxable entity in order to be eligible to receive tax credits.

Secretary Arthur asked if there was outstanding litigation regarding the property and, if so, what is the status of the litigation. Mr. Rubin replied that litigation was outstanding. There were pre-trial discussions between the parties, there is the EPA consent regarding the asbestos remediation, and litigation involving the prior contractors. The outstanding litigation was not expected to hinder the remediation and sale of the property.

Secretary Arthur asked if the BMHA could lose money on the project. Mr. Rubin advised through this project there would be $8 million of New York state funds into the project. This is a totally different way of approaching a public housing activity. By using tax credits for the very first time, an expense will be made subject to tax reimbursement by New York State. This is very unique and small expenditure to make a considerable amount of money.

Chair Olsen asked if there were additional questions. Hearing none, he requested that the Board affirm the final report, noting that there are no comments that required a response from the BMHA.

Secretary Arthur offered a motion to approve the final report.

Director Mesiah seconded the motion.

The Board voted 8-0 to approve the final report.

Impact of the New York State Proposed Budget on the City of Buffalo and the Buffalo School District

Chair Olsen advanced the agenda to the next item for consideration: a review of the SFY 2013-14 Executive Budget and the potential impact on the City and the District. A summary on the Governor's Executive Budget was provided along with a separate brief memo to the Board related to the potential impact on the City of Buffalo and the Buffalo School District.

<u>Stable Rate Pension Contribution Option</u>

Ms. Mongold began by stating the Stable Rate Pension Contribution Option would allow a smoothing of pension expenditures over a 20 to 25 year period. It would not be true budgetary relief over the long-term, but will allow a municipality to pay less in the early years than what it is currently projected to pay, followed by a higher payment after three to four years.

Chair Olsen added if, in a five year timespan, pension contributions are insufficient, the payments would be recalculated and could be smoothed out and extended into a further time period.

Ms. Mongold stated the minimum was currently twenty to twenty-five years but that the time could be extended even further.

Chair Olsen stated the increases could not be controlled in the out years apart from the increases that are agreed to be deferred.

Director Floss added that if an entity buys time and interest rates increase thereby increasing returns, the pension liability in the future will be less, thereby providing relief under certain circumstances. When the City reviews the option, it should be examined from a scenario perspective, reviewing different assumptions, such as the rate of return to the NYSERS and NYSPFRS so that a legitimate discussion can take place concerning the implications.

Ms. Mongold provided the optional annual fixed contribution rates as follows for FY 2013-14:

- NYSERS 12% fixed vs. 20.9% average for 2013-14;
- NYSTRS 12.5% fixed vs. 16.5% average for 2013-14;
- NYSPFRS 18.5% fixed vs. 28.9% average for 2013-14.

The average contribution rates have been provided on a State-level but may not be as high for the City. Fixed contribution rates would be revalued every five years. This option provides a "known" amount to the entity and avoids the annual fluctuations.

Director Doherty asked what the potential savings were in the next fiscal year. Ms. Estrich responded that the estimated amount of savings for the upcoming fiscal year is approximately $16 million. However, there are concerns with this option, especially how will the rating agencies view municipalities position if they pursue the pension option.

Director Doherty asked if the various rating agencies had offered any opinion on the pension plan contribution alternative. Ms. Mongold replied that they had not. In addition, the NYS Comptroller had yet to issue an official opinion on the viability of the proposal.

Binding Arbitration Limit

Ms. Mongold added that a bill to limit compensation increases for police officers and firefighters through binding arbitration was introduced. The legislation would limit employee compensation to no more than 2% for municipalities that meet the definition of being "fiscally distressed". A fiscally distressed entity is defined as an entity that has reserve funds of less than 5% of budget over a five year period, or one in which the tax rate ranks in the top 25% of the State. The City of Buffalo would meet this criteria. The 2% limit includes healthcare increases as part of compensation but excludes pension contribution payments.

At 2:38 PM Mr. Williams exited the proceedings.

Impact of the Governor's Budget Proposal on the City of Buffalo

Mr. Link addressed the Board and stated that local assistance would be held flat in the proposed SFY 2013-14 budget at $161,285,233. As a reference, Mr. Link stated that during FY 2011, State aid was $164.8 million, and has subsequently been reduced and held flat at $161.3 million annually, with no expected increases over the course of the financial plan. Unnecessary reporting requirements would be eliminated; no significant impact on the City is anticipated by this action. There is additional funding provided though competitive efficiency funding as well as citizen reorganization and empowerment credits and grants. These credits and grants could involve the City consolidating with another entity, such as Erie County.

Mr. Link concluded his presentation.

Impact of the Governor's Budget Proposal on the Buffalo School District

Mr. Miller noted the Executive Budget proposes a State-wide increase of $611.0 million in existing aid areas including: general support aid, expense-based aid, and performance grants. Additionally, two new sources have been proposed. The increase in Foundation Aid for the District is $10.1 million, or 2.5%. Foundation Aid is aid used for general operations.

The Executive Budget proposed $203.0 million in Fiscal Stabilization Funding State-Wide with the allocations to be determined legislatively. It proposes an additional $75.0 million State-Wide for new competitive grants to support the initiatives of the New NY Reform Education Commission. The grant funding would be allocated on a competitive basis.

Chair Olsen asked for confirmation that the funding for implementing the initiatives would not continue in perpetuity. Mr. Miller confirmed that the grant funding would sunset after a designated period.

Mr. Miller noted that the Governor had issued his support to continue the existing freeze on charter school tuition rates and concluded his presentation.

2012-13 2nd Quarter Reports

Chair Olsen asked if there were any questions. Hearing none he advanced the agenda to the next item for consideration: the review of the second quarter reports for the City and the Covered Organizations. Due to the time constraints, he asked that the reviews consist solely of the City and District reports and noted that the full reports had been issued to all of the Directors in the Board book.

City of Buffalo

Mr. Link addressed the Board. The City was projecting a positive fiscal year end ("FYE") variance of $140,000 as of December 31, 2012. Revenue is projected to be under budget by approximately $1.4 million. City expenditures indicate fourteen out of fifteen departments were projected to be under budget at FYE with a cumulative positive budgetary variance of $4.6 million. Total FYE expenditure projections are positive by $1.5 million.

City current fiscal year considerations are as follows:

- The potential impact from binding arbitration for Police and Fire, as well as the various expired collective bargaining agreements;
- Fire and Police over-time is currently under budget, but retirements and other factors could quickly drive the cost up;
- Unfunded OPEB liability of approximately $1.6 billion.

The City's planned use of fund balance would decrease by the amount of the budgetary variance. Mr. Link asked if there were any additional questions. Hearing none, he concluded his presentation.

Buffalo School District

Mr. Miller provided the Board with an update on the District as of the end of the second quarter. There were two significant events subsequent to the end of the second quarter as follows:

- the MOU regarding the teacher transfers, with a net cost of $355,000 to the District, and
- the MOU regarding the teachers' evaluation process which NYSED approved January 17, 2013. This MOU secured the State aid increase of $33.4 million, along with $21.5 million of potential $26.0 million FY2012-13 grants.

The FY 2012-13 modified budget projected an operational deficit of $23.0 million. The FYE projected budgetary deficit at the end of the second quarter is revised to $33.6 million, of which $23.0 million was budgeted to be closed through the use of fund balance and $10.6 million would be closed through additional measures yet to be determined, if deemed necessary.

Chair Olsen asked if the District's budget was balanced through the use of reserves as well as over budgeting in specific areas. Mr. Miller noted that the increased deficit of $10.6 million is a worst-case estimate; the District is anticipating that budgetary savings will occur in a number of areas that will alleviate this potential increase in the operational deficit. Ms. Mongold added that the District is monitoring all revenues and expenditures, and expects budgetary savings in areas such as utilities and transportation costs.

Chair Olsen noted that the new projected increase in the operational deficit was the wrong direction for the District to be heading.

Mr. Miller concluded his presentation.

BFSA Items

Honoring Former Commissioner Janet Penksa

Chair Olsen asked if there were any questions. Hearing none he advanced the agenda to the next item for consideration: a resolution to honor the contributions of former City of Buffalo Commissioner of Administration, Finance, Policy & Urban Affairs, Dr. Janet Penksa, who had often acted as the Mayor's proxy on the BFSA's Board of Directors. He introduced resolution No. 13-03, "Honoring Former City of Buffalo Commissioner of Administration, Finance, Policy, and Urban Affairs Dr. Janet E. Penksa, Ph.D." and read aloud pertinent clauses of the resolution.

Chair Olsen asked for a motion to move Resolution No. 13-03.

Director Floss offered a motion to move Resolution No. 13-03.

Director Mesiah seconded the motion.

RESOLUTION 13-03
HONORING FORMER CITY OF BUFFALO COMMISSIONER OF ADMINISTRATION, FINANCE, POLICY, & URBAN AFFAIRS DR. JANET E. PENKSA, PHD

WHEREAS, on July 3, 2003, New York State Governor George E. Pataki signed into law Chapter 122 of the Laws of 2003, also known as the Buffalo Fiscal Stability Authority Act which created the Buffalo Fiscal Stability Authority (the "BFSA") to assist in the restoration of fiscal stability in the City of Buffalo; and

WHEREAS, the Honorable Byron W. Brown was sworn in as the City of Buffalo's 62^{nd} Mayor on January 1, 2006; and

WHEREAS, Mayor Byron W. Brown announced the appointment of Janet E. Penksa as City of Buffalo Commissioner of Administration, Finance, Policy, and Urban Affairs on December 21, 2006, noting his commitment toward hiring the "best and the brightest" to City administration; and

WHEREAS, the Buffalo Common Council unanimously approved Dr. Penksa's appointment on December 26, 2006; and

WHEREAS, during Dr. Penksa's distinguished career in public service she has served as Secretary to the New York State Assembly Ways and Means Committee, Associate Vice-President at the University at Buffalo, and served as a Director on the Board of the Erie County Fiscal Stability Authority; and

WHEREAS, Dr. Penksa's extensive budget and fiscal management experience provided an immeasurable asset in the performance of her duties as Commissioner; and

WHEREAS, Dr. Penksa was often designated to represent Mayor Byron W. Brown at meetings of the BFSA; and

WHEREAS, Dr. Penksa has decided to leave her public sector career to be the first Executive Director of the Jacobs Institute, a medical not-for-profit named for neurological pioneer Dr. Lawrence Jacobs, whose mission is to foster medical collaboration and innovation between the University of Buffalo, Kaleida Health, as well as community physicians and healthcare industry representatives; and

WHEREAS, Dr. Penksa's contributions to the City of Buffalo shall endure.

NOW THEREFORE BE IT RESOLVED that the Buffalo Fiscal Stability Authority does hereby honor and appreciate Dr. Janet E. Penksa for her outstanding contributions to the City of Buffalo, the Buffalo Fiscal Stability Authority, and the Western New York Community.

The Board voted 7-0 to approve Resolution No. 13-03.

Executive Session for Advice of Counsel

Chair Olsen noted that the Board needed to discuss litigation matters with legal counsel and proposed that it would be appropriate to consider exiting from the public session into an executive session.

Secretary Arthur offered a motion to enter into an Executive Session. He recommended that the Privilege of the Floor, the portion of the meeting extended to attending members of the public to address the Board regarding items discussed at the meeting, be moved up on the agenda prior to exiting into an Executive Session.

Director Floss seconded the motion to exit into an Executive Session.

Privilege of the Floor

Chair Olsen extended the Privilege of the Floor to any member of the attending audience who wished to address the Board for the public record.

City resident Ms. Marilyn Gallivan conveyed her satisfaction to be able to attend BFSA's open meeting proceedings.

Executive Session for Advice of Counsel (continued)

Chair Olsen called for a vote to adjourn into Executive Session.

The Board voted 7-0 to exit into an Executive Session.

The Board adjourned into Executive Session at 2:59 PM.

BUFFALO FISCAL STABILITY AUTHORITY
Executive Session Meeting Minutes
March 13, 2012

The following are the minutes from the Executive Session of the Buffalo Fiscal Stability Authority (the "BFSA") held on Wednesday, March 13, 2013, in the Buffalo Market Arcade Complex. The meeting was called to order at 3:09 PM.

Board Members Present: Arthur, Brown (proxy), Doherty, Floss, Jurasek, Mesiah, Olsen

Board Members Excused: Poloncarz

Board Members Absent: Giardino

Staff Present: Link, N.Miller, & Mongold

Additionally Present: James L. Magavern, Esq., Magavern, Magavern, & Grimm, LLP

Pursuant to New York State Public Officers Law, Article 7, §105(d), the Board entered into an Executive Session for the purposes of receiving legal advice from counsel.

Chair Olsen called the Executive Session to order.

The Board received legal advice from Mr. James Magavern.

At 3:26 PM Director Doherty exited the proceedings.

Adjournment

Chair Olsen asked for a motion to adjourn the Executive Session and to reenter the public portion of the Board meeting.

Secretary Arthur offered a motion to adjourn from the Executive Session and reenter into the public portion of the Board meeting.

Director Floss seconded the motion.

The Board voted 6-0 to adjourn from the Executive Session and reenter he public portion of the Board meeting.

The Board exited the Executive Session at 3:29 PM.

Chair Olsen asked for a motion to resume the public portion of the meeting.

Secretary Arthur offered a motion to reenter the public session.

Director Floss seconded the motion.

The Board voted 6-0 to reenter the public session.

Chair Olsen noted that the Board had received legal advice from Mr. James Magavern in Executive Session related to the BFSA Act. No formal actions had occurred.

New Business

Chair Olsen asked if there was any new business for discussion. He noted that while BFSA was in a Control Period it had been required to hold an annual public forum to solicit public commentary related to the City and the Covered Organizations proposed budgets and four-year financial plans. Under an advisory period the holding of a public forum is at the discretion of the Board. Over the past few years, a relatively low number of individuals have participated in the Public Forum as well as concerns regarding the timing of the Public Forum. For these reasons, Chair Olsen recommended that the BFSA not hold a public forum in May of 2013. Chair Olsen requested a motion to consider the Board's determination not to hold a public forum for the upcoming 2014 City budget and related four-year financial plan.

Secretary Arthur offered a motion not to hold a public forum for the upcoming 2014 City budget and related four-year financial plan.

Director Floss seconded the motion.

The Board voted 6-0 not to hold a public forum for the upcoming FY 2013-14 City budget and related four-year financial plan.

Adjournment

Chair Olsen asked if there was any additional new business for discussion. Hearing none, he requested a motion to adjourn the meeting.

Secretary Arthur offered a motion to adjourn the meeting.

Director Floss seconded the motion.

The Board voted 6-0 to adjourn the meeting.

The meeting adjourned at 3:36 PM.