

MINUTES
Buffalo Fiscal Stability Authority
Audit, Finance, & Budget Committee

February 23, 2005

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) Audit, Finance, and Budget Committee was called to order at 12:30 PM on February 23, 2005, at the Buffalo & Erie County Public Library by Chairman Brian Lipke, in the absence of Committee Chairman H. Carl McCall.

The meeting was convened with a Notice of Meeting sent to the Directors by Committee Chairman McCall and announced to the public and the press.

Directors Present: Faso, Lipke, and Townsend

Staff Present: Johnson, McPherson, Mitchell, Miller, Stefko and Tocker

Opening Statement

Chairman Brian Lipke called the meeting to order. He made an opening statement, noting the Agenda and the attendance of Directors

Approval of Minutes

The Directors reviewed and approved the Committee meeting minutes of the prior meeting held on October 20, 2004. Motion by Townsend, second by Faso. Vote 3-0 to take effect immediately.

Open Issues

BFSA Investment Guidelines & Procurement Policies

Executive Director Dorothy Johnson stated that New York State requires that BFSA annually review its Investment Guidelines and Procurement Policies. BFSA staff recommended no change to either and recommended sending them for approval by the BFSA Board. Director Faso motioned to present the Investment Guidelines for Board approval, second by Townsend. Vote 3-0 to take effect immediately. Director Townsend then motioned to present the Procurement Policies for Board approval

BFSA investments and earnings YTD FY 2005

Ms. Johnson noted that a report on investments for FY 2005 through 12/31/04 was included within the February 23, 2005 Board Book for informational purposes.

Review of BFSA YTD financials vs. budget through 12/31/2004

Dorothy Johnson reviewed the 12/31/2004 statements and their performance to the budget. She stated that all numbers are reported on an accrual basis with operating expenditures \$87,810 below budget, and litigation expenses \$46,810 below budget at the mid-year point. Johnson added that BFSA expects to finish the year within budget parameters.

There being no further business, Chairman Lipke entertained a motion to adjourn, which was duly seconded unanimously. The meeting adjourned at 12:40 pm.

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The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:06 PM on February 23, 2005, at the Buffalo & Erie County Public Library by Mr. Brian Lipke, Chairman of the Board. The meeting was convened by a Notice of Meeting sent to the Directors by Chairman Lipke and announced to the public and press.

Directors Present: Faso, Lipke, McCall, Stenhouse, Tobe, Townsend, and Wilmers

Directors Absent: Giambra, Maisello

Staff Present: Johnson, McPherson, Mitchell, Miller, Stefko and Tocker

Opening Remarks:

Chairman Lipke delivered an opening statement welcoming all attendees and citing emergency exit information. In his opening remarks, Chairman Lipke noted that over the past month he had witnessed several successes and disappointments. Among the successes: the labor agreement negotiated within the wage freeze with Local 17S, and the Common Council's approval of the use of reserves for firehouse construction. His list of disappointments included: the failure of the Council to move to referendum the merger of the Erie County Water and Buffalo Water Authorities and the accelerated pace of declining public school enrollment. Noting the Common Council's resistance to the water system merger, he made it clear that he would seek alternative suggestions for savings from them. To avoid fiscal disaster, the City and BFSA need to continue working together, constantly evaluating potential savings. He stressed cost-efficiency and teamwork and advocated an open communication channel.

Following his opening remarks, Chairman Lipke asked Secretary Tobe to do a roll call of the Directors and noted the day's Agenda.

Approve Minutes

The Directors voted to approve Resolution 05-16 to approve the minutes of the January 26, 2005 Board Meeting and to ratify resolutions numbered 05-01 – 05-15. Motion by Faso, second by Wilmers. Vote 7-0, to take effect immediately.

RESOLUTION NO. 05-16

APPROVING MINUTES AND RESOLUTIONS FROM JANUARY 26, 2005

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting of January 26, 2005 and ratifies and affirms fifteen resolutions numbered 05-01 through 05-15 that were approved on January 26, 2005.

Investment Guidelines:

Executive Director Dorothy Johnson remarked that the Audit, Finance, & Budget Committee Meeting earlier had voted to have this item presented to the Board for a one-year extension of the current guidelines, with a recommendation to approve. The Directors then voted to approve Resolution No. 05-17 to approve the Investment Guidelines. Motion by Wilmers, Second by Stenhouse. Vote 7-0, to take effect immediately.

RESOLUTION NO. 05-17

APPROVING BFSA INVESTMENT GUIDELINES

WHEREAS, the Buffalo Fiscal Stability Authority (“BFSA”) was formed by Chapter 122 of the Laws of 2003 to “oversee the city’s budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings through debt restructuring; to finance short-term cash flow or capital needs; and if necessary, to develop financial plans on behalf of the city if the city is unwilling or unable to take the required steps toward fiscal stability; and

WHEREAS, Section 2925 of the Public Authorities Law requires public authorities to develop investment guidelines that establish a set of basic procedures to meet investment objectives, assure that investment assets are adequately safeguarded and collateralized, establish and maintain a system of internal controls including adequate accounts and records which reflect investment transactions and provide for accurate reporting and evaluation of investments in conformance with generally accepted accounting principles; and

WHEREAS, Section 3854 of the Buffalo Fiscal Stability Act directs BFSA as to permissible investments of public funds not subject to provisions of contracts with bondholders; and

WHEREAS, in Resolution 04-02 adopted January 21, 2004, the BFSA adopted investment guidelines as required by law; and

WHEREAS, in order to further comply with State law, it is necessary for the BFSA to review the adopted Investment Guidelines at least annually; and

WHEREAS, the BFSA Audit, Finance, & Budget Committee reviewed and approved the proposed Investment Guidelines on February 23, 2005, and

WHEREAS, upon a review of the current Investment Guidelines, the BFSA finds that amendments are not needed at this time,

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority hereby affirms the Investment Guidelines that are attached to this resolution.

Procurement Policies:

Dorothy Johnson remarked that the Audit, Finance, & Budget Committee Meeting earlier had voted to present this item to the Board for a one-year extension of the current guidelines, with a recommendation to approve. The Directors then voted to approve Resolution No. 05-18 to approve the Procurement Policies. Motion by Townsend, second by Wilmers. Vote 7-0, to take effect immediately.

RESOLUTION NO. 05-18

APPROVING PROCUREMENT POLICIES FOR CERTAIN CONTRACTS

WHEREAS, the Buffalo Fiscal Stability Authority (“BFSA”) was formed by Chapter 122 of the Laws of 2003 to “oversee the city’s budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings through debt restructuring; to finance short-term cash flow or capital needs; and if necessary, to develop financial plans on behalf of the city if the city is unwilling or unable to take the required steps toward fiscal stability and

WHEREAS, the BFSA requires professional assistance in performing its mission, and.

WHEREAS, the BFSA is a public authority of the state of New York and as such is governed by certain state laws that specify the method for the procurement of certain services, and

WHEREAS, in order to comply with state law it was necessary for the BFSA to adopt Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts, and

WHEREAS, in Resolution 03-36 adopted October 7,2003, the BFSA adopted procurement guidelines as required by law; and

WHEREAS, in order to further comply with State law, it is necessary for the BFSA to review the adopted procurement guidelines at least annually; and

WHEREAS, the BFSA Audit, Finance, & Budget Committee reviewed and approved the proposed procurement guidelines on February 23, 2005, and

WHEREAS, upon a review of the current procurement guidelines, the BFSA finds that amendments are not needed at this time,

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority hereby adopts the Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts that are attached to this resolution.

City of Buffalo Second Quarter Review:

Chairman Lipke stated that as of the end of second quarter, the City's current year financials looked strong and that the quarter report projected a full-year \$2.6 million surplus.

Ms. Johnson briefed the Board on the City's second quarter report accompanied by a slide presentation. She stated that the Buffalo Police Department attrition rate is not consistent with the anticipated rate. Notwithstanding this slowdown she noted that the workforce had declined and the City's quality of services has remained constant. Director McCall questioned on what was the assertion based. Ms. Johnson cited several examples including: parks quality of services had remained constant or improved with the associated workforce transferred to the County. She also cited that people have also noted the more visible police presence by moving from two officer cars to one and that unsolved homicides are receiving more police resources, even with the force reduced through attrition,

Director McCall questioned whether the claim of service quality is anecdotal or substantiated. Johnson remarked that no study had been completed to confirm this assertion but that it was based on community feedback.

Director Richard Tobe first noted that the City has 306 fewer workers than at this time in 2004 and then questioned how many City park jobs of this number were attributed to the merger with Erie County. Commissioner of Administration and Finance Dr. James Milroy stated that 59 jobs were transferred; indicating the City's year over year net worker reduction (aside from parks workers) was 247.

**Buffalo Public Schools:
Second Quarter Review**

Ms. Johnson briefed the Board on the School District's second quarter report accompanied by a slide presentation. She noted a precarious balance in operations with costs nearly \$3 million over budget, with higher than expected revenues offsetting this additional spending. Since the submission of the District's Second Quarter Report, the District expected to lose an addition \$3.9 million in School Aid, which was not reflected in the report.

She spoke in detail about employee levels being over projection (\$5.3 million over full annual budget) as follows: teachers 93 positions over, administrators 9 over, and teacher aides 26 over. The other major concern was the acceleration of enrollment decline. The School District's consultant's worst-case scenario estimated 1000 students too high.

Directors Stenhouse and Tobe questioned Chief Financial Officer (CFO) Gary Crosby extensively about the District's lack of position control and the implications for both the

budget and the students. Director Tobe stated his expectation that the Board would like a balanced budget modification to be submitted before the next BFSA Board meeting.

Director Faso questioned whether enrollment numbers included Charter School students. According to Johnson, 2/3 of the drop in enrollment was attributable to Charter School enrollment. She also noted that Gary Crosby joined the District late in the prior fiscal year, and had not been fully involved in the association budget development or projections.

Director Wilmers also questioned student enrollment projections and suggested that the District should expect greater accuracy from its consultants.

Director Tobe asked about the potential effect of the reported loss of \$3 million from Erie County to fund school nurses. Crosby was unable to confirm reports but stated that he did not believe law or contract required the District to fund the positions or to support the school nurses positions in the non-public schools.

Single Health Insurance Provider – Presentation by Gary Crosby

Gary Crosby introduced the plan for Buffalo Public School employees to move to a single health insurance provider, accompanied by a slide presentation (attached).

Mr. Crosby indicated that a single health care provider could save the District approximately one million dollars per month. As many as 250 teaching positions could be saved from cuts or restored while providing a guarantee of no change in benefits if the switch to a single provider takes place. Director Tobe questioned the District's options if the unions do not accept the one provider coverage. Crosby stated that imposing a single provider was not the District's preference and that it intended to negotiate in good faith on the issue. Mr. Crosby indicated however under questioning, that the District proposal would provide identical coverage for each employee and retiree. If the District chose to impose the single health care provider he did not think any employee would be negatively affected and as a result there would not be any damages should the District act to impose the single health care provider.

Director Townsend questioned the District's need for additional textbooks, computers and library books. Crosby did not have a direct response but noted that the District needs more librarians.

Mr. Lipke thanked Mr. Crosby for his remarks and requested a revised, balanced budget be submitted to the Board prior to the next Authority Meeting.

Joint Schools Construction Board Update

Dorothy Johnson noted that a status report was included within the Board Book on Phase I & II for informational purposes (attached).

Director Stenhouse asked why some schools have the technical hardware to support computers but not the actual computers for use. Ms. Johnson replied that the wiring is part of the reimbursed construction costs and that the computers were expected to be provided at a future date.

Buffalo Urban Renewal Agency (BURA):
Second Quarter Review

Ms. Johnson updated the Board on BURA's second quarter report. She stated that through the second quarter, BURA projects full-year balance across all funds, with total revenues and expenditures both running \$1.3 million under budget. While BURA's full-year performance appears positive through two quarters, there remain risks to the Four-Year Financial Plan. BURA's cumulative gap from prior year deficits is approximately \$4 million. To address this BURA proposes to continue closing out unused budgetary accounts, to utilize program income to fund prior year cost overages, and to allocate future grant resources. BURA has also begun selling some assets as called for in the Financial Plan. Additionally, at BFSA's direction, BURA has begun to update and modernize existing job positions to ensure that all positions add value to BURA's mission.

Annual Action Plan Update

Ms. Johnson updated the Board with an overview of BURA's Action Plan for Year 31 (May 1, 2005 – April 30, 2006), which covers the major federal grant allocations BURA receives each year to operate its programming. She stated that although the Draft Plan appears to be in balance, BFSA staff recommends the Board reserve formal action until the Staff has had a chance to review the final Annual Action Plan.

Timothy Wanamaker, Executive Director of Strategic Planning, stated that significant changes have been made to the Draft Plan. Only programs with difficult coverage areas that perform at an acceptable level would remain funded. Year 31 funding should be secure, but federal funding reductions are expected and will complicate solving BURA's hidden deficit. The current funding situation has allowed BURA to cover deficit spending, which, if lost, will create further problems. President Bush's proposed budget recommends significant reductions in funding for HUD and the elimination or transfer of the community development block grant (CDBG) program. These changes, if approved by Congress, are not expected to impact the City's Year 31 block grant, but will likely have an impact in the following year.

Director Tobe then asked if Common Council approval of the CDBG budget was required prior to its submission to HUD. Wanamaker responded that the Plan was presented to the Common Council as a courtesy, not for formal action. The BURA Board approves the budget, pending HUD approval. BURA funding is not dependent upon appropriation of funds by the Common Council.

Buffalo Municipal Housing Authority (BMHA):
Second Quarter Review

Ms. Johnson updated the Board on BMHA's second quarter report. Although the second quarter revenues are in line with the newly adopted Financial Plan, they are substantially below for the same period for fiscal year ending 2004, which is largely a reflection of HUD's reduced funding. Salaries are higher than expected about \$253 thousand over where they would expect to be at this point in the revised budget and \$582 thousand higher than the previous year. BMHA has made progress by achieving additional savings in switching employees to a single healthcare provider effective January 31, 2005.

Overall, BMHA may be able to finish the fiscal year within the revised budget by using \$2 million of reserves and by holding off on non-priority expenditures. Concern was expressed over BMHA's ability to close the 2005 and 2006 budget gaps.

*** Director Faso was excused for the remainder of the meeting and left prior to the vote on the BMHA capital plan***

BMHA's Capital Plan

Johnson briefed the Board on the basics of BMHA's Capital plan. Director Tobe suggested an amendment to the resolution that was accepted by the Directors: that BMHA be required to reduce its reliance on capital dollars for administrative expenses prior to BFSAs approval of future capital plans. Directors voted to approve the capital plan for the Buffalo Municipal Housing Authority. Motion by Lipke, second by Tobe. Vote 6-0 to take effect immediately.

RESOLUTION NO. 05-19

APPROVAL OF BUFFALO MUNICIPAL HOUSING AUTHORITY 2005 CAPITAL BUDGET PLAN

WHEREAS, the mission of the Buffalo Municipal Housing Authority ("BMHA") is to provide safe, decent and affordable public housing, which is of vital importance to a region such as Buffalo, and

WHEREAS, BMHA presented their capital budget to the United States Department of Housing and Urban Development ("HUD") for approval, which was granted by HUD in October 2004, and

WHEREAS, HUD approved a capital budget in the amount of \$9,179,221, which was a decrease of \$595,153 from what was previously approved for their capital program, and

WHEREAS, upon analysis by BFSAs Staff, almost 40% of the capital budget is being used for administrative purposes, the maximum allowable by HUD, and

WHEREAS, BFSAs would like to see less of those dollars being used for operational purposes in order that more funding can go directly into the housing stock, and

WHEREAS, Prior to the approval of future capital plans, BMHA must demonstrate significant reductions in its reliance on capital dollars for administrative purposes,

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority approves the Buffalo Municipal Housing Authority's 2005 capital budget plan.

Ms. Sharon West, Executive Director of BMHA addressed the Board, and clarified that HUD allows four years to spend capital funds. She also stressed the need to maintain current staffing levels in order to maintain sites up to HUD standards.

Chairman Lipke noted that Ms. West is retiring and wished her good luck.

Permanent Executive Director Search

Johnson stated that the Board was interested in BMHA finding the best candidate for Executive Director and plans to assist in the search. Director McCall questioned whether BFSA is authorized to be that involved in the hiring process. Director Tobe responded that it is within BFSA's powers, noting that BFSA must approve the new hire under the hiring freeze. Directors voted to approve BFSA assistance with the BMHA Executive Director search. Motion by McCall, second by Stenhouse. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-20

BUFFALO FISCAL STABILITY AUTHORITY PARTICIPATION IN SEARCH FOR NEW BUFFALO MUNICIPAL HOUSING AUTHORITY EXECUTIVE DIRECTOR

WHEREAS, Section 3858(2)(C) of the Buffalo Fiscal Stability Authority Act (the "Act") authorizes the Buffalo Fiscal Stability Authority ("BFSA") during a control period to impose a hiring freeze 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 Act further provides that the BFSA may, to the extent it deems it necessary or desirable in order to accomplish the purposes of the Act including but not limited to the timely and satisfactory implementation of an approved financial plan, issue an order to the appropriate City official which shall be binding upon the official to whom it is issued; and

WHEREAS, On January 26, 2005, the BFSA enacted BFSA Resolution 05-08, ordering a hiring freeze for the Buffalo Municipal Housing Authority ("BMHA"); and

WHEREAS, the BMHA is in a period of transition, as the long standing Executive Director is leaving the organization at the end of February 2005; and

WHEREAS, this is a critical time for BHMA in light of serious cuts in United States Department of Housing and Urban Development (“HUD”) funding this year, and additional cuts expected in the future; and

WHEREAS, the BFSA has previously provided input in the hiring process when the City Comptroller sought to fill vital positions on his staff and when the School District began a search for a Chief Financial Officer; and

WHEREAS, those previous efforts helped their respective organizations develop strong financial management and facilitated their ongoing communications with the BFSA; and

WHEREAS, BFSA would like to cooperate with BMHA in its search for a new Executive Director, recognizing the compelling need for the BMHA to have a strong leader well versed in fiscal disciplines in order to effectively manage the organization in the coming years to forestall a takeover of operations by HUD;

NOW, THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority is expecting to participate in the search for a new Executive Director for the Buffalo Municipal Housing Authority, including but not limited to, the appointment of at least two individuals to any search committee established by the Buffalo Municipal Housing Authority for that purpose; and

BE IT FURTHER RESOLVED, that the Buffalo Municipal Housing Authority report immediately to the Buffalo Fiscal Stability Authority on the process it will establish to find a new Executive Director, the search criteria to be employed, including the compensation in salary and benefits to be provided and to thereafter report monthly on the progress being made in that regard until such time as a new Executive Director has been hired; and

BE IT FINALLY RESOLVED that pursuant to the hiring freeze instituted by BFSA Resolution 05-08 any such hiring shall be subject to the approval of the BFSA Board of Directors.

Water Merger Update

Chairman Lipke updated the Board on the Buffalo Water Board and Erie County Water Authority proposed merger. He expressed disappointment that a deal was not achieved while special financing from the State was available. It remains BFSA’s assertion that a merger would generate cost-savings for ratepayers. Notwithstanding the BFSA sponsored meeting, there were insufficient votes from the Common Council to support the referendum necessary for the merger to go forward. Mr. Lipke stated that the Common Council would continue to evaluate other cost-saving options.

The Directors discussed the savings associated with the proposal and the Common Council’s objections noting concern with: the County’s fiscal instability, personnel issues, sprawl, and politics. Director Stenhouse questioned the potential of a Buffalo Sewer and Buffalo Water Authority merger. Commissioner Milroy stated that a merger

of the water systems would save the ratepayers 35 percent or \$6 million annually by eliminated the need for 60 workers, additionally \$15 million would be put into in annual capital improvements. A merger with the Sewer Authority would not offer the same savings or benefits.

Chairman Lipke reiterated that the interest rate savings alone associated with the water merger are worth at least \$1 million a year, and stated his expectation that the Common Council would continue to evaluate and locate other options for similar or greater cost savings.

Refinancing of City Debt:

Ms. Johnson updated the Board on the current plan to refund some of the City’s outstanding debt. After some brief discussion, the Directors then voted to approve the State Environmental Quality Review Act resolution required for the refunding. Motion by Townsend, second by Stenhouse. Vote 6-0 to take effect immediately.

RESOLUTION NO. 05-21

RESOLUTION CONCERNING STATE ENVIRONMENTAL QUALITY REVIEW ACT MATTERS IN CONNECTION WITH THE AUTHORIZATION, SALE AND ISSUANCE OF SALES TAX AND STATE AID SECURED BONDS, SERIES 2005A AND SERIES 2005B

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 and notes 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 (the “Series 2005A and Series 2005B 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) the costs of issuance of such series of Bonds; and (iii) capitalized interest on 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 and notes 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 Chairman, the Vice Chairman, 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 2005A and Series 2005B 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; and (ii) the costs of issuance of such series of Bonds in each case 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 2005A and Series 2005B 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 2005A and Series 2005B 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 2005A and Series 2005B Bonds by any Authorized Officer, or his or her designee, are hereby ratified and approved.

The Directors then voted to approve the refunding of City of Buffalo debt. Motion by McCall, second by Stenhouse. Vote 6-0 to take effect immediately.

RESOLUTION NO. 05-22

RESOLUTION CONCERNING THE AUTHORIZATION, SALE AND ISSUANCE OF SALES TAX AND STATE AID SECURED BONDS TO REFUND GENERAL OBLIGATION BONDS OF THE CITY OF BUFFALO

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 and notes 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 additional 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 Supplemental Indentures (as such term is defined below), the authorization of the issuance of such series of Bonds and 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) the costs of issuance of such series of Bonds; (iii) funding, to the extent necessary under the Indenture, the Debt Service Reserve Account; and (iv) capitalized interest on such series of Bonds; and

WHEREAS, the Authority is authorized by the Act to enter into interest rate exchange agreements or similar arrangements under such terms and conditions as the Authority may determine, and in accordance with such authority has adopted an Interest Rate Swap Policy (the "Swap Policy") and proposes to enter into one or more ISDA Master Agreement, Schedules and related Confirmations, to be dated as of the date of their execution, to complete one or more variable-to-fixed rate interest rate swaps in connection with the issuance of the Series 2005B Bonds (as defined below); and

WHEREAS, the Authority is required to obtain the written approval of the State Comptroller for the sale of the 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 Bonds; and

WHEREAS, the Authority has previously caused to be executed and delivered 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 or notes, including bond anticipation notes, for the purposes set forth therein and containing certain other terms, restrictions and covenants with respect to such Bonds or notes and the security pledged to the payment thereof; and

WHEREAS, the Authority shall caused to be prepared forms of supplemental indentures entitled “Third Supplemental Indenture between Buffalo Fiscal Stability Authority and The Bank of New York, as Trustee Authorizing Up To \$125,000,000 Buffalo Fiscal Stability Authority Sales Tax and State Aid Secured Bonds, Series 2005A” (the “Third Supplemental Indenture”) and “Fourth Supplemental Indenture between Buffalo Fiscal Stability Authority and The Bank of New York, as Trustee Authorizing Up To \$35,000,000 Buffalo Fiscal Stability Authority Sales Tax and State Aid Secured Bonds, Series 2005B” (the “Fourth Supplemental Indenture” and, collectively, with the Third Supplemental Indenture, the “Supplemental Indentures”), pursuant to which the Authority will authorize the issuance of the Sales Tax and State Aid Secured Bonds, Series 2005A and Series 2005B (the “Series 2005A and Series 2005B Bonds”) (the General Indenture, as amended and supplemented, including by the Supplemental Indentures, being hereinafter collectively referred to as the “Indenture”); and

WHEREAS, the Authority has previously caused to be executed and delivered 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 or notes 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 2005A Bonds, to be issued as fixed rate bonds, and the Series 2005B Bonds, to be issued as auction rate securities; and

WHEREAS, the Authority shall cause to be prepared one or more Preliminary Offering Circulars (the “Preliminary Offering Circulars”), relating to the offering of the Series 2005A and Series 2005B Bonds; and

WHEREAS, officers and employees of the Authority will participate in revisions to the Preliminary Offering Circulars and the preparation of final Offering Circulars to be used in connection with the issuance and sale of the Series 2005A Bonds and the Series 2005B (the “Offering Circulars”) and will negotiate the Contracts of Purchase therefor (the “Purchase Contracts”); and

WHEREAS, the Authority has negotiated a form of contract of purchase between the Authority and the City relating to the purchase by the Authority of the bonds from the City (the “City Bond Purchase Contract”); and

WHEREAS, the Authority has caused to be prepared a Buffalo Fiscal Stability Authority Bonds, Series 2005A and Series 2005B Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) between the Authority 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; and

WHEREAS, the duly authorized officers of the Authority shall cause to be prepared an Auction Agency Agreement (the “Auction Agreement”) by and among the Authority, the Trustee and the Auction Agent to be determined by the Authority and set forth in the Fourth Supplemental Indenture (the “Auction Agent”), obligating the Auction Agent to conduct auctions for the Series 2005B Bonds bearing interest at an auction rate and calculate the interest rate that results from such auctions or default interest rates if such auctions are not held; and

WHEREAS, the duly authorized officers of the Authority shall cause to be prepared a Broker-Dealer Agreement (the “Broker-Dealer Agreement”) by and among the Authority, the Auction Agent and each Broker-Dealer to be determined by the Authority and set forth in the Fourth Supplemental Indenture (the “Broker-Dealer”), which obligates each Broker-Dealer to submit bids, sell orders or hold orders to the Auction Agent on behalf of the persons listed in their records as beneficial owners of the Series 2005B Bonds bearing interest at an auction rate or to submit bids on behalf of persons who wish to obtain the beneficial ownership of the Series 2005B Bonds bearing interest at an auction rate under certain conditions; and

WHEREAS, the duly authorized officers of the Authority shall cause to be prepared a Market Agent Agreement (the “Market Agent Agreement”) by and between the Authority and Lehman Brothers Inc. (the “Market Agent”), which obligates the Market Agent to provide index rates for the Series 2005B Bonds bearing interest at an auction rate under certain conditions; and

WHEREAS, the duly authorized officers of the Authority shall cause to be prepared an ISDA Master Agreement, Schedule and Confirmation thereto, in connection with the issuance of all or any portion of the Series 2005B Bonds to complete a variable-to-fixed rate interest rate swap with the counterparty selected by the Authority in accordance with the Guidelines, which shall be the provider of such swap;

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

I. Third Supplemental Indenture

RESOLVED, that the form of Third Supplemental Indenture in substantially the form 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 Third Supplemental Indenture in substantially such form with such changes thereto prior to the issuance and delivery of the Series 2005A Bonds (which may be issued in one or more series or subseries) as may be approved by an Authorized Officer subject to the terms referred to in item XV below; and further

II. Fourth Supplemental Indenture

RESOLVED, that the form of Fourth Supplemental Indenture in substantially the form 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 Fourth Supplemental Indenture in substantially such form with such changes thereto prior to the issuance and delivery of the Series 2005B Bonds (which may be issued in one or more series or subseries) as may be approved by an Authorized Officer subject to the terms referred to in item XIII below; and further

III. Declaration 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 a Declaration 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 such Declaration of Need consistent with this resolution; and further

IV. Preliminary Offering Circulars

RESOLVED, that the Preliminary Offering Circulars of the Authority in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit C, are hereby approved for use in marketing the Series 2005A and Series 2005B Bonds with such changes as the Authorized Officer may approve; and further

V. Offering Circulars

RESOLVED, that any Authorized Officer is authorized to execute and deliver, on behalf of the Authority, the Offering Circulars, 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

VI. Purchase Contracts

RESOLVED, that the Purchase Contracts 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 D, 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

VII. City Bond Purchase Contract

RESOLVED, that the City Bond Purchase Contract by and among the Authority and the City, in substantially the form previous used by the Authority and the City, 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

VIII. Continuing Disclosure Agreement

RESOLVED, that the Continuing Disclosure Agreement in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit E, 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 an Authorized Officer may approve, and further

IX. Escrow Deposit Agreements

RESOLVED, that the form of the Escrow Deposit Agreements relating to the refunding or restructuring of City indebtedness, to be confirmed by the Confirming Officers, presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit F, are hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the Escrow Deposit Agreements in substantially such forms as are so approved with such changes therein as an Authorized Officer may approve; and further

X. Auction Agreement

RESOLVED, that the form of the Auction Agreement in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit G, is hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the Auction Agreement in substantially such form as is so approved with such changes therein as an Authorized Officer may approve; and further

XI. Broker-Dealer Agreement

RESOLVED, that the form of the Broker-Dealer Agreement in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit H, is hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the Broker-Dealer Agreement in substantially such form as is so approved with such changes therein as an Authorized Officer may approve; and further

XII. Market Agent Agreement

RESOLVED, that the form of the Market Agent Agreement in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit I, is hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the Market Agent Agreement in substantially such form as is so approved with such changes therein as an Authorized Officer may approve; and further

XIII. ISDA Master Agreement, Schedule and Confirmation thereto

RESOLVED, that the form of the ISDA Master Agreement, Schedule and Confirmation thereto in substantially the form presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit J, are hereby approved, and any Authorized Officer is hereby authorized to execute and deliver the ISDA Master Agreement, Schedule and Confirmation thereto, in substantially such forms as are so approved with such changes therein as an Authorized Officer may approve; and further

XIV. Issuance and Sale of the Series 2005A and Series 2005B Bonds

RESOLVED, that the Authority shall issue, award, sell and deliver the Series 2005A and Series 2005B 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 2005A and Series 2005B 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 2005A and Series 2005B Bonds; and further

XV. Terms of Series 2005A and Series 2005B Bonds

RESOLVED, that there is hereby delegated to any Authorized Officer of the Authority, subject to the limitations, if any, contained in the Indenture and item XVI below, the power with respect to the Series 2005A and Series 2005B Bonds to determine and carry out the following:

(a) The principal amount of the Series 2005A and Series 2005B Bonds to be issued in an aggregate total principal amount not to exceed to \$125,000,000;

(b) The series of bonds and the maturities or portions thereof of the City which are to be refunded or restructured with a portion of the proceeds of the Series 2005A and Series 2005B Bonds, and the date or dates, if any, on which such refunded

obligations are to be called for redemption, the provisions of any escrow deposit agreement, the selection of a verification agent therefor and any other matters necessary, as determined by an Authorized Officer to best carry out the Authority's statutory purposes; Public Financial Management will act as bidding agent for the funding of the escrows;

(c) The date or dates, maturity date or dates and principal amount of each series and maturity of the Series 2005A and Series 2005B Bonds, the amount and date of each sinking fund installment, if any, and which Series 2005A and Series 2005B Bonds, if any, are serial bonds or term bonds; provided, however, that the Series 2005A and Series 2005B Bonds shall mature no later than June 30, 2037;

(d) The interest rate or rates of each series of the Series 2005A and Series 2005B Bonds (including a zero interest rate), the dates from which interest on each series of the Series 2005A and Series 2005B Bonds shall accrue, the interest payment dates, if any, therefor and the interest rate mode or modes thereof; provided, however, that the true interest cost of the Series 2005A Bonds, either fixed or synthetically fixed (as determined by an Authorized Officer of the Authority, which determination shall be conclusive) shall not exceed 8% per annum and that any Series 2005A and Series 2005B Bonds issued at an auction rate shall be subject to a maximum interest rate of not greater than 15% per annum, or such higher rate or rates as determined by an Authorized Officer;

(e) The redemption price or redemption prices, if any, and the redemption terms, if any, for each series of the Series 2005A and Series 2005B Bonds; provided; however, that the redemption price of any Series 2005A and Series 2005B 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 2005A and Series 2005B Bonds or portion thereof to be redeemed, plus accrued interest thereon to the date of redemption;

(f) Additional provisions for the sale or exchange of the Series 2005A and Series 2005B Bonds and for the delivery thereof not otherwise set forth herein, including, but not limited to, provisions for the negotiated sale thereof and preparation and approval of the Series 2005A and Series 2005B Bond Instruments, as defined and provided for in Section 4.03 of the form of the Supplemental Indentures;

(g) Directions for the application of the proceeds of the Series 2005A and Series 2005B Bonds and investment thereof not in conflict with the provisions hereof;

(h) Convert from time to time, the interest rate mode or modes of the Series 2005B Bonds, as provided in the Fourth Supplemental Indenture;

(i) The advisability of entering into one or more swap transactions as described in and subject to the terms referred to in item XVI below;

(j) The aggregate present value savings to be realized in connection with the issuance of the Series 2005A and Series 2005B Bonds to refund outstanding general obligation bonds of the City, including debt service fund earnings, shall be at least 3%; provided, however, if the refunding is to include one or more swap transactions, other than with respect to the refunding of the City's 1993 refunding issue, the aggregate present value savings shall be not less than \$400,000 greater than such a refunding without such swap transactions;

(k) 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, changing the designation of the Series 2005A and Series 2005B Bonds, incorporating bond insurance or other form of credit enhancement, acquiring mirror bonds from the City, or changes to address rating agency considerations, in each case to the extent that an Authorized Officer of the Authority determine that such changes would be in the best interest of the Authority; and further

XVI. Swap Transactions

RESOLVED, that, consistent with the Swap Policy, the Authorized Officers are hereby authorized, in connection with all or any portion of the Series 2005A and Series 2005B Bonds, from time to time to enter into one or more swap agreements and other documents necessary or appropriate to completing a variable-to-fixed rate interest rate swap, substantially in the forms of the standard ISDA Master Agreement, Schedule and Confirmation thereto, and to negotiate the terms thereof with Lehman Brothers Inc. or an affiliate of Lehman Brothers Inc., as the counterparty, which shall be the provider of such swap, or competitively bid such swap in accordance with the Swap Policy among such other parties selected by the Confirming Officers, with such changes therein as the Confirming Officers may approve, provided, however, that the notional amount of such interest rate swap agreement or agreements shall not exceed the limit prescribed by the Act; and further

XVII. Authorized Officers and Confirming 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" and either the Executive Director or the Chief Financial Officer, acting with either the Chairperson or the Vice Chairperson, are designated "Confirming Officers" for the purposes of the foregoing resolutions; and further

RESOLVED, that the Confirming Officers are hereby authorized to find and determine on behalf of the Authority the reasons for entering into any such transaction, including that such transactions are reasonably expected to, among other things, reduce the Authority's exposure to changes in interest rates and/or are projected to result in a lower net cost of borrowing than other alternatives; and further

RESOLVED, that the Confirming Officers are hereby further authorized in connection with any such swap agreement entered into in accordance with the provisions of the

Fourth Supplemental Indenture to terminate, amend, supplement, replace, extend or otherwise modify such swap agreement at any time during the term thereof for purposes including, but not limited to, the effectuation of a change in the basis for or timing of the payments to be made thereunder, modifications of the terms or provisions relating to termination provisions, the provision of collateral thereunder, or the granting of option rights to the counterparty, as the Confirming Officers determine to be necessary or desirable and consistent with the terms and provisions of the Swap Policy.

XVIII. Appointment of Underwriter

RESOLVED, that the firm of Lehman Brothers Inc. is hereby appointed as senior managing underwriter for the financings authorized by this resolution. Additional co-managing underwriters may be designated by the Authorized Officers.

XIX. Negotiated Sale

RESOLVED, that the use of a negotiated underwriting in connection with the sale of the Series 2005A and Series 2005B Bonds is found to be appropriate.

XX. 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 2005A and Series 2005B Bonds; and further

XXI. 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 2005A and Series 2005B 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 2005A and Series 2005B 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 2005A and Series 2005B Bonds by any Authorized Officer, or his or her designee, are hereby ratified and approved.

Hiring Freeze

Johnson stated that there were eighteen hiring freeze requests granted since the last meeting under the expedited approval process. Chairman Lipke and Vice Chair Townsend had been informed of the staff analysis of these positions and subsequently approved the requests via e-mail.

Contracts:

Update on interim approvals of City Contracts

Since the January meeting, eleven contracts have been approved on an interim or emergency basis. Based on staff analysis, the Chairman and Vice Chair approved all items. None of the contracts exceeded the \$200,000 threshold, and therefore did not require full Board affirmation.

Proposed Labor agreement with Local 17S

Johnson briefed the Board on the agreement reached between the City and Local 17S which met the conditions of the wage freeze and provided a potential for costs savings for the City. Director Tobe expressed discomfort with approving a collective bargaining agreement with a union in litigation with BFSA. The Directors voted to approve Resolution 05-23 approving the City of Buffalo to enter into a collective bargaining agreement for Operating Engineers. Motion by Stenhouse second by Townsend. Vote 5-1 to take effect immediately. Director Tobe voted in the negative.

RESOLUTION NO. 05-23

APPROVE COLLECTIVE BARGAINING AGREEMENT FOR OPERATING ENGINEERS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 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 as amended by Chapter 86 of the Laws of 2004 also permits the BFSA to review and approve or disapprove collective bargaining agreements binding or purporting to bind the City or any covered organization; and

WHEREAS, The City of Buffalo has reached an agreement with Local 17S, which represents operating engineers; and

WHEREAS, the agreement covers fiscal years 2002-03, 2003-04 and 2004-05 and does not provide for salary increase in conformance with the wage freeze; and

WHEREAS, the annual cost of provisions included in the agreement are less than the previous contract with the bargaining unit; and;

WHEREAS, the City has demonstrated that there are sufficient funds to pay the costs associated with implementing the agreement and that the agreement is in accordance with the approved financial plan; and

WHEREAS, BFSA Staff have reviewed the terms of the agreement and recommends approval of the collective bargaining agreement;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority hereby authorizes and approves the collective bargaining agreement between the City of Buffalo and International Union of Operating Engineers, AFSCME Local 17S for fiscal years 2002-03, 2003-04 and 2004-05.

Firehouse Construction Contracts

The Directors voted to approve Resolution 05-24 authorizing the City of Buffalo to enter into five firehouse construction contracts, with the use of funds provided for re-engineering. Motion by Stenhouse second by Townsend. Vote 6-0, to take effect immediately. Director Townsend congratulated the Common Council for moving ahead with the firehouse initiative.

RESOLUTION NO 05-24

AUTHORIZE CITY OF BUFFALO TO ENTER INTO FIREHOUSE CONSTRUCTION CONTRACTS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 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 as amended by Chapter 86 of the Laws of 2004 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, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, the Mayor and other City officials have submitted contracts for approval at the February 23, 2005 BFSA meeting, and have signed the BFSA Remittance Approval Request Forms (“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 such contracts; and

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

1. Picone Construction – general construction (Delavan Fillmore)
\$1,458,000
2. L&D Johnson – plumbing (Delavan Fillmore)
\$222,000
3. Concept Construction – general construction (Elmwood Hertel)
\$1,849,000
4. Aurora Plumbing – plumbing (Elmwood Hertel)
\$263,271
5. Peyton Barlow Inc. – general construction (Main Mercer)
\$1,120,000

Financing of City Court Traffic Signal Project

The Directors voted to approve Resolution 05-25 approving the City of Buffalo to enter into an energy performance contract. Motion by Townsend second by McCall. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-25

AUTHORIZE CITY OF BUFFALO TO ENTER INTO AN ENERGY PERFORMANCE CONTRACT AND OTHER OBLIGATIONS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 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 as amended by Chapter 86 of the Laws of 2004 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, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, the Mayor and other City officials have submitted the contract and other obligations for approval at the February 23, 2005 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 such contract or other obligations; and

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

1. Wendel Energy Services – City Court and Traffic Signal performance contract and associated agreements
\$6,594,993
2. Wendel Energy Services – Planned Services Agreement
\$543,230
3. Municipal Leasing Consultants – Municipal Lease, 10 year term at 0.9033% of 10 year T-Note (currently 3.74%, but subject to market conditions at closing)
\$4,094,933
4. New York Energy Research & Development Authority – New York Energy Smart Loan Fund to buy down interest to 0% on \$1,000,000 of Municipal Lease
\$0
5. Niagara International Transportation Technology Coalition – Revolving Loan Fund (2% fixed interest, 10 year term)
\$2,500,000

City Demolition Process:

Executive Director Dorothy Johnson updated the Board with regards to the City’s monthly report on the demolitions that occurred to date.

***Director Wilmers was excused from the remainder of the meeting by Chairman Lipke. ***

Buffalo Public School Contracts:

Update on interim School District contract approvals

Since the January Board Meeting, six contracts had been approved on an interim or emergency basis by Chairman Lipke and Vice Chair Townsend, based on the recommendation of staff. None of the contracts exceeded the \$200,000 threshold and therefore did not require affirmation at the Board meeting. The Board was asked to vote on five new contracts.

Approval of School District Contracts

The Directors voted to approve Resolution 05-26 affirming authorization of the School District to enter into five contracts listed in Resolution 05-26. Motion by Stenhouse second by Townsend. Vote 5-0, to take effect immediately.

RESOLUTION NO 05-26

AUTHORIZE THE BUFFALO SCHOOL DISTRICT TO ENTER INTO FIVE CONTRACTS

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 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 as amended by Chapter 86 of the Laws of 2004 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 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 such items; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or obligation is valued at \$200,000 or more; and

WHEREAS, School District officials submitted correspondence to BFSA in which they seek the approval of contracts, 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 five contracts; and

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

- | | | |
|----|--|--|
| 1. | BOCES – Teacher and Administrator Certification | \$89,010 |
| 2. | Payment for Emerson Commons construction work | \$223,920 |
| 3. | Districtwide Terra Nova SUPERA testing assessments | \$451,315 |
| 4. | Districtwide Terra Nova SUPERA testing assessments | not to exceed
\$475,000
(\$950,000 for 2 fiscal years) |
| 5. | Purchase of Laptop Computers | \$202,704 |

Closing Remarks

Brian Lipke thanked all who attended the meeting. He then solicited public comments to the BFSA to be made to BFSA’s office by mail, e-mail or phone. There being no further business, Chairman Lipke motioned to adjourn, which was duly seconded unanimously. The meeting adjourned at 4:18 p.m.