

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Audit, Finance and Budget Committee Meeting Minutes**  
**September 21, 2015**

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The following are the minutes from the meeting of the Audit, Finance and Budget Committee (the “Committee”) of the Buffalo Fiscal Stability Authority (the “BFSA”) held on Monday, September 21, 2015, in the first floor conference room of the Buffalo Market Arcade Complex. The meeting was called to order at 12:36 PM.

**Committee Members Present**

Committee Chair Pro Tem Frederick G. Floss  
Director Frank B. Mesiah

**Additional Directors Present**

Secretary George K. Arthur  
Interim Vice-Chair Richard T. Jurasek

**Committee Member Excused**

Chair R. Nils Olsen

**Staff Present**

Executive Director Jeanette M. Robe  
Comptroller Robert L. Miller  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Analyst/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita Fortune

**Additionally Present**

Sarah Dayton, Lumsden & McCormick  
Christa Linsey, Lumsden & McCormick

**Opening Remarks**

Committee Chair Pro Tem Fredrick G. Floss acted as the meeting’s proctor in the excused absence of Committee Chair Olsen. He welcomed the attendees to the September 21, 2015, meeting of the Audit, Finance and Budget Committee of the BFSA. He called a roll of the members, and finding a quorum present, the meeting commenced.

Committee Chair Pro Tem Floss conveyed that the meeting’s agenda included the following:

- A review of BFSA’s audited financial statements to be presented by the independent auditors from Lumsden & McCormick;
- A review of the BFSA’s 2015 Annual Report and Investment Report: the Committee will consider sending both items to the full Board with recommendations for approval;
- A review of a potential BFSA bond refunding: the Committee will consider sending a recommendation to the full Board to approve of the transaction;
- A one-year contract extension with Public Financial Management (“PFM”), BFSA’s financial advisors.

### **Approval of Minutes**

Committee Chair Pro Tem Fredrick G. Floss introduced Committee Resolution No. 15-02: “Approval of July 29, 2015, Meeting Minutes,” and asked for a motion to approve the minutes.

Director Mesiah offered a motion to approve the resolution.

Committee Chair Pro Tem Floss seconded the motion.

The Committee voted 2-0 to approve Committee Resolution No. 15-02.

### **Presentation of BFSA’s Fiscal Year 2015 Independent Auditors’ Report by Lumsden McCormick, LLP**

Committee Chair Pro Tem Floss noted the receipt of the independent audit of the BFSA for the fiscal year ended June 30, 2015 and stated the draft financial statements had been provided to the Committee members for review. Upon full Board approval they will be issued in “final form”. Ms. Sarah Dayton was then given the floor to present the audit findings.

Ms. Dayton stated the audit went very well and there were no surprises or issues to be reported.

Committee Chair Pro Tem Floss thanked Ms. Dayton for her presentation and requested a motion to accept the audit and its findings and recommended that it be accepted and approved by the full Board.

Director Mesiah made the motion.

Committee Chair Pro Tem Floss seconded the motion.

The Committee voted 2-0 to accept the audit and its findings and recommended that it be accepted and approved by the full Board.

### **BFSA Annual Report**

Committee Chair Pro Tem advanced the agenda to the review of the BFSA Annual Report to be presented by Principal Analyst Bryce E. Link.

Mr. Link gave an overview of the components of the BFSA Annual Report which aligns with the requirements of New York State Public Authorities Law. The three main sections of the report are:

- I. Organizational:
  - Information on Board members and staff;
  - Background information on BFSA;
  - Mission Statement and administration information.

II. Accomplishments:

- Discussion on progress towards fiscal stability;
- Discussion on the significance of the multi-year financial plans by the City of Buffalo (the “City”) and the covered organizations with focus on the Buffalo City School District (the “BCSD”) and the Buffalo Municipal Housing Authority (the “BMHA”);
- Monitoring of workforce trends;
- Cumulative financial impact study which indicates the total impact of the BFSA as of June 30, 2015 of \$435 million of which \$220.3 million was savings from the wage freeze with a majority of the savings occurring within BCSD.

III. BFSA reports on the fiscal year (“FY”) 2015-16 and FY 2016-19 financial plan of the City and covered organizations.

Mr. Link stated the annual report will be filed with the New York State (“NYS”) Comptroller, other NYS officials as required by law, as well as posted on the BFSA website.

Interim Vice-Chair Jurasek had a question with respect to the date of the annual report due to the impending conversation later today in the full Board meeting with BMHA.

Committee Chair Pro Tem Floss advised that a motion would be requested to allow the Chair, Executive Director and Comptroller to make any necessary changes to the annual report subsequent to the discussion with BMHA later.

Committee Chair Pro Tem Fredrick G. Floss advanced the agenda to the Investment Report to be presented by Mr. Robert Miller, BFSA Comptroller.

Mr. Robert Miller proceeded with the BFSA investment report stating that, as of June 30, 2015, investments were \$10 million and were \$16 million last year at the same time. That equates to a 39% decrease and correlates with the investment earnings which were down 35% to \$302,000 as compared to \$460,000 from the prior year.

Director Mesiah made a motion to accept the annual report in its entirety and delegate authority to the Chair, Interim Vice-Chair, Executive Director, and Comptroller to make any necessary changes that may be required for its accurate completion.

Committee Chair Pro Tem Floss seconded the motion.

The Committee voted 2-0 to accept the annual report in its entirety and delegate authority to the Chair, Interim Vice-Chair, Executive Director, and Comptroller to make any necessary changes that may be required for its accurate completion.

## **2015 BFSA Bond**

Committee Chair Pro Tem Floss advanced the agenda to the 2015 BFSA Bond Refunding for a discussion with Executive Director Ms. Mongold-Robe.

The Directors are being asked to authorize the BFSA to enter into a fixed rate transaction not to exceed \$45,000,000 with respect to the issuance and sale of the Series 2015A Refunding Bonds. The details are still being completed with the Underwriter and the Bond Counsel. It is unclear which providers will allow transfers of forward delivery agreements into the refunding bond; the outcome of this issue will determine the scope of the refunding. The Directors are also asked to approve the appointment of other service providers as necessary for the issuance of the refunding.

Previously there was a Request for Proposals (an “RFP”) for an underwriter and investment advisor: Samuel A. Ramirez & Co., Inc., and PFM Asset Management were selected respectively.

Ms. Robe stated a general State Environmental Quality Review Act (“SEQRA”) resolution has also been included for approval by the Board, if needed, if an outstanding City bond is included in the refunding.

Committee Chair Pro Tem Floss made recommendation to have a discussion with the Mayor’s office to determine the best way to fund budgets going forward if there are additional savings possible with refinancing.

Interim Vice-Chair Jurasek asked if additional research was necessary and if additional bonds were possible. Ms. Robe advised that additional research was necessary for such a complex undertaking as the forward delivery agreements that were previously agreed upon were at a guaranteed rate of interest that far exceeds the interest rate available now.

Director Mesiah made a motion to recommend to the full Board approval of the resolution concerning the authorization, sale, and issuance of sales tax and state aid secured bonds and the SEQRA resolution.

Committee Chair Pro Tem Floss seconded the motion.

The Committee voted 2-0 to send a recommendation to the full Board for approval of the resolution concerning the authorization, sale and issuance of sales tax and state aid secured bonds and the SEQR resolution.

## **PFM Financial Advisors**

Chair Pro Tem Floss introduced Committee Resolution No. 15-07, “Approve Engagement of Public Financial Management as Financial Advisors.”

Director Mesiah made a motion to approve Committee Resolution No. 15-07.

Chair Pro Tem Floss seconded the motion.

The Committee voted 2-0 to approve Committee Resolution No. 15-02.

**Adjournment**

Committee Chair Pro Tem Floss asked if there was additional business to be considered by the Committee. Hearing none, he asked for a motion to adjourn.

Director Mesiah offered a motion to adjourn.

Committee Chair Pro Tem Floss seconded the motion.

The Committee voted 2-0 to adjourn the meeting.

The Committee adjourned at 1:16 PM.