

Buffalo Fiscal Stability Authority

Resolution No. 03-21

THE CITY OF BUFFALO'S ISSUANCE OF \$120 MILLION REVENUE ANTICIPATION NOTES FOR FISCAL YEAR 2003-04 AND THE BFSA AID AND TRUST AGREEMENT

WHEREAS, Chapter 122 of the Laws of 2003 ("Chapter 122") requires, with respect to any proposed borrowing by or on behalf of the City of Buffalo (the "City") or any covered organization, the Buffalo Fiscal Stability Authority (the "BFSA") to review the terms of and comment, within thirty days after notification by the City or any covered organization of a proposed borrowing, on the prudence of each proposed issuance of bonds or notes and no such borrowing may be made without the BFSA's review, consent and approval; and

WHEREAS, Chapter 122 permits the BFSA to review and approve or disapprove contracts or other obligations of the City or any covered organization; and

WHEREAS, the City Comptroller authorized the City's issuance of \$120 million revenue anticipation notes to finance fiscal year 2003-04 general fund operations by the City and the Buffalo School District (the "RANS"); and

WHEREAS, the BFSA has been advised that the City conducted similar sales of revenue anticipation notes of \$75 million in fiscal year 2001-02 and \$120 million in fiscal year 2002-03; and

WHEREAS, the Comptroller of the City has represented that it is essential to, and in the best interests of, the City and the Buffalo School District to issue the RANS.

WHEREAS, the Comptroller of the City has advised the BFSA that the financial operations of the City and the Buffalo School District cannot continue uninterrupted unless the closing of the issuance of the RANS occurs by September 16, 2003; and

WHEREAS, the Comptroller of the City requested the BFSA to review, consent and approve, on an expedited basis, the issuance of the RANS by the City so as to permit the City to complete the sale of the RANS by September 16, 2003; and

WHEREAS, the Comptroller of the City and the City's bond counsel have provided to the BFSA and the BFSA's counsel for review drafts of the Official Statement, the Preliminary Official Statement, drafts of the Letter of Credit and Reimbursement Agreement and drafts of the Contract of Purchase for the RAN (collectively, the "Documents"); and

WHEREAS, the Comptroller of the City has represented to the BFSA that in order to close the sale of RANS and obtain favorable pricing for the sale of the RANS, credit enhancement in the form of a direct pay letter of credit ("LOC") is required; and

WHEREAS, the Comptroller of the City has represented that the Bank of New York ("BONY") will provide the credit enhancement in the form of the LOC for the sale of the RANS on the most favorable terms and conditions and, as a requirement of BONY's issuance of the LOC, an agreement is to be entered into among BFSA, the City and HSBC (BFSA's depository bank) pursuant to which BFSA and the City will agree, to the extent provided by law, to direct HSBC to transfer certain funds deposited into the account maintained by HSBC for the benefit of BFSA directly to BONY, rather than to the City (the "BFSA Aid Trust Agreement").

WHEREAS, on August 6, 2003 the directors of the BFSA approved Resolution 03-10 that authorized the City Comptroller to being the process of conducting a RAN sale subject to final approval by the BFSA of the amount, terms and conditions for the RAN sale.

NOW THEREFORE, BE IT RESOLVED, that the BFSA consents to and approves of the issuance by the City of the RANS pursuant to the terms and conditions described to the BFSA by the Comptroller of the City and the City's bond counsel and as set forth in the Preliminary Official Statement delivered to the Executive Director of the BFSA; and

BE IT FURTHER RESOLVED, that BFSA is authorized and directed to enter into the BFSA Aid Trust Agreement, among the BFSA, the City and HSBC, as Depository Bank, substantially in the form delivered to the Executive Director of the BFSA, in furtherance of the City's issuance of the RANS to enable the City to obtain sufficient credit enhancement to sell the RANS on favorable terms and conditions.

BE IT FURTHER RESOLVED, that any Chairperson, Vice Chairperson or Executive Director of the BFSA be, and hereby is, authorized and directed to execute the BFSA Aid Trust Agreement, with such changes, modifications and amendments as he or she deems necessary and to execute and deliver any other agreement, certificate, document, paper or other written instrument, and to do all other things and to take all other actions necessary or appropriate in their judgment, to consummate the transactions contemplated by this resolution.

This resolution shall take effect immediately.

Richard Tobe
Secretary

Approved September 10, 2003