

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**Tuesday, August 12, 2025**

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The Buffalo Fiscal Stability Authority (BFSA) Board of Directors held a public meeting on August 12, 2025. The meeting was called to order at 1:18 PM and complied with the New York State Open Meetings Law.

**Board Members Present**

Secretary Frederick G. Floss (Chair Pro Tempore)  
Director Andrew A. SanFilippo  
Director Timothy R. Hogues  
Director Thomas F. Keenan  
County Executive Mark C. Poloncarz (proxy Cornell)  
Mayor Chris P. Scanlon (proxy Nosworthy)

**Board Members Excused**

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Analyst II/Manager of Technology Nathan D. Miller  
Comptroller Claire A. Waldron

**Additionally Present**

James Barnes, Chief Financial Officer, Buffalo City School District  
Maria Chudy, Senior Program Manager, Buffalo Urban Renewal Agency  
Scott Billman, Senior Director of Administration, Buffalo Urban Renewal Agency  
Carol Burns, Executive Assistant, City of Buffalo Comptroller's Office  
Nikita M. Fortune, former BFSA Administrative Assistant

**Opening Remarks**

Chair Pro Tempore Floss welcomed all participants, reviewed the agenda, and asked for a roll call.

**Roll Call of the Directors**

BFSA Executive Director Robe called the roll. A quorum was declared, and the meeting commenced.

City of Buffalo Commissioner of Administration, Finance, Policy and Urban Affairs, Raymour Nosworthy, represented City of Buffalo (City) Mayor Scanlon per Subdivision 1 of §3853 of the BFSA Act.

Erie County Budget Director Mark Cornell represented Erie County Executive Poloncarz per Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSFA 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 [their] place, meetings of the Authority and to vote or otherwise act in [their] behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished before any participation by the single designee...."

**Recognition of Nikita M. Fortune**

Chair Pro Tempore Floss introduced Resolution No. 25-08, "Honoring Buffalo Fiscal Stability Authority Administrative Assistant Nikita M. Fortune," and entered the following for the public record.

WHEREAS, on July 3, 2003, the New York State Governor signed into law Chapter 122 of the Laws of 2003, known as the Buffalo Fiscal Stability Authority Act, which created the Buffalo Fiscal Stability Authority to assist in the restoration of fiscal stability in the City of Buffalo and within its covered organizations; and

WHEREAS, Nikita M. Fortune was hired as Administrative Assistant to the Buffalo Fiscal Stability Authority (BFSFA) on December 8, 2014 and served the BFSFA for over ten years until May 30, 2025, demonstrating exceptional dedication, professionalism, and integrity; and

WHEREAS, Ms. Fortune ensured the smooth operation of the BFSFA's daily activities by providing skillful administrative support and served as a trusted resource to the Board of Directors, the Executive Director, staff, and stakeholders; and

WHEREAS, she exemplified the highest standards of courtesy and attention to detail, contributing substantially to the development of the written record of the BFSFA in addition to the success of numerous projects and initiatives; and

WHEREAS, the Board of Directors of the Buffalo Fiscal Stability Authority wishes to formally recognize and express its sincere gratitude for her outstanding contributions and the impact she has made; and

WHEREAS, Ms. Fortune's contributions to the Buffalo Fiscal Stability Authority, the City of Buffalo, and the community will endure and positively impact future generations.

NOW THEREFORE BE IT RESOLVED that the Buffalo Fiscal Stability Authority does hereby honor and appreciate Nikita M. Fortune for her outstanding contributions to the Buffalo Fiscal Stability Authority, to the City of Buffalo and its residents, and to the Western New York community.

This Resolution shall take effect immediately.

Chair Pro Tem Floss requested a motion to approve the resolution as read.

Motion by Director Hogues. Second by County Executive Poloncarz (Cornell).

Resolution No. 25-08 was approved 6-0.

Chair Pro Tem Floss thanked Ms. Fortune for attending the meeting via video conference and for all her hard work.

Ms. Fortune stated that it was a pleasure to work for the BFSA for ten years and an honor to serve the City of Buffalo in this capacity.

**Approval of June 16, 2025 Minutes**

Chair Pro Tem Floss introduced Resolution No. 25-09, “Approving Minutes from June 16, 2025,” and requested a motion to approve the item.

Motion by Director Hogues. Second by County Executive Poloncarz (Cornell).

Resolution No. 25-09 was approved 5-0. Director Keenan abstained as he had not been on the Board.

**Buffalo Fiscal Stability Authority Business**

***Various BFSA Policies, Procedures, Guidelines, and Reports***

Chair Pro Tem Floss reported that the Governance Committee had met earlier in the day and had forwarded a series of policies, procedures, guidelines, and reports to the full Board with a recommendation for approval.

Executive Director Robe briefly summarized the items.

Chair Pro Tem Floss requested a motion to approve Resolutions No. 25-10 through 25-23.

Motion by Director Hogues. Second by Director Keenan.

Resolutions No. 25-10 through 25-23 were unanimously approved.

***Reconstitute Audit, Finance and Budget Committee***

Chair Pro Tem Floss introduced Resolution No. 25-24, “Reconstitute the Audit, Finance and Budget Committee.”

Director SanFilippo requested committee membership.

The resolution was amended to remove Director Hogues and add Director SanFilippo.

Motion by Director SanFilippo. Second by Director Hogues.

Resolutions No. 25-24 was unanimously approved.

The Audit, Finance and Budget Committee was reconstituted to include Secretary Floss, Director Keenan, and Director SanFilippo as members. Secretary Floss was reappointed as Chair.

***Reconstitute Governance Committee***

Chair Pro Tem Floss introduced Resolution No. 25-25, “Reconstitute the Governance Committee”.

The resolution was amended to remove Director SanFilippo and add Director Hogues.

Motion by Director SanFilippo. Second by Director Hogues.

Resolutions No. 25-24 was unanimously approved.

The Governance Committee was reconstituted to include Secretary Floss, Director Keenan, and Director Hogues as members. Secretary Floss was reappointed as Chair.

**Buffalo Urban Renewal Agency**

***Discussion with Management Regarding an Update on the Lead Remediation Grant***

Chair Pro Tem Floss advanced the agenda to a discussion with Buffalo Urban Renewal Agency (BURA) Senior Program Manager, Maria Chudy. The Board had requested an update on the lead abatement grant and the progress to disburse the funds.

Senior Program Manager Chudy addressed the Board and provided the following update. BURA had been asked how many contracts were entered into ahead of the July deadline and what the average contract grant amount was. BURA entered eighteen contracts between January and the July deadline. The average contract was for about \$22,875. The total number of contracts let is twenty-five, eleven of which are currently in process to be completed and fully drawn out by the October deadline, for a total of thirty-four contracts in the program.

Chair Pro Tem Floss asked if funds that would not be used would be returned to the federal government. Senior Program Manager Chudy confirmed that approximately \$1.0 million would be unspent and returned. BURA had asked for and received an extension in 2024. It had requested a second extension in 2025, which was not approved. BURA’s management had believed the second extension was a formality based on interactions with the U.S. Housing and Urban Development (HUD) representatives. BURA was informed in June 2025 that a second extension was not approved.

Chair Pro Tem Floss made the following statements. The concern is how BURA got into a position to return \$1.0 million to the federal government. Lead abatement is critical to the City of Buffalo. Does BURA have policies and procedures in place now to prevent this from occurring again?

Senior Program Manager Chudy made the following statements. The grant funding was a lead-based paint abatement program, not lead water pipes. Unfortunately, the grant rolled out in early 2021. At that point, it was very difficult to get inside of units and conduct lead-based paint inspections. People had other priorities at the time, and lead paint abatement was not one of them. There was a slow start to the program. BURA saw an uptick in applications as it entered the post-COVID period, and BURA released some of the limitations that were initially imposed

on the grant. BURA was initially limited to four census tracts. BURA lifted that geographic limitation to serve the entire City. After this change, there was a major influx of applications and interest. There is an affordability requirement in the units that BURA serves, which must continue to be occupied by a low to moderate-income household that was secured by a lien. BURA eliminated the lien and replaced it with an affordability agreement that the owner would sign. Once BURA instituted both of those changes, there was an uptick in interest. If the City and BURA were to partake a similar program in the future, management has learned from this process and should be able to build on it.

Chair Pro Tem Floss noted that other counties received similar grants and were able to spend down all the money, even with the same limitations. They were also able to leverage other funds to do that. Do you know why BURA didn't do that?

Senior Program Manager Chudy noted that BURA was able to leverage around \$125,000 to \$150,000 in Community Development Block Grant (CDBG) funds. This way, when someone reaches out for lead paint abatement, they may also need a roof repair, or a sewer line repair, or something that would have made the unit infeasible for workers to go in and do the lead abatement.

BURA layered the CDBG funding to do the roof or the sewer first, or whatever the emergency need was, to stabilize the home, and then go in and do the lead abatement. BURA was able to leverage a portion of the CDBG grants. With respect to comparable municipalities and their performance under this grant, Senior Program Manager Chudy could not explicitly speak about BURA's peers and what they may or may not be leaving on the table.

Commission Cornell stated the following. The county has been running a similar program for decades and has a lot of experience and lessons learned. County officials have attended the conferences associated with this grant; there's been a lot of shared frustrations across the country. The certification requirement for the contractors doing the work under this program is a high bar.

Director Keenan asked who would have had to approve the second extension and if BURA knew the rationale given for not approving it. Senior Program Manager Chudy stated that every grantee is assigned a specific representative. Extension requests are made to this representative and escalated to their supervisor. Recent guidance regarding the review of unspent funds influenced the decision. BURA did not receive confirmation until June 2025 that the second extension had not been approved.

Director Hogues asked the following questions. What was the lead paint grant application process like, and did BURA advertise to individuals to make the community aware of the funds? Senior Program Manager Chudy stated the BURA regularly works with community-based organizations (CBOs) for the intake and outreach for the various housing programs BURA offers and to spread awareness of available funds. It does additional outreach at various housing facilities. BURA additionally works with the City of Buffalo Department of Permits and Inspections to spread awareness. Director Hogues also wanted to know if BURA was doing anything at this time to bring in additional contractors and get them certified at this higher threshold? Senior Program Manager Chudy stated at this time all activities around this program

have sunset. Director Hogues wanted to know if there were enough households in the City that would qualify under the current criteria. Ms. Chudy responded that there is still a need, especially with the number of housing units in Buffalo that were built before 1978.

Director SanFilippo had several questions about the program in general, concerning the timing and the amount allocated to the City of Buffalo. His concern was at what point administrators were concerned about the program and getting the funds disbursed. Senior Program Manager Chudy responded that it was always a concern for BURA to get these funds out the door to the community. It was difficult during COVID, and multiple managers were leading the program due to turnover.

Director Hogues stressed the importance of a rule being in place, so BURA does not give back millions of dollars of funding in the future. One million dollars at \$20,000 per unit would have covered an additional fifty houses. Children will be impacted because BURA's organizational house was not in order. He asked if any future grants would be available.

Chair Pro Tem Floss stated that funds are likely to be cut. He thanked Senior Program Manager Chudy for coming to answer the Board's questions and providing the update. He asked that she relay BFSA's concerns about returning unspent funds to BURA management, that plans and policies be in place to make sure programs are successful, and funds are spent down.

### **Buffalo City School District** ***Review of the 2026-2029 Financial Plan***

Chair Pro Tem Floss introduced the staff's Buffalo City School District (BCSD) 2026-2029 Financial Plan analysis report. The report focuses on the three out-years of the Financial Plan; BFSA reported on the 2025-26 Adopted Budget on June 16, 2025.

Chair Pro Tem Floss asked Senior Analyst II Miller to present the staff's analysis.

The 2025-26 Adopted Budget was passed by the Board of Education on May 28<sup>th</sup>. The BFSA Board conducted its review on June 16<sup>th</sup>. The Financial Plan was submitted to BFSA on July 17<sup>th</sup>. Both the Adopted Budget and the Financial Plan were submitted after the April 8<sup>th</sup> statutory requirement.

The Financial Plan depicts a structural deficit as projected expenditures exceed forecasted revenues in all four financial years. The Adopted Budget includes a \$78.8 million deficit. The Financial Plan includes deficits between \$23.3 million and \$31.8 million annually.

The plan contains a cost reduction strategy focusing on aligning total staffing with the number of open buildings and the decline in pupil enrollment. In outyear one, the BCSD plans to close two yet-to-be-named schools and eliminate 100 full-time equivalent (FTE) positions from the General Fund. An additional 50 FTEs are eliminated in the outyears two and three. Positions are eliminated as people retire. Vacant positions will be removed. Layoffs are not expected but are possible.

General Fund revenue increases in each year of the plan at a 2.2% average annual growth rate. The net increase over the plan is \$74.6 million from year one to year four. Individual categories of revenue were discussed.

General Fund expenditures are a bit different. Expenditures decrease slightly by \$100,000 from year one to year two and then increase at an average annual growth rate of 0.6%. Projected expenditures are heavily impacted by the projected staff reduction and the two school closures.

The next key finding is that the BCSD has appropriated \$78.8 million in fund balance to fill the deficit. The cumulative four-year gap is \$158.0 million. The BCSD currently has sufficient fund balance to fill these deficits in the next 4 years, if some of the risks do not materialize.

The District estimates the total fiscal year-end (FYE) 2025 Unrestricted fund balance at \$342.5 million. The District estimates the total FYE 2029 Unrestricted fund balance at \$188.4 million. Unassigned fund balance is projected at \$56.1 million (above the 4% minimum retainage policy by \$7.8 million).

Senior Analyst Miller reviewed the historical and forecasted fund balance. FYE 2024 concluded with \$424.1 million in total fund balance. FYE 2025 saw a drawdown of approximately \$50.0 million to close an actual deficit. The Financial Plan includes reductions of fund balance in each fiscal year.

The next key point is that all collective bargaining units will either have expired contracts or expiring contracts, excluding the bus aides. BFSA's analysis estimates that the Financial Plan includes between \$20.0 million and \$27.0 million to fund expired/expiring labor agreements and step increases. BFSA analyzed how much contract settlements could cost. With either a 2% raise or 3% raise, holding all things constant and using the current staffing model, contract settlement costs would be \$65.0 million for 2% increase and \$98.3 million for a 3% increase. Approximately \$20.0 million to \$27.0 million is already built into the plan; the actual impact of these hypothetical settlements would be somewhat lower.

Director Keenan asked how much of the \$20.0 million to \$27.0 million was for step increases and how much was for contractual settlements. Senior Analyst Miller explained that the amounts were estimated internally and aren't explicitly in the District's Financial Plan. The estimates were created based on salary projections, assumed step increases, current contractual terms, and the hypothetical 2% to 3% increases. It was not broken out by step increases and contract increases.

BCSD Chief Financial Officer Barnes addressed the Board. He stated that the Financial Plan includes an assumptions section the BCSD utilized to project future employee compensation expenditures. It includes percent increases in each year based on step and assumed salary increases.

Director SanFilippo asked CFO Barnes if he agreed with the estimate. CFO Barnes believed the estimate was too high.

Senior Analyst Miller provided the following additional information. The internal analysis utilized the average 2024-25 employee compensation and increased it by assumed step increases and contractual increases for contracts current in 2025-26. The model then compared these amounts to the hypothetical 2% and 3% increases. A 2% gross increase would be \$65.0 million. The net increase would be between \$40.0 million and \$45.0 million after accounting for what had been built into the Financial Plan. The model is additionally based on the Financial Plan's staffing plan and BFSA's projections for New York State pension employer contribution rates. The estimated additional employee compensation and benefit costs are a risk identified within BFSA's analysis.

CFO Barnes indicated the difference in estimates was reasonable due to the inclusion of employee benefits.

Senior Analyst Miller continued the presentation to discuss the employee benefit expenditures in the Financial Plan. Budgeted General Fund Employee Benefits decrease significantly from 2025-26 to 2026-27 by \$17.7 million (7.2%). The reduction is driven by a \$12.2 million (20%) reduction in retiree health insurance expenditures based on an adjustment to more realistic levels due to actual retiree health insurance costs of \$52.0 million (unaudited) for FYE 2025 and the District's projections for a significant decrease in total gross allowable health insurance-related expenditures billed through its third-party administrator. This includes the impact from cost-containment strategies, including targeting the top three claim categories, including weight-loss drugs.

Commissioner Cornell noted that Erie County was examining the cost/benefit of the weight-loss drug.

CFO Barnes indicated the District's weight-loss drug costs were \$3.0 million in 2024. It was way up to \$12.0 million in 2025. People are signing up more and more every month. The District is self-insured. The insurance carrier will be instituting a stricter policy in January 2026.

The Directors discussed the potential costs and savings for providing the weight-loss drugs.

Senior Analyst Miller noted that the health insurance was one of the big opportunities and threats to the Financial Plan. If the savings materialize, it will free up a lot of money that the District can redirect to other areas of need. If they do not materialize, it will add a significant amount of costs.

CFO Barnes stated that he appreciated meeting with the BFSA staff. The staff does a deep dive on the numbers and challenges the BCSD's assumptions. Retiree health insurance is overstated in the Adopted Budget. When the plan was developed, the District did not have the full Q4 2025 numbers. FYE 2025 actual retiree health insurance costs were \$52.0 million (unaudited). The Adopted Budget included \$61.0 million in 2025-26. The Financial Plan's outyears are based more on the \$52.0 million and not the \$61.0 million, as Senior Analyst Miller mentioned earlier.

Senior Analyst Miller continued the presentation. In the 2024-25 Adopted Budget, the District continued \$45.0 million of programs previously funded by federal stimulus funds. These

programs are phased out over the Financial Plan. The District intends to curb these expenditures by reducing programs and services in the outyears and annually reducing a significant level of budgeted positions. These changes are included within the Financial Plan and are a part of the District's downsizing initiatives.

The next key finding is that the General Fund has provided approximately \$40.0 million in transfers to the Capital Fund over the past three fiscal years. A large amount of this funding was used for projects not subject to New York State (NYS) reimbursement. During 2024-25, the District implemented Phase 1 of a capital improvement plan (CIP). The final project list included twenty-one health and safety-related projects with a total project cost of \$37.0 million (all aidable). The funding for these projects was anticipated to be funded by a \$22.0 million bond offering through the City of Buffalo and \$15.0 million in General Fund transfers (\$11.0 million occurred in 24-25).

Director Keenan asked if the new superintendent had the ability and authority to revise the Financial Plan, the CIP, and other plans. CFO Barnes stated that the plans have been reviewed and discussed with the incoming superintendent. The superintendent may revise the plans if deemed appropriate.

The District is currently developing Phase 2 of the CIP, which includes the Buffalo State/DaVinci project. Except for the DaVinci project, the intent is for Phase 2 to be fully bond-financed and not rely on transfers from the General Fund; the sale of bonds is dependent on approvals by the City of Buffalo. Approximately \$24.0 million of the \$44.0 million DaVinci project is aidable. A \$25.0 million set aside in assigned fund balance for potential transfers required by the DaVinci project is included in the fund balance projection.

The Financial Plan assumes a fully executed lease for a new Central Commissary in early 2025-26. Lease payments will begin after construction is completed in 2026-27. The additional lease costs will create sizable deficits in the Food Service Fund that will be funded using Food Service Fund fund balance for approximately eight years. During years nine through fifteen, the General Fund will fund approximately \$23.0 million in deficits through budget appropriations. During year sixteen and thereafter, the lease payments decrease to a minimal annual level of approximately \$100,000.

The final key finding is that several of the District's main cost drivers have reduced rates of increase over the Financial Plan, including teacher compensation, health insurance for active employees, and health insurance for retirees. Charter School Tuition Payments are projected to be flat in all three outyears.

General Fund revenues total \$1,107.7 million in the Adopted Budget and increase \$74.6 million (6.7%) over the Financial Plan. NYS Aid is projected to increase by a net \$65.7 million (6.9%) over the Financial Plan based on a 3% inflationary rate, less declining Building Aid, and a static total Buffalo resident pupil enrollment in all area public schools.

NYS Aid may be impacted by potential federal aid cuts. The 2025-26 federal grant funding is not at risk, but approximately \$8.0 million annually is at risk in all outyears. NYS may need to

divert local resources to cover shortfalls, putting additional pressure on already strained budgets. The cuts would undermine efforts to provide equitable education.

There are potential Medicaid reimbursement cuts as well. Future reimbursements could be negatively impacted by future federal appropriations. The 2025 United States budget reconciliation law includes a planned reduction in the rate of increase in certain federal outlays, as compared to outyear projections. This may include eliminating the federal Medicaid reimbursement to NYS school districts for individuals determined ineligible for such benefits at the federal level. Medicaid reimbursements are \$5.0 million to \$5.3 million annually over the Financial Plan. The District cannot impact whether these cuts occur.

General Fund expenditures are projected to decrease by \$0.1 million from 2025-26 to 2026-27, an average annual growth rate of 0.8%. Expenditures are projected to total \$1,206.4 million in 2028-29.

Total projected Employee Compensation is \$432.3 million in 2026-27, \$1.0 million (0.2%) greater than the Adopted Budget. There is a net decrease of 100 FTEs, offset by salary steps and 2.5% to 4% assumed contractual increase for several employee groups with expired/expiring collective bargaining agreements. Total projected Employee Compensation increase \$11.1 million (2.6%) over the Financial Plan. BFSA estimates \$3.1 million to \$10.4 million is available annually for step increases/contract settlements (cumulatively \$20.0 million to \$27.0 million). BFSA estimates that the District would need an additional \$40.3 million cumulatively to fund a hypothetical 2% increase to all expired/expiring labor agreements.

Director Hogues asked how budgeted staffing had changed. Senior Analyst Miller presented a slide that depicted the budgeted staffing levels in 2024-25, the Adopted Budget, and the Financial Plan. General Fund budgeted positions are reduced by eighteen FTEs in the Adopted Budget as compared to the 2024-25 Adopted Budget. Budgeted positions increase by twenty-six FTEs on an All Funds basis when comparing the Adopted Budget to the 2024-25 Adopted Budget. Budgeted positions decrease by a net 200 FTEs over the Financial Plan on both a General Fund and All Funds basis. Fifty teacher positions are removed annually. Non-teacher positions are decreased by fifty in 2026-27 and maintained at this level throughout the Financial Plan outyears.

CFO Barnes noted that the position reductions will not be difficult after closing the two schools, eliminating positions as individuals retire, and eliminating vacant positions. Layoffs are not expected.

The Directors discussed the importance of maintaining classroom sizes and not eliminating classroom instruction. CFO Barnes explained that classroom instruction should not be impacted by the FTE reductions. Vacant positions will be removed. Teachers on special assignment will be reduced; these individuals will be offered positions in classrooms.

Senior Analyst Miller presented a slide that depicted historical pupil-to-staff and pupil-to-instructor ratios. The ratios were the lowest in FYE 2024 when the District had a considerable amount of federal stimulus funds available for additional personnel and programs. FYE 2025

depicts the end of the additional funding and the District's first initiatives to right-size the District's staffing to pupil ratios. The ratios are projected to remain lower than historical amounts throughout the Financial Plan.

Director Hogues asked CFO Barnes if any information could be relayed that demonstrated improved pupil outcomes from the additional federal stimulus funding. CFO Barnes stated that the information would be shared when it's available. He expanded on the District's federal Medicaid reimbursement and the federal school lunch program funding.

Senior Analyst Miller continued the presentation. Charter School Tuition Payments increase to \$180.7 million in 2025-26. The Adopted Budget is potentially underbudgeted by \$10.0 million to \$15.0 million. The actual amount cannot be estimated until the New York State Education Department (NYSED) finalizes 2025-26 special education rates. The District will need to address the additional expenditures via budgetary transfers, if possible, and/or by modifying the budget to increase overall appropriations if transfers are not sufficient.

Charter School Tuition Payments increase to \$197.5 million in 2026-27 and then held flat through 2028-29. The assumption is flat enrollment and flat tuition rates based on the District's projected flat annual operating expenses. This represents both an opportunity and a risk: the District would either have significant resources available to fund other areas or conversely, would need to redirect funds from other areas if tuition rates exceed the District's assumed amount.

Director SanFilippo asked if there was a deadline for when the NYSED would provide final special education rates. CFO Barnes stated that final rates are typically released after most school districts have adopted their respective budgets. Certain rates may take several years to finalize. The District's assumption of flat outyear base tuition rates assumes that District average annual operating expenses will essentially be flat, due to its right-sizing initiatives.

Senior Analyst Miller noted that the assumption of flat base charter school tuition rates was an additional opportunity and risk in the Financial Plan. If it occurs, a significant amount of resources would be freed up for the District to address other areas of need. If it is greater than what the District assumes, additional resources will need to be redirected to fund these under-projected expenditures.

Chair Pro Tem Floss discussed the complexity and institutional flaws within New York State charter school funding.

Senior Analyst Miller briefly reviewed Debt Service, Transportation, and All Other Expenditures. Debt Service is budgeted at \$78.4 million in 2025-26 and decreases by \$9.2 million (11.7%) by 2028-29. The District estimates approximately \$22.0 million in new debt will be issued in calendar year 2025 to fund the health and safety renovations of approximately \$37.0 million in aidable projects (97.4%).

Transportation is budgeted at \$72.5 million in 2025-26 and is expected to increase by \$9.1 million (12.6%) by 2028-29. The \$9.5 million (15.1%) increase over the 2024-25 Adopted Budget is due to the anticipated level of transportation services offered by the District and the

new busing contract with First Student, Inc. Transportation costs are largely aidable at an 87% reimbursement.

All Other Expenditures are essentially flat from 2025-26 to 2026-27. Closing two schools in 2026-27 is the basis for this projection. All Other Expenditures increase by \$19.9 million by outyear four.

The Executive Director discussed a schedule which quantified the risks in the Financial Plan as identified by the BFSAs during the review of the plan. These risks include potential loss to the federal Medicaid reimbursement, increased Charter School Tuition Payments, a possible need to provide General Fund support for services that are federally grant-funded if such funding is revoked, additional retiree health insurance costs if cost-avoidance strategies do not materialize, and additional costs for labor agreements. There was a conversation about CFO Barnes's numbers versus Senior Analyst Miller's estimates. The total risk to the plan over the four years is \$175.2 million.

Executive Director Robe deferred to Senior Analyst Miller to present how potential contract settlements could impact the Financial Plan's projected deficits. Senior Analyst Miller showed a chart that depicted the Financial Plan's projected cumulative deficits and the revised cumulative deficits with potential 2% and 3% contract settlements for all eligible collective bargaining units. The deficit scenarios listed did not include the additional cumulative four-year \$124.1 million noted as potentially at risk.

Executive Director Robe noted that there was a shift in how the budget and the financial plan is put together by the District. In prior years, one of BFSAs's consistent findings was that the District did not include an amount for contract increases. The current Financial Plan includes an estimate, so there's a more complete picture.

The District's 2026-2029 Financial Plan includes a cumulative four-year deficit of \$158.0 million, which is fully funded through fund balance, a nonrecurring funding source and an unsustainable practice. The reduction of \$158 million in reserves leaves the District with an estimated \$188 million in Unrestricted fund balance at the conclusion of the Financial Plan. This is the District's worst-case scenario. Significantly, the Unassigned fund balance available for future budgets is projected to be \$7.8 million on June 30, 2029. The importance of the District to achieve an operationally balanced budget is stressed as this amount is insufficient to cover budgetary shortfalls beyond the four-year plan.

As previously discussed throughout the presentation, there are risks associated with the spending plan that have been quantified at \$154.6 million. These are identified specifically in the areas of collective bargaining, healthcare costs, federal funding, and Charter School payments.

In addition, there is \$8 million in special revenue grant fund federal aid at risk beyond the first year of the plan. If these cuts were to occur, the General Fund would continue to fund these programs and services, and they would shift out of the Special Revenue Grant Fund into the General Fund. Right now, it's paid for outside of the General Fund.

The District's financial plan adjusts staffing in response to the decline in student enrollment. Beginning in 2026-27 and through 2028-2029, a total of 150 teaching positions are eliminated in the General Fund, along with fifty other positions for a total general fund reduction of 200. Additionally, two schools are projected to be closed. These key underlying assumptions were used in the development of the financial plan and require action by District officials and the Board of Education.

BFSA's recommendation is for the District to develop a gap-closing plan to address the financial risks identified by the BFSA.

The Directors discussed the status of pupil enrollment, teacher retirements, and potential cuts to federal funding. CFO Barnes noted that teacher retirements should be sufficiently high that the District can remove vacated positions. It is in the early stages of a potential retirement incentive as well.

#### **RESOLUTION NO. 25-26 FINAL 2026-2029 FINANCIAL PLAN REVIEW**

Chair Pro Tem Floss introduced BFSA Resolution No. 25-26, "Final 2026-2029 Financial Plan Review," and requested a motion to approve the item.

Motion by Director SanFilippo. Second by Director Hogues.

Resolution No. 25-26 was approved unanimously.

#### **City of Buffalo**

##### ***Parking Authority Update***

Chair Pro Tem Floss introduced the next item for discussion: an update from City of Buffalo Commissioner Nosworthy regarding the parking authority.

Commissioner Nosworthy addressed the Board and provided the following information. The City Administration is moving forward with the establishment of the Parking and Mobility Authority. All appointments to the parking authority board will be submitted to the Buffalo Common Council for its first meeting in September. The City has also had the request for proposals (RFPs) for the title and survey completed. There were three responses for the survey RFP. All seemed well qualified. There were no submissions for the title RFP. The City is still on time for all that is needed. Bond Counsel will be selected soon.

Chair Pro Tem Floss asked what's being prepared to submit to the Common Council at the September meeting. Commissioner Nosworthy confirmed that the parking authority proposed board candidates would be submitted.

## **New Business**

### ***Bond Sale Update***

Director Keenan inquired about the status of the City's bond issuance. The \$28.0 million cap is advisory, but the City Administration decided to request \$110.0 million, as a significant portion of that amount would be reimbursed. What's the impact on the financial plans if it's \$110.0 million?

Commissioner Nosworthy responded that the original request was for \$110.0 million. Once all the resolutions were submitted, the \$110.0 million was reduced to \$56.0 million to \$57.0 million. The Comptroller set the cap at \$28.0 million, outside of the potential Bond Anticipation Note (BAN) of \$7.0 million.

Director Keenan stated that the BFA has been looking at the Financial Plan, which includes the cost of issuance and repayment.

Commissioner Nosworthy replied that the City included the full amount up to the full \$56.0 million. If we don't go to the market, that would be a potential savings.

Director Keenan stated his impression that the reason the mayor recommended an amount that was so much higher than previous years was that a lot of it was reimbursable. Commissioner Nosworthy responded that it is true, on the District-side, about 97% to 98% is reimbursable. Director Keenan noted it was not really savings then, if such a large percentage would be reimbursed by NYS. Director SanFilippo stated that the full \$110.0 million is not all District projects.

Executive Director Robe commented that the borrowing should be viewed in three "buckets." The first is the \$28.0 million for City projects, the second is \$54.0 million for District projects that would be reimbursed up to 97%, and the third is a \$29.0 million BAN which would be reimbursed by the federal government. The BAN is necessary to front cash needed for projects that were subject to reimbursement. The City included the BAN as they do not have the funds available within their interfund loans. They'd be receiving a BAN, run those programs out, and submitting for reimbursement. The dollars come back to the City, so the cost to the City would be interest and issuance costs. The payment itself would come from the federal government. Looking at these together, two of them are highly reimbursable, one through federal aid for the City, and the second, the District, is 97% reimbursable from New York State aid. Then there's the \$28.0 million City piece that would be paid for through tax revenues.

Commissioner Nosworthy stated his understanding that the Comptroller was okay with the BAN piece. The issue is the \$28.0 million, plus the school projects that the Comptroller is requesting the City, and the District come together and prioritize. The Comptroller has expressed that she is comfortable going to the market to sell up to \$28.0 million in bonds plus the \$7.0 million BAN. That's where the debate is right now.

Commissioner Cornell inquired if the Buffalo Common Council had opined. Commissioner Nosworthy stated the Council had already voted on the capital budget for \$110.0 million. If they have a comment on the debt issuance request, they could comment on it.

Director Keenan inquired if the BFSA has taken a position on the debt issuance.

Director Cornell stated the following. It was a ministerial duty by the Comptroller's office. Something is missing in the conversation. Sometimes there are projects that are just not ready to go, so they drop off, but that authorization still exists for many years, and that's almost always the case. I can't think of a time when the County Comptroller has put his thumb on the scale, determining which projects to advance and borrow for.

Executive Director Robe responded that, as a matter of practice, the capital plan that has been passed by the Buffalo Common Council for many years has exceeded what the bond sale has been.

Commissioner Nosworthy stated that the Comptroller has made it very clear. She's not picking and choosing projects. She's asking the City and District to prioritize which projects to borrow for. A discussion concerning the role of the Comptroller and City Charter responsibilities as the fiscal officer of the City ensued.

Director SanFilippo commented that the position of the City is facing a \$60.0 million to \$70 million deficit, while paying down the overspending of the '80s and '90s.

Director Keenan stated the BFSA should have a position on this issuance based on what the Mayor and the Common Council have approved, compared to what the Comptroller is willing to issue as the financial oversight board of the City.

Director Floss commented that BFSA didn't want to get involved in the negotiations between the District, the City, and the Comptroller as they're working out their process. There is a role for BFSA to talk about how that cap is calculated. If we look at projects, there should be a way to evaluate projects that you're not rejecting, that bring huge economic benefits to the City. There needs to be a cost-benefit analysis done, which will allow us to talk about what the appropriate limits are. One of the fundamental differences this year from other years is that this is the first year that the District has come back into the process. That cap used to be only the City's cap, but now it includes the District. We need to have a better understanding of when the City and the District are borrowing and what reimbursable projects they are funding. How we come up with an appropriate cap, I don't know. The staff has been starting to look at that. I don't know that we're at a point right now to bring something to the Board as a policy or a recommendation. We need to continue to work on this, to put together an appropriate recommendation for a policy. I just don't think that we wanted to get involved in the negotiations in the middle of it, which would have probably made it worse and not better, but I do think that we need to sit down and ask the staff work on that, so that we can have further discussions on what an appropriate cap would be, and what an appropriate analysis would be.

A discussion on the City's borrowing history, including credit rating history, was held. A debt-management plan was established in the late '70s, including the establishment of the debt service fund.

CFO Barnes stated the following. The District hasn't been included in the cap for ten-plus years. The District thought about this in reviewing the Comptroller's cap. The Comptroller's plan said aidable projects should be prioritized and may be excluded from the cap. The District went to the CPC with aidable projects. We could take money out of our fund balance and pay for these construction costs, hurting the City and the District. That's what bonds are for. That's why New York State recommends the sale of bonds for capital projects.

Director Floss stated that we want to be careful. They're going through the process. I think we all agree that in some cases, if you're replacing windows or roofs in schools, this lowers operating costs over time, and there may be important projects that shouldn't wait. The question becomes, how do we recommend a policy and how do we review the history and help the District, the Comptroller's office, and the City get on the same page? Hopefully, we'll be able to make that kind of recommendation soon.

### **Privilege of the Floor**

Chair Pro Tem Floss extended the privilege of the floor to any member of the public attending in person or virtually who wished to comment on the meeting topics.

A member of the press asked Director Keenan about his recent appointment.

Chair Pro Tem Floss requested a motion to adjourn.

### **Adjournment**

Motion to adjourn by Director Hogues. Second by Director Keenan.

The Board voted unanimously to adjourn at 3:27 PM.