

Minutes

Buffalo Fiscal Stability Authority

June 9, 2004

A meeting of the Buffalo Financial Stability Authority (“BFSA”) convened at 1:05 p.m. in room 106 of the Buffalo Convention Center in Buffalo, New York. The meeting was convened by a Notice of Meeting sent to the Directors by Chair Baker and announced to the public and press.

Directors present: Baker, Wilmers, Masiello, Faso, Giambra, Tobe, Stenhouse

Directors Absent: McCall, Townsend

Staff Present: Johnson, McPherson, Mitchell, Santos, Stefko, Tocker

Others: Jonathan Ballan, Esq. (Bond Counsel *Mintz Levin*)

Opening Statement

Chair Baker announced roll call of Directors, made a few remarks noting the day’s agenda.

Approve Minutes

The Directors voted to approve Resolution 04-58 to approve the minutes of the meetings of April 21, May 12, and May 19, 2004 and to ratify resolutions numbered 04-31 through 04-57. Motion by Wilmers, second by Stenhouse. Vote 7-0 to take effect immediately.

RESOLUTION 04-58

APPROVING MINUTES AND RESOLUTIONS FROM APRIL 21, 2004, MAY 12, 2004 AND MAY 19, 2004

BE IT RESOLVED that, the Buffalo Fiscal Stability Authority approves the minutes of its meetings of April 21, 2004, May 12, 2004 and May 19, 2004 and ratifies and affirms nineteen resolutions numbered 04-31 through 04-35, 04-37 through 04-50 that were approved on April 21, 2004, one resolution numbered 04-51 that was approved on May 12, 2004 and six resolutions numbered 04-52 through 04-57 that were approved on May 19, 2004.

City Issues

Chair Baker announced that the Board was served with an Order to Show Cause filed by the Police Benevolent Association, on May 28th in relation to the wage freeze. He also stated that the Board has met with several Union representatives that requested meetings.

3rd Quarter Report

Executive Director Johnson discussed the BFSFA Staff analysis of the City's Third Quarter report with a graphic presentation (attached). She noted that on the expenditure side the most significant savings were in fringe benefits. Johnson stated that the City was better than budget on the revenue side. Johnson indicated that workforce levels continued to remain below budgeted numbers during the third quarter. Finance Commissioner Milroy indicated that their contingent funds were held back to cover the recent arbitration decision.

Revised Financial Plan

Chair Baker announced that the County Legislature tabled voting on the parks consolidation initiative. Johnson discussed the BFSFA Staff analysis of the City's Revised Financial Plan. Johnson stated the changes in the City's Plan since the first submission. The Directors stressed the severity of the situation by emphasizing that the parks merger has to take place, since the City still needs to borrow \$19.054 million to close the Budget even with the single health care provider initiative.

Johnson explained that the Revised Plan is balanced and that the parks piece is critical.

The Mayor stated that if the County did not take over the parks as of July 1, he would do all that he could to keep the parks open, but it might be necessary to close some or all the parks. He said the City would go back to the drawing board if the County rejected the takeover in an effort to keep the parks open. Absent the County taking over the parks the City would have to amend the 04-05 Budget on or after July 1 and eliminate 78 positions if the City was to retain parks, Milroy explained.

Director Faso stated that there was a possibility that the Board would have to meet prior to July 21st (the next scheduled Authority meeting). The Directors applauded all efforts from the Mayor, Common Council, the unions, etc. for the end results, which is saving money for the City.

Chair Baker asked for a motion to approve Financial Plan and have the City come back on June 21st with specifics to close the gap, stating that the alternative is that the control board would impose a budget. Directors voted to approve Resolution 04-59 Approval of City of Buffalo Revised Four Year Financial Plan. Motion by Faso, second by Wilmers. Vote 7-0 to be effective immediately.

RESOLUTION 04-59

APPROVAL OF CITY OF BUFFALO REVISED FOUR YEAR FINANCIAL PLAN

WHEREAS, Chapter 122 of the laws of 2003 as amended by Chapter 86 of the laws of 2004 requires the City of Buffalo to submit a four-year financial plan that includes the City of Buffalo, the Buffalo Public School District, the Buffalo Municipal Housing Authority ("BMHA") and the Buffalo Urban Renewal Agency ("BURA") and the Mayor's proposed City budget to the Buffalo Fiscal Stability Authority ("BFSFA") not

later than the date required for submission of the budget to the Common Council as set by the City Charter, and

WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and proposed City budget on May 3, 2004 to the BFSA, and

WHEREAS, the BFSA engaged the Institute for Local Governance and Regional Growth (“ILGRG”) to seek public input and comment relating to the City’s and/or any covered entities financial plan, and.

WHEREAS, The ILGRG held an all day public comment session on Saturday May 8, 2004, and

WHEREAS, The City of Buffalo, Buffalo Public Schools, the Buffalo Municipal Housing Authority and the Buffalo Urban Renewal Agency presented the Four Year Plan to the BFSA at a BFSA Board meeting on May 12, 2004 and responded to questions from BFSA Board members, and

WHEREAS, The ILGRG presented a report to the BFSA at a Board meeting on May 12, 2004 reporting on the public comments received in connection with the public comment session held on May 8, 2004 by the ILGRG, and

WHEREAS, on May 19, 2003 the BFSA adopted Resolution 04-52 in which it:

1. Disapproved the City of Buffalo Four-Year Financial Plan dated May 1, 2004,
2. Returned the Four Year Plan to the City of Buffalo with instructions that the City revise the Plan in accordance with the BFSA Report, and
3. Directed the City of Buffalo to submit to the BFSA a revised Four-Year Financial Plan no later than June 2, 2004, and

WHEREAS, on June 2, 2004 the City of Buffalo submitted its “Four-Year Financial Plan (Revised)” (“Revised Buffalo Plan”), and

WHEREAS, staff from the BFSA and the City of Buffalo repeatedly met to share information and exchange views regarding the levels of risk for initiatives contained in the Revised Buffalo Plan, and

WHEREAS, at the June 9, 2004 BFSA meeting, a presentation was made by the City of Buffalo, addressing the elements of the plan and the progress on an initiative to transfer parks operations to the County of Erie, and

WHEREAS, BFSA determined that the Buffalo School District, BURA and BMHA had provided Plans that substantially comply with the BFSA statute, and

WHEREAS, though the Revised Buffalo Plan was largely satisfactory, there were concerns that if the parks initiative fell through, the City would be forced to close the parks, and

WHEREAS, the City was ordered to present a plan on June 21, 2004 with specifics to address how parks would operate in the Financial Plan if the parks initiative did not occur, and

WHEREAS, notwithstanding the threat to the parks, the Revised Buffalo Plan was a balanced document; and

WHEREAS, the Revised Four Year Plan for the City of Buffalo provided:

1. A series of aggressive gap closing actions that achieve recurring savings for the City and conform to the minimum percentages set forth in the BFSFA Act,
2. Initiatives to transfer City parks operations to the County of Erie and to shift all employees to a single health insurance provider,
3. A Declaration of Need for a BFSFA borrowing for \$19.054 million executed by the Mayor and approved by the Common Council, and
4. A Certificate from the Mayor that indicates that “the budget submitted with the Complete Plan is consistent with the City of Buffalo’s Revised Four Year Financial Plan and that the City of Buffalo operations within that budget are feasible as required by Section 3857(2)(a) of the Public Authorities Law.” and

WHEREAS, BFSFA staff has reviewed the Revised Four Year Plan for the City of Buffalo dated June 2, 2003 and reported that it complies with the requirements of the Statute and recommends that the BFSFA approve the plan,

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority determines that the City of Buffalo Four Year Financial Plan is complete, complies with the standards set forth in Sections 3857 and 3838 of the Buffalo Fiscal Stability Act and is hereby approved.

The Directors voted to approve Resolution 04-60 Approval of Declaration of Need in the amount of \$19.054 million. Motion by Stenhouse, second by Wilmers. Vote 7-0 to be effective immediately.

RESOLUTION 04-60

APPROVAL OF DECLARATION OF NEED

WHEREAS, on June 2, 2004 the Mayor of the City of Buffalo submitted a Completed Four Year Plan (“the Plan”), and

WHEREAS, the Mayor submitted a Declaration of Need on June 1, 2004 in which the Mayor declares there is a need for financial assistance to meet the costs set in the Plan and requests that the BFSFA borrow nineteen million and fifty-four thousand dollars (\$19,054,000) and

WHEREAS, on June 1, 2004 the Buffalo Common Council voted to approve the Declaration of Need, and

WHEREAS, on June 9, 2004 the BFSA approved the Plan.

NOW THEREFORE BE IT RESOLVED THAT, the BFSA approves and accepts the Declaration of Need of June 1, 2004.

The Directors voted to approve Resolution 04-61 Approval of Mayor's Certificate of Consistent Budget. Motion by Stenhouse, second by Masiello. Vote 7-0 to be effective immediately.

RESOLUTION 04-61

APPROVAL OF MAYOR'S CERTIFICATION OF CONSISTENT BUDGET

WHEREAS, on June 2, 2004 the Mayor of the City of Buffalo submitted a Completed Four Year Plan ("the Plan"), and

WHEREAS, the Mayor submitted a Certificate of Consistent Budget ("Certificate") dated June 1, 2004 that indicates that the City budget "is consistent with the Plan and that the City of Buffalo operations within that budget are feasible as required by Section 3857(2)(a) of the Public Authorities Law", and

WHEREAS, on June 9, 2004, the BFSA approved the Plan.

NOW THEREFORE BE IT RESOLVED THAT, the BFSA approves and accepts the Certification of Consistent Budget dated June 1, 2004.

Hiring Freeze Waiver Requests

Following a description by Johnson of the City positions for which waivers from the hiring freeze were requested, Directors voted to approve Resolution 04-62 to authorize the hiring of employees to fill the positions listed in Resolution 04-62 and granting exemptions from Resolution 03-70. Motion by Masiello, second by Stenhouse. Vote 7-0 to be effective immediately.

RESOLUTION 04-62

WAIVER OF HIRING FREEZE ORDERED ON CITY OF BUFFALO,
AUTHORIZING TWENTY-TWO POSITIONS FOR CITY GOVERNMENT

WHEREAS, Chapter 122 of the Laws of 2003 authorizes the Buffalo Fiscal Stability Authority ("BFSA") to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Section 3858(2)(C) of the Public Authorities Law authorizes the BFSA to impose a hiring freeze during a control period upon a finding by the BFSA that a hiring freeze is essential to the maintenance of a financial plan; and

WHEREAS, Section 3858(2)(O) of the Public Authorities Law further provides that the BFSA may, to the extent it deems necessary or desirable in order to accomplish the purposes of the BFSA Act, including but not limited to the timely and satisfactory implementation of an approved financial plan, issue a binding order to the appropriate City official; and

WHEREAS, on December 15, 2003, the BFSA found that the immediate imposition of a hiring freeze upon the City of Buffalo was essential to the maintenance of the City of Buffalo Revised Financial Plan and was necessary to accomplish the purposes of the BFSA Act and to insure the timely and satisfactory implementation of the Revised Financial Plan; and

WHEREAS, on December 15, 2003 the BFSA approved Resolution 03-70, ordering a hiring freeze on the City of Buffalo with certain exemptions; and

WHEREAS, for consideration at the June 9, 2004 BFSA meeting, the Mayor of the City of Buffalo has submitted requests to waive the BFSA hiring freeze for twenty-two (22) positions, in accordance with the exemption criteria imposed and established by Resolution 03-70,

WHEREAS, the request is to fill the following positions:

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|----------------------------------|---|----------------------|
| 1. Public Works, Parks & Streets | Street Worker (4) | \$26,779 (\$107,116) |
| 2. Police | Captain | \$75,223 |
| 3. Fire | Homeland Security Operational Coordinator | \$70,000 |
| 4. Audit & Control | Homeland Security Fiscal Compliance Manager | \$60,000 |
| 5. Public Works, Parks & Streets | Bridge Operating Engineers (15)
(seasonal) | \$111,685 |

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority recognizes that without the approval of these waiver requests, the City would otherwise incur larger than anticipated overtime costs and/or a loss of revenues to the City; and

BE IT FURTHER RESOLVED, that the Buffalo Fiscal Stability Authority hereby finds that the Mayor's requests to waive the hiring freeze with regard to twenty-two(22) positions complies with the exemption criteria contained in Resolution 03-70, determines that they are in the best interests of the City, and does hereby authorize the twenty-two (22) waiver requests.

School Issues

Johnson updated the Board on the third quarter, stating that the school system is doing better than budget in both expenditures and revenues, and that the District projects a \$92,000 negative balance for the 2003-04 fiscal year, prior to accruals which should bring the plan into balance.

Chair Baker added that just before the last meeting the School System projected BFSA bonding aid as a contingency until reliance on additional State aid is no longer a viable option.

Executive Assistant to the Superintendent Kane introduced Interim Superintendent Hargrove. Kane also announced that they are trying to reach an agreement regarding one health insurance carrier.

Following a discussion of a 2003-04-budget modification request on behalf of the School System the Directors voted to approve Resolution 04-63 . Motion by Stenhouse, second by Wilmers. Vote 5-0 to be effective immediately. Masiello and Giambra did not vote.

RESOLUTION 04-63

MODIFICATIONS TO THE 2003-2004 FINANCIAL PLAN INCLUDING APPROVAL OF PRIOR YEAR ENCUMBRANCES AND APPROVAL OF LEASE PAYMENT FOR JSCB

WHEREAS, on June 3, 2004 the Buffalo School District submitted a request for Buffalo Fiscal Stability Authority (BFSA) approval for three (3) modifications to the 2003-2004 Four-Year Financial Plan that had been approved by the BFSA, and

WHEREAS, the first modification that the District requests is for BFSA to recognize a prior year encumbrance of \$2.615 million in the General Fund from 2002-03 that has been brought into the current fiscal year, and

WHEREAS, the second modification that the District requests is for BFSA to recognize a prior year encumbrance of \$33,996 in the Food Service Fund from 2002-03 that has been brought into the current fiscal year, and

WHEREAS, Under Generally Accepted Accounting Principles, the District has treated purchases related to these outstanding encumbrances from the prior years as expenditures in the year those items were actually purchased, rather than record them on a budget basis in the year the funds were expended, and

WHEREAS, the third modification that the District requests is for BFSA to approve \$5,841,551 in lease payment costs for the Joint Schools Construction Board, and

WHEREAS, the modification is necessary as the exact amounts were unknown and not included when the 2003-04 budget was originally adopted, and

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority approves and certifies a prior year encumbrance of \$2.615 million in the General Fund from 2002-03, a prior year encumbrance of \$33,996 in the Food Service Fund from 2002-03 and \$5,841,551 in lease payment costs for the Joint Schools Construction Board as modifications to the 2003-04 Four-Year Financial Plan.

Following a discussion of the School District's Revised Financial Plan, the Directors voted to approve Resolution 04-64 Affirming the 2004-05 School District Financial Plan. Motion by Faso, second by Stenhouse. Vote 7-0 to be effective immediately.

RESOLUTION 04-64

AFFIRMING BUFFALO SCHOOL DISTRICT FOUR YEAR FINANCIAL PLAN

WHEREAS, Chapter 122 of the laws of 2003 as amended by Chapter 86 of the laws of 2004 requires the City of Buffalo to submit a four-year financial plan that includes the City of Buffalo, the Buffalo Public School District, the Buffalo Municipal Housing Authority ("BMHA") and the Buffalo Urban Renewal Agency ("BURA") and the Mayor's proposed City budget to the Buffalo Fiscal Stability Authority ("BFSA") not later than the date required for submission of the budget to the Common Council as set by the City Charter, and

WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and proposed City budget on May 3, 2004 to the BFSA and a Revised Four Year Financial Plan on June 2, 2004, and

WHEREAS, the elements of the Plan as it related to the School District were found to be substantially in compliance with the BFSA Act; and

WHEREAS, Though the School District Plan is approved as part of the City's Plan, the BFSA wishes to acknowledge its approval of the separate element of the Plan.

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority hereby affirms its approval of the Buffalo Public School District's component of the City of Buffalo Four Year Financial Plan.

Directors voted to approve Resolution 04-65 Approval of Declaration of Need in the amount of \$19.4 million, absent State Aid. Motion by Faso, second by Stenhouse. Vote 7-0 to be effective immediately.

RESOLUTION 04-65

APPROVAL OF DECLARATION OF NEED

WHEREAS, on June 2, 2004 the Mayor of the City of Buffalo submitted a Completed Four Year Plan (“the Plan”), and

WHEREAS, the Mayor submitted a Declaration of Need on June 1, 2004 in which the Mayor declares there is a need for financial assistance to meet the Buffalo Board of Education’s costs set in the Plan and requests that the BFSA borrow nineteen million and four hundred thousand dollars (\$19,400,000) and

WHEREAS, on June 1, 2004 the Buffalo Common Council voted to approve the Declaration of Need, and

WHEREAS, on June 9, 2004 the BFSA approved the Plan.

NOW THEREFORE BE IT RESOLVED THAT, the BFSA approves and accepts the Declaration of Need for the Board of Education of June 1, 2004.

Other Covered Organization Issues

BMHA

Johnson stated that BFSA had received a formal written request from the BMHA seeking an exemption from the Board’s April 21 wage freeze. However, upon the preliminary advice of counsel that an individual exemption is not permissible under the statute or the resolution, she recommended that no action be taken relative to BMHA’s request to be exempt from the wage freeze.

It was decided to table addressing BMHA’s capital plan until HUD’s 2005 allocation is adopted. Following a discussion of the BMHA Financial Plan, the Directors voted to approve Resolution 04-66 Affirming the BMHA 2004-05 Financial Plan. Motion by Stenhouse, second by Faso. Vote 7-0 to be effective immediately.

RESOLUTION 04-66

AFFIRMING BUFFALO HOUSING AUTHORITY FOUR YEAR FINANCIAL PLAN

WHEREAS, Chapter 122 of the laws of 2003 as amended by Chapter 86 of the laws of 2004 requires the City of Buffalo to submit a four-year financial plan that includes the City of Buffalo, the Buffalo Public Schools, the Buffalo Municipal Housing Authority (“BMHA”) and the Buffalo Urban Renewal Agency (“BURA”) and the Mayor’s proposed City budget to the Buffalo Fiscal Stability Authority (“BFSA”) not later than the date required for submission of the budget to the Common Council as set by the City Charter, and

WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and proposed City budget on May 3, 2004 to the BFSA and a Revised Four Year Financial Plan on June 2, 2004, and

WHEREAS, the elements of the Plan as it related to the BMHA were found to be substantially in compliance with the BFSA Act; and

WHEREAS, Though the BMHA Plan is approved as part of the City's Plan, the BFSA wishes to acknowledge its approval of the separate element of the Plan.

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority hereby affirms its approval of the Buffalo Municipal Housing Authority's component of the City of Buffalo Four Year Financial Plan.

BURA

Johnson stated that BURA's 3rd quarter looked good, notwithstanding the lag in layoffs. Furthermore, BURA projects to end the year in balance. Following a discussion the BURA Financial Plan the Directors voted to approve Resolution 04-67 Affirming the BURA 2004-05 Financial Plan. Motion by Stenhouse, second by Giambra. Vote 7-0 to be effective immediately.

Resolution 04-67

AFFIRMING BUFFALO URBAN RENEWAL AGENCY FOUR YEAR FINANCIAL PLAN

WHEREAS, Chapter 122 of the laws of 2003 as amended by Chapter 86 of the laws of 2004 requires the City of Buffalo to submit a four-year financial plan that includes the City of Buffalo, the Buffalo Public School District, the Buffalo Municipal Housing Authority ("BMHA") and the Buffalo Urban Renewal Agency ("BURA") and the Mayor's proposed City budget to the Buffalo Fiscal Stability Authority ("BFSA") not later than the date required for submission of the budget to the Common Council as set by the City Charter, and

WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and proposed City budget on May 3, 2004 to the BFSA and a Revised Four Year Financial Plan on June 2, 2004, and

WHEREAS, the elements of the Plan as it related to BURA were found to be substantially in compliance with the BFSA Act; and

WHEREAS, Though the BURA Plan is approved as part of the City's Plan, the BFSA wishes to acknowledge its approval of the separate element of the Plan.

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority hereby affirms its approval of the Buffalo Urban Renewal Agency's component of the City of Buffalo Four Year Financial Plan.

Debt Issuance

City Issue

Johnson announced that on May 26, 2004, BFSA, with the professional assistance of BFSA financial advisor Public Financial Management Group (PFM) agreed to the final pricing of \$17.945 million in Buffalo City and School District bonds. The City used bond insurance at a cost of 75 basis points to achieve an AAA rating and that the transaction priced at 15 to 20 points off MMD.

BFSA Issue

Johnson announced that BFSA should expect a double A (AA) rating, since the legislative amendments had been signed into law. She added that through the use of PFM the BFSA is assisting the City Comptroller's office in establishing reasonable and reliable cash flow projections. Johnson asked the Board to authorize the issuance of \$19.054 million in 2004-05 deficit bonds for the City, providing the cash early in the City's fiscal year to ease the City's immediate cash flow needs. The Comptroller is statutorily required to ask the BFSA for release of these funds as needed. Jonathan Ballan, BFSA Bond Counsel from Mintz was introduced to the Board for questions or comments.

Directors voted to approve Resolution 04-68 concerning State Environmental Quality Review Act (SEQRA) matters in relation to the BFSA's 2004 bond sale. Motion by Masiello, second by Giambra. Vote 7-0 to be effective immediately.

RESOLUTION 04-68

CONCERNING STATE ENVIRONMENTAL QUALITY REVIEW ACT MATTERS IN CONNECTION WITH THE AUTHORIZATION, SALE AND ISSUANCE OF SALES TAX AND STATE AID SECURED BONDS

WHEREAS, the Buffalo Fiscal Stability Authority Act, incorporated in chapter 122 of the laws of 2003, as amended from time to time (the "Act"), authorizes the Buffalo Fiscal Stability Authority (the "Authority") to issue bonds for the purpose of financing Financeable Costs, as defined in the Act and to make the proceeds thereof available to the City of Buffalo (the "City"); and

WHEREAS, the Act authorizes the Authority to enter into appropriate and necessary contracts with its bondholders and others to provide for the issuance thereof, and the Directors of the Authority intend to provide from time to time for the authorization, issuance and sale of its sales tax and state aid secured bonds (the "Bonds"); and

WHEREAS, the proceeds of such series of Bonds will be used to finance Financeable Costs under the Act, which may include but are not limited to (i) refunding, repayment or restructuring of certain outstanding indebtedness of the City; (ii) cash flow needs of the City; (iii) capital projects; (iv) operating costs of the City; and (v) the costs of issuance of such series of Bonds; and

WHEREAS, the Authority is required under the State Environmental Quality Review Act, as amended (“SEQRA”), to complete environmental reviews in connection with its activities, including the issuance of its Bonds from time to time or the expenditure of the proceeds thereof:

NOW, THEREFORE, the Authority hereby adopts the following resolutions:

I. Authorized Officers

RESOLVED, that each of the Chairperson, the Vice Chairperson, the Executive Director, the Chief Financial Officer, the Chief Counsel, the Treasurer and the Corporate Secretary of the Authority, and any other person duly authorized to act in such capacity, is designated an “Authorized Officer” for the purposes of the following resolutions; and further

II. SEQRA Findings and Delegation

RESOLVED, that the issuance of the Series 2004A Bonds in order to finance Financeable Costs under the Act, which may include but are not limited to (i) refunding, repayment or restructuring of certain outstanding indebtedness of the City; (ii) cash flow needs of the City; (iii) capital projects; (iv) operating costs of the City; and (v) the costs of issuance of such series of Bonds in each case, except clause (iii), constitutes a “Type II” action under SEQRA and, accordingly, no further action or review is required to be made with respect to the issuance of bonds and the application of the proceeds for such purposes; and further

RESOLVED, that no proceeds of the Series 2004A Bonds shall be applied with respect to any Financeable Cost unless and until an Authorized Officer has taken all necessary action pursuant to the delegation in the following clause in order to comply with the requirements of SEQRA with respect to such Financeable Cost; and further

RESOLVED, that the Authorized Officers are each hereby authorized and directed to take any and all actions necessary to comply with the requirements of SEQRA prior to the disbursement of proceeds of the Series 2004A Bonds with respect to each Financeable Cost; and provided, further, that such Authorized Officers may, to the extent permitted by law, rely upon information supplied by and representations and findings of authorized representatives of the City in connection therewith; and further

RESOLVED, that the Authorized Officers are each hereby authorized and directed to take any and all actions necessary to comply with the requirements of SEQRA with respect to any Financeable Costs to be financed with the proceeds of any future series of Bonds; and provided, further, that such Authorized Officers may, to the extent permitted by law, rely upon information supplied by and representations and findings of authorized representatives of the City in connection therewith; and further

RESOLVED, that the Authorized Officers are each hereby authorized and directed to approve and execute such documents or certifications and take such other actions, in the name of the Authority and on its behalf, as he or she may reasonably deem necessary or appropriate to carry out the foregoing resolutions (including without limitation the making of any findings and the preparation of any assessment forms required by SEQRA), and that all such actions heretofore taken in connection with the Series 2004A Bonds by any Authorized Officer, or his or her designee, are hereby ratified and approved.

The Directors then voted to approve Resolution 04-69 authorizing the issuance of sales tax and State aid secured bonds. Motion by Giambra, second by Wilmers. Vote 7-0 to be effective immediately.

RESOLUTION 04-69

CONCERNING THE AUTHORIZATION, SALE AND ISSUANCE OF SALES TAX AND STATE AID SECURED BONDS, SERIES 2004A

WHEREAS, the Buffalo Fiscal Stability Authority Act, incorporated in chapter 122 of the laws of 2003, as amended from time to time (the "Act") authorizes the Buffalo Fiscal Stability Authority (the "Authority") to issue bonds for the purpose of financing Financeable Costs, as defined in the Act and to make the proceeds thereof available to the City of Buffalo (the "City"); and

WHEREAS, the Authority is authorized by the Act, upon submission by the City to the Authority of an approved declaration of need in accordance with the Act, to enter into agreements, in the Authority's discretion, providing for the financing of Financeable Costs by the Authority and to issue its bonds, notes, or other obligations therefor; and

WHEREAS, the Act authorizes the Authority to enter into appropriate and necessary contracts with its bondholders and others to provide for the issuance thereof, and the Directors of the Authority hereby intend to provide for the authorization, issuance and sale of the initial series of its sales tax and state aid secured bonds (the "Bonds") through the approval of appropriate documentation, including, without limitation, the approval of the First Supplemental Indenture (as such term is defined below), the issuance, sale and delivery of such series of Bonds, and the preparation, negotiation and approval of appropriate documents in connection therewith; and

WHEREAS, the proceeds of such series of Bonds will be used to finance Financeable Costs under the Act, which may include but are not limited to (i) refunding, repayment or restructuring of certain outstanding indebtedness of the City; (ii) cash flow needs of the City; (iii) capital projects; (iv) operating costs of the City; and (v) the costs of issuance of such series of Bonds; and

WHEREAS, the Authority is required to obtain the written approval of the State Comptroller for the sale of each series of Bonds and the terms thereof if such sale be a private sale to other than the State Comptroller; and

WHEREAS, the Authority will obtain the required approval of the State Comptroller prior to the delivery of the initial series of Bonds; and

WHEREAS, the Authority has caused to be prepared an indenture entitled “Indenture between Buffalo Fiscal Stability Authority and The Bank of New York, as Trustee, dated as of June 1, 2004” (the “General Indenture”), authorizing the issuance of one or more series of Bonds for the purposes set forth therein and containing certain other terms, restrictions and covenants with respect to such Bonds and the security pledged to the payment thereof; and

WHEREAS, the Authority has caused to be prepared a form of supplemental indenture entitled “First Supplemental Indenture between Buffalo Fiscal Stability Authority and The Bank of New York, as Trustee Authorizing \$_____ Buffalo Fiscal Stability Authority Sales Tax Secured Bonds, Series 2004A dated as of June 1, 2004” (the “First Supplemental Indenture”), pursuant to which the Authority will authorize the issuance of the Sales Tax and State Aid Secured Bonds, Series 2004A (the “Series 2004A Bonds”) (the General Indenture, as amended and supplemented, being hereinafter collectively referred to as the “Indenture”); and

WHEREAS, the Authority has caused to be prepared a financing agreement dated as of June 1, 2004 (the “Financing Agreement”), by and between the Authority and the City, pursuant to which the City has made certain agreements and covenants relating to the issuance of Bonds by the Authority, and has agreed to the pledge of said covenants to the Trustee on behalf of the Bondholders; and

WHEREAS, pursuant to the Act and the Financing Agreement, the City has requested and has submitted an approved Declaration of Need in accordance with the Financing Agreement in form satisfactory to the Authority that the Authority undertake this financing through the issuance of the Series 2004A Bonds at a fixed rate; and

WHEREAS, the Authority has caused to be prepared a form of a Preliminary Offering Circular (the “Preliminary Offering Circular”), relating to the Series 2004A Bonds; and

WHEREAS, officers and employees of the Authority will participate in revisions to the Preliminary Offering Circular and the preparation of a final Offering Circular to be used in connection with the issuance and sale of the Series 2004A Bonds (the “Offering Circular”) and have negotiated the Contract of Purchase therefor (the “Purchase Contract”); and

WHEREAS, the Authority has caused to be prepared a Buffalo Fiscal Stability Authority Sales Tax and State Aid Secured Bonds, Series 2004A Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) between the Authority, the City and the

Trustee in order to assist the Underwriter (as defined below) in complying with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended:

NOW, THEREFORE, the Authority, hereby adopts the following resolutions:

General Indenture

RESOLVED, that the form of General Indenture presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit A, is hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the General Indenture in substantially such form with such changes thereto prior to the issuance and delivery of the Series 2004A Bonds (which may be issued in one or more series or subseries) as may be approved by the Authorized Officer subject to the terms referred to in item IX below; and further

First Supplemental Indenture

RESOLVED, that the form of First Supplemental Indenture presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit B, is hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the First Supplemental Indenture in substantially such form with such changes thereto prior to the issuance and delivery of the Series 2004A Bonds (which may be issued in one or more series or subseries) as may be approved by the Authorized Officer subject to the terms referred to in item IX below; and further

Financing Agreement

RESOLVED, that the form of Financing Agreement presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit C, is hereby approved with such changes as an Authorized Officer may approve, and any Authorized Officer is hereby authorized and directed to execute the same on behalf of the Authority; and further

Declarations of Need

RESOLVED, that pursuant to the Act and the Financing Agreement, the City has requested the Authority to undertake this financing and has submitted Declarations of Need in substantially the form set forth in the Financing Agreement and any Authorized Officer is hereby authorized to execute and deliver an acceptance of said Declarations of Need consistent with this resolution; and further

Preliminary Offering Circular

RESOLVED, that the Preliminary Offering Circular of the Authority in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit D, is hereby approved for use in marketing the Series 2004A Bonds with such changes as an Authorized Officer may approve; and further

Offering Circular

RESOLVED, that any Authorized Officer is authorized to execute and deliver, on behalf of the Authority, the Offering Circular, with such changes to the Preliminary Offering Circular as may be approved by an Authorized Officer, said execution being conclusive evidence of such approval, and any amendments or supplements thereto which may be necessary or desirable; and any Authorized Officer is further hereby authorized and directed to execute the same on behalf of the Authority, as well as any certificates necessary in connection therewith to allow the Underwriter to comply with SEC rules; and further

Purchase Contract

RESOLVED, that the Purchase Contract by and among the Authority and the Underwriter, in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit E, is hereby approved with such changes as an Authorized Officer may approve, and any Authorized Officer is hereby authorized and directed to execute the same on behalf of the Authority; and further

Continuing Disclosure Agreement

RESOLVED, that the Continuing Disclosure Agreement presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit F, is hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the Continuing Disclosure Agreement in substantially such form as is so approved with such changes therein as the Authorized Officer executing the same may approve, such approval to be evidenced by such Authorized Officer's execution thereof, and further

Terms of Series 2004 Bonds

RESOLVED, that there is hereby delegated to any Authorized Officer of the Authority, subject to the limitations, if any, contained in the Indenture, the power with respect to the Series 2004A Bonds to determine and carry out the following:

- (a) The principal amount of the Series 2004A Bonds to be issued in an aggregate total principal amount up to \$35,000,000;
- (b) The date or dates, maturity date or dates and principal amount of each series and maturity of the Series 2004A Bonds, the amount and date of each sinking fund installment, if any, and which Series 2004 Bonds, if any, are serial bonds or term bonds; provided, however, that the Series 2004A Bonds shall mature no later than June 30, 2037;
- (c) The interest rate or rates of each series of the Series 2004A Bonds (including a zero interest rate), the dates from which interest on each series of the Series 2004A Bonds shall accrue, the interest payment dates, if any, therefor; provided, however, that the true interest cost of the Series 2004A Bonds (as determined by an Authorized Officer of the Authority, which determination shall be conclusive) shall not exceed 6% per annum;
- (d) The redemption price or redemption prices, if any, and the redemption terms, if any, for each series of the Series 2004A Bonds; provided; however, that the redemption

price of any Series 2004 Bond subject to redemption at the election of the Authority or in accordance with the General Indenture shall not be greater than one hundred three percent (103%) of the principal amount of the Series 2004A Bonds or portion thereof to be redeemed, plus accrued interest thereon to the date of redemption;

(e) Additional provisions for the sale or exchange of the Series 2004A Bonds and for the delivery thereof not otherwise set forth herein;

(f) Directions for the application of the proceeds of the Series 2004A Bonds and investment thereof not in conflict with the provisions hereof,

(g) Any other provisions deemed necessary or advisable by an Authorized Officer of the Authority, not in conflict with the provisions hereof or of the Indenture, including, without limitation, incorporating bond insurance or other form of credit enhancement to the extent that an Authorized Officer of the Authority determines that such changes would be in the best interest of the Authority; and further

Issuance and Sale of the Series 2004 Bonds

RESOLVED, that the Authority shall issue, award, sell and deliver the Series 2004A Bonds to the Underwriter upon the terms and conditions set forth in the Purchase Contract at a purchase price of not less than ninety-five percent (95%) of the aggregate original principal amount (issuance value) of the Series 2004A Bonds to be sold and shall apply the proceeds thereof in accordance with the provisions of the Indenture and certain other certificates to be delivered upon issuance of the Series 2004A Bonds; and further

Authorized Officers

RESOLVED, that each of the Chairperson, the Vice Chairperson, the Executive Director, the Chief Financial Officer, the Chief Counsel, the Treasurer and the Corporate Secretary of the Authority, and any person duly authorized to act in such capacity, is designated an "Authorized Officer" for the purposes of the foregoing resolutions; and further

Appointment of Underwriter

RESOLVED, that the firm of Lehman Brothers Inc. is hereby appointed as senior managing underwriter for the Series 2004A Bonds.

Negotiated Sale

RESOLVED, that the use of a negotiated underwriting in connection with the sale of the Series 2004A Bonds is found to be appropriate:

Appointment of Bond Counsel

RESOLVED, that the law firm of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. is hereby appointed bond counsel for the Series 2004A Bonds; and further

Appointment of Trustee

RESOLVED, that The Bank of New York is hereby appointed as Trustee under the Indenture and, for each series of Bonds, shall signify its acceptance of the duties and obligations of the Trustee under the Indenture by executing and delivering to the Authority a written instrument of acceptance; and further

Further Action

RESOLVED, that the Authorized Officers or their designee(s) are each hereby authorized and directed to approve and execute such documents or certifications (including certifications as to the federal tax status of interest on the Series 2004A Bonds), make such payments and take such other actions, in the name of the Authority and on its behalf, as he or she may reasonably deem necessary or appropriate to carry out the foregoing resolutions, including without limitation the execution, sale and delivery of the Series 2004A Bonds, any amendment to the Financing Agreement deemed necessary or convenient in carrying out the intent of this resolution, and that all such actions heretofore taken in connection with the Series 2004A Bonds by any Authorized Officer, or his or her designee, are hereby ratified and approved.

City Contracts

Directors voted to approve Resolution 04-70 authorizing the City to enter into the five contracts listed in Resolution 04-70. Motion by Stenhouse, second by Giambra. Vote 7-0 to be effective immediately.

RESOLUTION 04-70

AUTHORIZE CITY OF BUFFALO TO ENTER INTO FIVE CONTRACTS AND/OR OBLIGATIONS

WHEREAS, Chapter 122 of the Laws of 2003 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for contracts or obligations; and

WHEREAS, various City officials have submitted 5 items for approval at the June 9, 2004 BFSA meeting, and have signed the BFSA Remittance Approval Request Form

("RARF") in which they indicate that there are sufficient funds available for such items;
and

WHEREAS, BFSA Staff have reviewed such items and the RARF and recommend approval of five (5) such contracts; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the City of Buffalo to enter into five (5) contracts as listed below:

1. Reconstruction of patio deck at Delaware Park Casino – J.P. Construction
\$93,000
2. Receive grant monies for Youth Opportunity Initiative (Year 4)
\$92,210
3. Change order for engineering contract on Genesee Street
\$400,000
4. Injured on Duty (IOD) case management costs – Managed Care Network
\$180,000
5. Change order for IOD case management – Managed Care Network
\$107,500

School Contracts

Johnson stated that interim superintendent will earn \$160,000 per year and that the School system has chosen Deloitte & Touché LLP to conduct the independent audit. Director Tobe stressed the need to find a permanent superintendent quickly. Directors voted to approve Resolution 04-71 authorizing the School system to enter into the eleven contracts listed in Resolution 04-71. Motion by Wilmers, second by Faso. Vote 7-0 to be effective immediately.

RESOLUTION 04-71

AUTHORIZE THE BUFFALO SCHOOL DISTRICT TO ENTER INTO ELEVEN CONTRACTS

WHEREAS, Chapter 122 of the Laws of 2003 permits the Buffalo Fiscal Stability Authority ("BFSA") to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization including the Buffalo School District in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for contracts or obligations; and

WHEREAS, School District officials have submitted eleven contracts for approval at the June 9, 2004 BFSA meeting, together with signed BFSA Remittance Approval Request Forms (“RARF”) in which they indicate that there are sufficient funds available for such contracts; and

WHEREAS, BFSA Staff have reviewed such contracts and the RARF and recommend approval of eleven contracts; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo School District to enter into eleven contracts as listed below:

1. Purchase of computers – Alternative Information Systems
\$117,120
2. Purchase of milk and juice for summer meals – Depew Milk Co.
\$125,377
3. Lease payment for Campus West – Buffalo State College
\$821,896
4. Lease payment for DaVinci High School – D’Youville College
\$1,008,759
5. Lease payment - Occupational Training Center – Tri-Main Development
\$337,779
6. Contract for third-party administration of Worker’s Comp claims – POMCO/EM Risk Management
\$134,750
7. Tutorial services for SURR and SINI schools – Canisius College
\$200,000
8. Tutorial services for SURR and SINI schools – Buffalo State College
\$200,000
9. Employment Agreement for Chief Financial Officer
\$130,000
10. Auditing services – Deloitte and Touche
\$195,350
11. Employment Agreement for Interim Superintendent
\$160,000

Housing Authority Contracts

Directors voted to approve Resolution 04-72 authorizing the School system to enter into the eight contracts listed in Resolution 04-72. Motion by Wilmers, second by Stenhouse. Vote 7-0 to be effective immediately.

RESOLUTION 04-72

AUTHORIZE BUFFALO MUNICIPAL HOUSING AUTHORITY TO ENTER INTO EIGHT CONTRACTS AND/OR OBLIGATIONS

WHEREAS, Chapter 122 of the laws of 2003 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review or approve or disapprove contracts or other obligations binding or purporting to bind the City of Buffalo or any covered organization; and

WHEREAS, Chapter 122 of the laws of 2003 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization including the Buffalo Municipal Housing Authority in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000.00; and

WHEREAS, Sharon M. West, Executive Director of the Buffalo Municipal Housing Authority seeks the approval of seven contracts and one settlement agreement; and

WHEREAS, BFSA staff have reviewed such contracts and recommend approval of said contracts,

NOW THEREFORE BE IT RESOLVED, that the BFSA authorize the Buffalo Municipal Housing Authority to enter seven contracts and one settlement agreement listed below:

1. Preventive maintenance - Elevator Maintenance of Buffalo, Inc. \$125,000
2. LaSalle Courts door replacements – All State Development, Inc. \$419,500
3. Kelly Gardens door replacements – All State Development, Inc. \$157,000
4. Exterior and interior improvements at Schwab Terrace, Holling Homes and Kowal Apartments – All State Development, Inc. \$409,000
5. Physical needs assessment – Erdman Anthony \$210,977
6. Management and maintenance at Martha Mitchell Community Center - Buffalo Public Housing Resident Council Corp. \$244,833
7. Construction/program management services for Kenfield Homes – Don Todd Associates \$326,961
8. Settlement of contract dispute for lead paint and asbestos abatement at Ferry-Grider Homes – Lebis Enterprises Inc. \$168,988.72

Housing Authority Executive Director Sharon West expressed that BMHA will continue to appeal the BFSA’s decision relative to the wage freeze.

Director Wilmers requested that the contracts cover sheets ask the number of bidders and an explanation if there were less than three.

There being no further business, Chair Baker entertained a motion to adjourn, which was duly seconded unanimously.

The meeting adjourned at 3:07 pm.