

MINUTES
Buffalo Fiscal Stability Authority
July 20, 2005

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:06 PM on July 20, 2005, at the Buffalo & Erie County Central 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: Giambra, Faso, Lipke, Masiello, McCall, Tobe, and Townsend

Directors Absent: Stenhouse (phone), and Wilmers (excused)

Staff Present: Johnson, McPherson, Miller, Mitchell (1:25 PM), Mulawka, Stefko and Tocker

Opening Remarks:

Chairman Brian Lipke welcomed all attendees and cited emergency exit information. In his opening remarks, Mr. Lipke announced that the new Buffalo Public Schools Superintendent, Dr. James Williams, was in attendance. The BFSA Board will be updated on the effort to shift the school district to a single health insurance carrier. The BFSA Board will also discuss the recent refunding of City debt, which will contribute \$1.8 million in savings for the City. Chairman Lipke thanked all parties who worked exceptionally hard to make the transaction a reality.

Following his opening remarks, Chairman Lipke did the roll call of the Directors. Secretary Tobe confirmed that there was a quorum present, and the BFSA Board started the meeting.

Approve Minutes

The Directors voted to approve Resolution 05-57 to ratify the May 17, 2005 Board Meeting Minutes and to ratify resolutions numbered 05-39 through 05-43. Motion by Faso, second by Giambra. Vote 7-0, to take effect immediately. The Minutes from the June 8, 2005 Board meeting were presented to the Directors but approval was deferred to the August 2005 meeting.

RESOLUTION NO. 05-57

APPROVING MINUTES AND RESOLUTIONS FROM MAY 17, 2005

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting of May 17, 2005 and ratifies and affirms five resolutions numbered 05-39 through 05-43 that were approved on May 17, 2005.

Introduction of New School Superintendent:

Chairman Lipke welcomed Superintendent Dr. James Williams and invited him to address and take questions from the Board. Chairman Lipke acknowledged that Dr. Williams's hiring was the result of an extensive national candidate search and was pleased that the School District was able to find such a capable candidate.

Dr. Williams thanked his staff for doing a wonderful job updating him on the pertinent issues facing the District. He identified three areas that need to be addressed to improve the School District: leadership, which was addressed by his hiring, the governance structure, and collective bargaining with the unions.

Dr. Williams stated that there is a “hole in the district”. Buffalo Public Schools have the richest union contracts he had ever seen during his career, sick leave is a serious problem, and that by 2009, employee benefits will be equal to salary. Buffalo is a District “rich in funds, poor in achievement.” It will need new ideas to “stop the bleeding,” namely declining enrollment and achievement. He stated that Charter Schools are not the problem, as some have suggested, and in fact welcomes the competition.

In their efforts to reduce escalating health care costs, Dr. Williams and his senior staff will lead by example by volunteering to accept 80/20 co pays toward doctor visits, as well as reducing vacation, sick and personal leave. In this ongoing initiative, all exempt employees will start to contribute 10%, growing to 20% of health insurance premium costs over the next three years. The Superintendent will begin contributing 20% immediately, as will any new exempt staff member hired from this point forward.

Dr. Williams closed by stating that the District culture needs to change and it is an insult that the District is the worst in the State. There are good people working hard now to address these issues. He is willing to continue negotiations with the unions around the clock and he looks forward to working with the BFSA on these difficult issues.

Director John Faso inquired about Dr. Williams’ ideas to get more parents involved with their children’s academic performance. Dr. Williams replied it is the parent’s responsibility to send the child to school ready to learn, making sure their children complete homework and understand the importance of breakfast before school but that lack of parent involvement cannot be used as an excuse by the schools for poor performance by children. Erie County Executive Joel Giambra congratulated the Board of Education for their excellent choice for Superintendent. He commended Dr. Williams for actions already taken to improve the schools. He asked whether union negotiations are on-going and about the timeframe for achieving a balanced-budget for 2005-2006. Dr. Williams responded by emphasizing the significance of the move to the single-health insurance towards a balanced budget. He made it clear that the savings do not represent new money and without help from the unions, “Plan B” will be implemented, which would require 245 employees to be laid off. This would be devastating to the District. Director Giambra replied that, while Buffalo teachers are dedicated, BTF President Phil Rumore is “holding the children of Buffalo hostage” and damaging the quality of life.

Director Tobe welcomed Dr. Williams and offered BFSA’s assistance, noting, that BFSA can help him and the District. Improving the quality of life in the City is an important goal, and the success of the school system is key to reaching that goal. There are two issues that need to be addressed within the District. First, the declining enrollment, which Mr. Tobe believes may be underestimated in current plans and second, contracting practices that result in too many no-bid contracts or small responses to bids. He asked that Dr. Williams look into these matters.

Mayor Anthony Masiello commented that the Superintendent is “tough and savvy” and has “focused leadership.” Additionally, he stressed that the importance of a single-health insurance carrier for the District. While the City’s healthcare expenses rose 1.3% this year, the School District’s increase was much larger. The City maintained the quality of service with its switch and saved a considerable amount of money, and there has been no decline in coverage.

Director Rev. Richard Stenhouse thanked Dr. Williams for bringing a “spirit of hope” to the City.

Chairman Lipke commended Dr. Williams on the speed at which he grasped the District’s problems and developed a plan to address them. He feels Dr. Williams provides a true sense of leadership. Additionally he added that without the change to the single-health insurance provider, there would be significant layoffs and larger class sizes.

Discussion of School District Budget & Financial Plan:

Establish revenue level in 2005-2006 budget

Executive Director Dorothy Johnson opened the discussion to the School District budget including the discussion of the imposition of a maximum spending level for the school district

Utilizing a slide presentation, the discussion centered on the District’s budget as originally approved last month by the Board of Education. The first issue is the District’s assumption of the cost-savings resulting from single-health insurance provider; whereas the District had assumed year-over-year rate growth of 18%, its preliminary discussions with the multiple carriers were suggesting rate growth of 20 to 32%. These growth rates are significantly larger than the 11% growth being projected by the New York State Health Insurance Plan for the next year. Referring to the slides, the local share of the District’s \$696 million budget is \$99.3 million, only 14% of total revenues. Salary and benefits represent the largest portion of the District’s expenditures at 63%.

Ms. Johnson explained that the original budget assumed \$12 million in health insurance savings (\$10 million in General Fund savings; \$2 million in Special/Grant Fund and Food Service Fund savings). The original budget assumed the following: no “forced reductions” of teaching staff, an increase in special education teacher’s aides, an increase in school safety staff, vacant positions filled, and staff reduction only through attrition.

She stated that these savings and benefits are now in jeopardy. The single-carrier initiative has been stalled by a preliminary injunction. Without the cost-savings, cuts will need to be implemented to return to budgetary balance. This leads to the possibility of significant layoffs of District employees, especially teachers and administrators. Programs could be eliminated, while classes may have to increase the average number of students.

Director Faso asked for clarification on the differential between the percentage rate increases between the current multi-insurance carrier system verses the proposed single-health insurance carrier. School District Chief Financial Officer Gary Crosby explained that the current system has an estimated 20-32% increase in costs and that the District is benefiting from a reduced-rate

increase with the current system which expires in September 2005. He stated that the quotes are held in place by the providers.

Director McCall inquired about the recent New York Times article regarding District Medicaid misuse. He questioned how Medicaid reimbursements are accounted for in the budget. Mr. Crosby stated that no official within the Buffalo School District has been accused of misuse of Medicaid funds. The issue of concern regarding the District pertains to 4,400 students qualifying for Medicaid payments in a single day. The claim the District “rubberstamps” the applications for Medicaid funds is being investigated internally. Further, he explained that Medicaid provides \$5.5 million toward health costs for the District and is a relatively minor portion of the total District health costs. The District currently spends \$100 million for special education. He feels the main issue concerning Medicaid is the dispute between Federal and State interpretation of Medicaid guidelines.

Vice-Chair Townsend questioned whether retirees are directed to seek Medicare coverage once they are age-eligible as part of the District’s retiree health insurance. Ms. Johnson stated that School District retirees are required to enroll in Medicare when age-eligible, but that City retirees are not. She invited the City’s Commissioner for Human Resources Leonard Matarese to address the topic. Mr. Matarese said that the City has had some success with the unions concerning this.

Director Giambra acknowledged that there is no claim of fraud or abuse within the District regarding Medicaid. He questioned whether or not children are being placed in Medicaid reimbursable programs without testing and whether all students are receiving the assistance that they need. Mr. Crosby reaffirmed that there has been no allegation of that, and that, as a practice, all students receive evaluations. If there are concerns, they are referred for additional testing to the necessary specialist (speech pathologists, counselors, etc.). The District pays for the testing and Medicaid pays for the student once they are enrolled in a special education class. Further, there are two instances that require parental permission, testing and actual placement into special education.

Director Tobe stated that the initial projected savings resulting from the switch to a single-health insurance provider was estimated at \$12 million, and between \$20 million to \$25 million over the next two years. Is the proposed number of 245 potential teacher layoffs based on the \$8 million difference? Mr. Crosby said that the number of potential layoffs range from 200-400, depending on several issues. He clarified that there was both the loss of savings from not going to the single health care provider plus new expenses over last year due to cost increases associated with the retained health care coverage. The District is actively examining every area of expenditures to cut costs, thereby reducing the possible loss of savings.

The Directors voted to set a maximum spending level for the Buffalo School District. Motion by Townsend, second by Masiello. Vote 7-0 to take effect immediately.

RESOLUTION NO. 05-58

SET MAXIMUM SPENDING LEVEL FOR SCHOOL DISTRICT

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 requires the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove financial plans or financial plan modifications submitted by the City any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 also requires the BFSA to certify revenue estimates upon a determination that the financial plan or financial plan modification is complete and acceptable to BFSA; and

WHEREAS, the School District has approved its budget for 2005-06, which included saving from the single health insurance initiative; and

WHEREAS, a successful legal challenge by unions representing District employees has jeopardized those savings, with the potential for an adverse impact on the financial plan; and

WHEREAS, pending an appeal and arbitration, the District is considering its options and is preparing its contingency plan to restore budgetary balance; and

WHEREAS, the School District is required to operate under a balanced budget pursuant to the BFSA Act; and

WHEREAS, under these circumstances, the BFSA finds it necessary to set a maximum spending level as authorized by Section 3858 (2)(B) of the BFSA Act;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby set a maximum spending level for the School District at no more than \$696,069,555.00 as set forth in their approved budget for 2005-06; and

BE IT FURTHER RESOLVED, that the School District is hereby required to provide a budget and financial plan modification to the Buffalo Fiscal Stability Authority for approval at the August 2005 meeting.

Labor Guidelines

Ms. Johnson introduced the topic of Labor Guidelines. She stated that BFSA staff posted the guidelines on the BFSA website the day after the last Board meeting. Additionally, copies have been mailed to City and School District officials and union representatives. To date, there has been one very useful response from Human Resources Commissioner Leonard Matarese.

Mayor’s Interns Exemption from Hiring Freeze

Chairman Lipke stated that this resolution was very similar to the resolution passed previously by the Board on the behalf of the Buffalo Common Council in the June 8, 2005 meeting. That allowed the Council to hire interns without going through the exemption process. The Mayor was seeking the same consideration. Ms. Johnson explained that the Mayor has discretionary funds within his budget and that an amount not to exceed \$25,000 would fund the interns.

Director Tobe asked if the funding appeared in the approved budget. Ms. Johnson replied affirmatively.

The Directors approved a resolution to waive the hiring freeze to allow the Mayor to hire summer interns. Motion by Masiello, second by Townsend. Vote 7-0 to take effect immediately.

RESOLUTION NO. 05-59

AMEND HIRING FREEZE ORDERED ON CITY OF BUFFALO FOR CERTAIN HIRES

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 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 BFSA Act 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 BFSA Act 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 Financial Plan and was necessary to accomplish the purposes of the BFSA Act and to ensure the timely and satisfactory implementation of the 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, the Mayor has requested an exemption for short-term summer hires, commonly known as interns, who are funded from the Mayor’s discretionary spending line, which also includes funding lobbyists and consultants; and

WHEREAS, given the short summer season for interns and their minimal budgetary impact, the time and resources to continually process requests to hire interns pursuant to the waiver process outlined in Resolution No. 04-89 could be considered a poor allocation of resources;

WHEREAS, Chairman Lipke and Vice Chair Townsend granted emergency approval to allow the Mayor to start hiring early in July, thus full Board affirmation is required;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority hereby affirms the approval of the Mayor to hire interns for his Summer Internship Program in an

amount not to exceed \$25,000, and that any expenditure for interns beyond the budgeted allocation requires separate approval by the Buffalo Fiscal Stability Authority.

Litigation Update

Chief Counsel Darryl McPherson updated the Board on recent developments in the lawsuits facing BFSA. There was a victory in the case involving the firefighters union. Dorothy Johnson and Richard Tobe were deposed in the AFSCME case. An interest arbitration award was handed down, granting wage increases that are frozen under the wage freeze. The BFSA also provided an affidavit in support of the School District's motion opposing the school unions' attempt to enjoin the District from moving to a single health insurance provider.

BMHA Issues

Executive Director Johnson addressed the Board regarding the BMHA search for an Executive Director. The search continues and, though initially the BMHA Commissioners were resistant to involve the BFSA in the process, BFSA staff have seen resumes and sat in on interviews.

In relation to their budget, there are two positions to fill that were not included in the original budget. They are funded by grants which are yet to be approved by the United States Department of Urban Development (HUD), which will allow these positions to be funded with reserves.

Ms. Johnson introduced a proposed legal settlement. The BMHA will pay a settlement to C.H. Byron for damages arising out of a terminated contract. She invited BMHA Interim Executive Director Gillian Brown to address the Board, but he deferred to his Assistant Legal Counsel, James Legona and asked to table the topic until his arrival. This being granted by Chairman Lipke, Mr. Brown addressed other topics until Mr. Legona's arrival.

Director Tobe raised the issue of Commissioner stipends and whether they are in the approved BMHA budget. Mr. Brown responded by stating New York State law permits stipends for Commissioners. The Buffalo Common Council has recently eliminated stipend and health insurance reimbursement. The stipends have continued through other eligible funding sources. BFSA Chief Financial Officer Bertha Mitchell pointed out that the State portfolio was not included in the budget the BFSA approved. Director Tobe asked about the budget for the State portfolio and requested that this portion of the Budget be submitted to BFSA as soon as possible, since the fiscal year is already well underway.

Mr. Legona then arrived to address the Board. He stated that the BMHA had problems with the quality of work provided by C.H. Byron from the outset. Thus, BMHA management terminated the contract with the company. However, it was a termination of convenience, not negligence, which entitled the company to receive reasonable costs from the BMHA under the contract. Further, the termination was not processed in a timely manner. This was a BMHA management decision; legal counsel had no contact with the claim until after the termination. Chairman Lipke questioned whether the individual responsible for terminating the contract was reprimanded. Mr. Legona replied that no action has been taken internally to reprimand the party responsible.

Vice-Chair Townsend inquired about the source of funds to pay the \$150,000 award to Byron and whether that payment prevented other repair work from being done. Recognizing that the settlement was financially in the best interest of the BMHA, she felt there was no other choice but to approve it.

The Directors voted to approve the settlement of the claim with C.H. Byron. Motion by Townsend, second by Masiello. Vote 6-1 to take effect immediately. Director Faso voted against the motion.

RESOLUTION NO. 05-60

SETTLEMENT OF ONE CLAIM

WHEREAS Chapter 122 of the laws of 2003 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove the terms of any proposed settlement of claims against the City of Buffalo 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 Buffalo Municipal Housing Authority has submitted an item for approval at the July 20, 2005 BFSA meeting, and has signed the BFSA Remittance Approval Request Form (“RARF”) in which it indicates that there are sufficient funds available for the item; and

WHEREAS, BFSA Staff have reviewed the information and the RARF and recommend approval of the claim; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby authorize the Buffalo Municipal Housing Authority to settle the matter of C.H. Byron vs. Buffalo Municipal Housing Authority in the amount of \$149,682.00.

Refunding Bond Results.

Chairman Lipke introduced the refunding bond issue that closed July 7, 2005. He was pleased to note that the savings from the bond issue exceeded the entire budget for the BFSA. The successful transaction came about through cooperation between the BFSA and the City Comptroller’s office.

Ms. Johnson stated that the bond issue was completed in two series: a tax-exempt 2005B issue for \$46.7 million, and a smaller taxable 2005C issue for \$360,000. The transaction refunded over \$46 million in City bonds and will have cash flow savings of \$1.8 million over the life of the bonds. This was a process subject to bond market fluctuations and she was pleased to have completed it.

Director Giambra questioned the selection process for the BFSA's underwriter and financial advisor, and felt that it would benefit the BFSA to reevaluate the present commitments. Ms. Johnson stated that the current underwriter and financial advisor were awarded three year contracts from the BFSA after a competitive request for proposal process. These contracts will be reevaluated after this period.

State Aid Bank Account

Ms. Johnson briefed the Board regarding the opening of a new bank account with HSBC. The account will hold the spin-up funds that the Mayor has designated to pay for debt service on the deficit bonds and for BFSA's operating expenses. In fiscal year 2004-05, the State gave the City "spin-up" totaling \$15.6 million. The funds will be sufficient to cover BFSA expenses and deficit financing debt costs through FY 06-07. Board approval is required to open this account. The Directors vote to authorize the creation of a new bank account for spin-up state aid funds. Motion by Faso, second by Giambra. Vote 7-0 to take effect immediately.

RSOLUTION NO. 05-61

OPEN INTEREST BEARING ACCOUNT FOR SPIN-UP STATE AID

WHEREAS, the Mayor of the City of Buffalo requested Buffalo Fiscal Stability Authority ("BFSA") to intercept spin-up aid in the amount of \$15.6 million authorized by the State Legislature and divert it to BFSA for certain debt service and operational expenses, and

WHEREAS, those spin-up funds will be retained by BFSA to reimburse the City for debt service and BFSA expenses as inured beginning fiscal year 2005, and

WHEREAS, the spin-up aid has been received by BFSA, and

WHEREAS, those funds must be kept separate from BFSA operating funds, and

WHEREAS, a separate account should be maintained to appropriately segregate the spin-up aid,

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority is hereby authorized to open an interest bearing account at HSBC Bank to hold spin-up state aid funds to be distributed to the City of Buffalo for reimbursement of debt service and BFSA operational expenses, and

BE IT FURTHER RESOLVED, that in connection with the transfer of funds from the interest bearing account, the following persons are authorized and directed to give direction to HSBC Bank with respect to such transfers; and

1. Brian J. Lipke, H. Carl McCall, Alair Townsend, Robert G. Wilmers, Richard Tobe and Dorothy A. Johnson are each authorized as a sole authorizing party or signer for any payment up to and including \$25,000.00; and

2. Two of the above-listed board members or officers of the BFSA are required to jointly authorize or sign for any payment or transfer over \$25,000.00.

BE IT FURTHER RESOLVED, that in connection with the signing of checks, drafts or other orders for the payment of money issued in the name and on behalf of the BFSA against any funds deposited in the interest bearing account at HSBC Bank, the following authorized signatories and signing restrictions will apply to all transactions, H. Carl McCall, the BFSA Treasurer and any of:

1. Brian J. Lipke, Alair Townsend, Robert G. Wilmers, Richard Tobe and Dorothy A. Johnson are each authorized as a sole signer for any payment up to and including \$25,000.00; and

2. Two of the above-listed board members or officers of the BFSA in addition to Treasurer H. Carl McCall, are required to jointly sign for any payment over \$25,000.00.

Cash-Flow Borrowing – Charts

Ms. Johnson briefed the Board with a slide show presentation. She stated that the charts are meant to depict cash flow analysis for the City. The first analyzes actual flow of cash for fiscal year 2003-04 versus forecasted. It demonstrates the City's need for RAN borrowing to meet operational expenses.

Slide 2 shows fiscal year 2004-05 actuals vs. forecasted. For this fiscal year cash without the RAN borrowing was better than the prior year. However, fiscal year 2005-06 (depicted on slide 3) shows lower cash flow levels for the whole fiscal year. It quickly goes negative and stays below \$0 for most of the year. The State has given "bookback" to the City and School District; funds are not received until the following year. The City had been getting State aid in June. There is a trend for increased cash-flow borrowing to pay operational expenses. Ms. Johnson stated that the borrowing levels are based on the City's projected needs. Many municipalities avoid RAN borrowing altogether because of sufficient cash-flow.

Short-Term Debt Issue

Ms. Johnson introduced a resolution regarding State Environmental Quality Review Act requirements in connection to the authorization, sale and issuance of Bond Anticipation Notes, Series 2005A-1.

The Directors approved a resolution that found the proposed 2005A-1 BAN sale a Type II action. Motion by McCall, second by Giambra. Vote 7-0 to take effect immediately.

RESOLUTION NO. 05-62

RESOLUTION CONCERNING STATE ENVIRONMENTAL QUALITY REVIEW ACT MATTERS IN CONNECTION WITH THE AUTHORIZATION, SALE AND ISSUANCE OF BOND ANTICIPATION NOTES, SERIES 2005A-1

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 bond anticipation notes (the “Notes”); and

WHEREAS, the proceeds of such series of Notes (the “Series 2005A-1 Notes”) 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 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 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 2005A-1 Notes 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 Notes 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 notes and the application of the proceeds for such purposes; and further

RESOLVED, that no proceeds of the Series 2005A-1 Notes 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-1 Notes 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 Notes; 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-1 Notes by any Authorized Officer, or his or her designee, are hereby ratified and approved.

Ms. Johnson stated that the second resolution is concerning the authorization, sale and issuance of sales tax and state aid secured bonds, Series 2005A-1.

The Directors approved a resolution to authorize the Series 2005A-1 BAN sale. Motion by Townsend, second by Masiello. Vote 7-0 to take effect immediately.

RESOLUTION NO. 05-63

RESOLUTION CONCERNING THE AUTHORIZATION, SALE AND ISSUANCE OF SALES TAX AND STATE AID SECURED BONDS, SERIES TWO AND BOND ANTICIPATION NOTES, SERIES 2005A-1

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 a series of its sales tax and state aid secured bonds (the “Bonds”) and a series of bond anticipation notes in anticipation of such Bonds (such series of bond anticipation notes, including any renewals thereof, the “Notes”) through the approval of appropriate documentation, including, without limitation, the approval of the Sixth Supplemental Indenture (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 Notes 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 Notes; and

WHEREAS, the Authority is required to obtain the written approval of the State Comptroller for the sale of the Notes 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 Notes; 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 has caused to be prepared a form of supplemental indenture entitled “Sixth Supplemental Indenture between Buffalo Fiscal Stability Authority and The Bank of New York, as Trustee Authorizing Up To \$105,000,000 Buffalo Fiscal Stability Authority Sales Tax and State Aid Secured Bonds, Series Two and Up To \$95,000,000 Buffalo Fiscal Stability Authority Bond Anticipation Notes, 2005A-1, dated as of July 1, 2005” (the “Sixth Supplemental Indenture”), pursuant to which the Authority will authorize the issuance of the Sales Tax and State Aid Secured Bonds, Series Two (the “Series Two Bonds”) and the Notes, initially bearing the designation “Bond Anticipation Notes, Series 2005A-1,” subject to renewal thereof (the General Indenture, as amended and supplemented, including by the Sixth Supplemental Indenture, 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 Notes for the purpose of financing the cash flow needs of the City at lower cost than the City could finance such cash flow needs on its own; and

WHEREAS, the Authority has caused to be prepared a form of a Preliminary Offering Circular (the "Preliminary Offering Circular"), relating to the Notes; 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 Notes (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 Bond Anticipation Notes, Series 2005A-1 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:

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

I. Sixth Supplemental Indenture

RESOLVED, that the form of Sixth Supplemental 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 Sixth Supplemental Indenture in substantially such form with such changes thereto prior to the issuance and delivery of the Notes or the Series Two 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 items VII and IX below; and further

II. 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 said Declaration of Need consistent with this resolution; and further

III. 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 B, is hereby approved for use in marketing the Notes with such changes as an Authorized Officer may approve; and further

IV. 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

V. 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 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

VI. 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 D, 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

VII. Terms of Notes

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 Notes to determine and carry out the following:

- (a) The principal amount of the Notes to be issued in an aggregate total principal amount up to \$95,000,000;
- (b) The date or dates, maturity date or dates and principal amount of each maturity of the Notes; provided, however, that the Notes shall mature no later than eighteen months after their date of issuance;

- (c) Provisions for the renewal of the Notes consistent with the Indenture; provided that any renewal notes shall mature no later than five years from the date of initial issuance of the Notes;
- (d) The interest rate or rates of the Notes (including a zero interest rate), the date from which interest on the Notes shall accrue and the interest payment dates, if any, therefor; provided, however, that the true interest cost of the Notes (as determined by an Authorized Officer of the Authority, which determination shall be conclusive) shall not exceed 4% per annum, and the true net interest cost of any renewal of such Notes as so determined shall not exceed eight percent (8%) per annum;
- (e) Additional provisions for the sale or exchange of the Notes and for the delivery thereof not otherwise set forth herein;
- (f) Directions for the (i) application of the proceeds of the Notes and (ii) investment of the proceeds of the Notes 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 a credit facility or other form of credit enhancement or amending the pledge of collateral (other than the pledge of the Series Two Bonds) securing the Notes or changes to address rating agency considerations, in each case 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

VIII. Issuance and Sale of the Notes

RESOLVED, that the Authority shall issue, award, sell and deliver the Notes 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 Notes 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 Notes; and further

IX. Terms of Series Two 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 Two Bonds to determine and carry out the following:

- (a) The principal amount of the Series Two Bonds to be issued in an aggregate total principal amount up to \$105,000,000;

- (b) The date or dates, maturity date or dates and principal amount of each series and maturity of the Series Two Bonds, the amount and date of each sinking fund installment, if any, and which Series Two Bonds, if any, are serial bonds or term bonds; provided, however, that the Series Two Bonds shall mature no later than ten years from their date of issuance;
- (c) The interest rate or rates of each series of the Series Two Bonds (including a zero interest rate), the dates from which interest on each series of the Series Two 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 Two Bonds (as determined by an Authorized Officer of the Authority, which determination shall be conclusive) shall not exceed 8% per annum;
- (d) The redemption price or redemption prices, if any, and the redemption terms, if any, for each series of the Series Two Bonds; provided; however, that the redemption price of any Series Two 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 Two 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 Two 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 Two Bond Instruments, as defined and provided for in Section 4.03 of the form of the Sixth Supplemental Indenture;
- (f) Directions for the application of the proceeds of the Series Two 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, changing the designation of the Series Two Bonds, incorporating bond insurance or other form of credit enhancement or changes to address rating agency considerations, in each case 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

X. 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

XI. 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.

XII. Negotiated Sale

RESOLVED, that the use of a negotiated underwriting in connection with the sale of the Notes, renewal notes and the Series Two Bonds is found to be appropriate.

XIII. 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 Notes, renewal notes and the Series Two Bonds; and further

XIV. 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 Notes, any renewals thereof and the Series Two 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 Notes, renewal notes and Series Two 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 Notes, renewal notes and Series Two Bonds by any Authorized Officer, or his or her designee, are hereby ratified and approved.

EXHIBIT A - SIXTH SUPPLEMENTAL INDENTURE

EXHIBIT B - PRELIMINARY OFFERING CIRCULAR

EXHIBIT C - PURCHASE CONTRACT

EXHIBIT D - CONTINUING DISCLOSURE AGREEMENT

Contracts

Approval of City Contracts

The Directors voted to approve Resolution 05-64 authorizing the City of Buffalo to enter into thirteen contracts. Motion by Giambra, second by Faso. Vote 7-0 to take effect immediately.

RESOLUTION NO. 05-64

AUTHORIZE CITY OF BUFFALO TO ENTER INTO THIRTEEN 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 limit on 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 July 20, 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 contracts; and

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

1. Various vendors - title search services	\$604,264.00
2. Watts Engineering – North Buffalo Rails to trails	\$50,000.00
3. Allgaier Construction – City Court renovations	\$226,800.00
4. Wilsandra Construction – Emerson Park Construction	\$212,700.00
5. P&J Construction – citywide sidewalk replacement	\$805,169.00
6. Amherst Paving Inc. – pavement repair	\$244,695.00
7. Erie County – Cellblock Agreement payment	\$936,794.00
8. Telesoft – telecommunications billing audit	17% of errors found
9. Del Prince & Sons – City park improvements	\$205,580.00
10. Buffalo Municipal Housing Authority – Lakeview Homes HOPE VI	\$600,000.00
11. Urban Area Security Initiative Grant – acceptance	\$3,201,716.00
12. Justice Assistance Grant – acceptance	\$479,927.00
13. PCI – Police computer upgrading/replacing	\$609,975.00

Emergency Contracts

Three contracts were approved on an emergency basis that exceeded the \$200,000 threshold. Based on staff analysis and recommendation, the Chairman and Vice Chair approved all items. Since they exceeded the \$200,000 threshold, full Board affirmation is required.

The Board approved a motion to ratify the approval of 3 City of Buffalo contracts. Motion by Masiello, second by Townsend. Vote 7-0 to take effect immediately.

RESOLUTION NO. 05-65

AFFIRM AUTHORIZATION OF THE CITY OF BUFFALO TO ENTER INTO THREE 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 BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, on occasion, there may be times when the approval of a contract may be necessary prior to the next scheduled meeting of the BFSA; and

WHEREAS, Resolution No. 04-89 provides a process for the emergency approval of contracts by BFSA Staff, such contracts must be submitted to the BFSA for affirmation by the Board; and

WHEREAS, City officials have submitted items for emergency approval prior to the July 20, 2005 BFSA meeting, and have signed the BFSA Remittance Approval Request Form (“RARF”) in which they indicate that there are sufficient funds available for the items;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby affirm the emergency approval authorizing the City of Buffalo to enter into three (3) contracts as listed below:

- | | |
|--|----------------|
| 1. Modern Landfill, Inc. – solid waste disposal & transfer station operation | \$5,500,000.00 |
| 2. C. Destro – resurfacing city pavements | \$2,525,317.00 |
| 3. C. Destro – repairing city pavements | \$ 205,370.00 |

Brownfield Redevelopment Fund

Ms. Johnson briefed the Board on the Brownfield Redevelopment Fund. Through the cooperation of the City, Erie County, the Erie County Industrial Development Agency (ECIDA), and the Buffalo Urban Development Corporation (BUDC), a Memorandum of Understanding (MOU) to create a Buffalo Brownfield Redevelopment Fund (the "Fund") has been established. The Fund has been created through the reinvestment of a portion of Payments in Lieu of Taxes (PILOTs) generated from the development of the Buffalo Lakeside Commerce Park as follows: the project owner would pay the standard PILOT; the City and County would receive 80-50% less than the standard amount, with the remainder deposited into the Fund.

At this point Director Giambra exited the meeting (3:27 PM).

Director Masiello commented that this is an excellent opportunity to revitalize the landscape and contribute to downtown Buffalo as well as expand the tax base for Buffalo.

The Directors voted to approve a resolution to authorize the Buffalo Brownfield Redevelopment Fund. Motion by Masiello, second by McCall. Vote 6-0 to take effect immediately.

RESOLUTION NO. 05-66

AUTHORIZE BUFFALO BROWNFIELD REDEVELOPMENT FUND

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 a memorandum of understanding (MOU) for approval at the July 20, 2005 BFSA meeting, and have signed the BFSA Remittance Approval Request Form ("RARF"); and

WHEREAS, BFSA Staff have reviewed such items and the RARF and recommend approval of the MOU; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Memorandum of Understanding which establishes the Buffalo Brownfield Redevelopment Fund.

Approval of School District Capital Contracts

The Directors voted to approve Resolution 05-67 authorizing the School District to enter into fourteen contracts. Ms. Johnson noted contracts numbered 1, 4, and 15 on the resolution included in the Board Book have been tabled until more information on them is received by the BFSA for review. Motion by Townsend, second by Masiello. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-67

AUTHORIZE THE BUFFALO SCHOOL DISTRICT TO ENTER INTO FOURTEEN 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 seventeen contracts; and

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

- | | |
|---|--------------|
| 1. Morris Masonry – General Reconstruction | \$164,300.00 |
| 2. All State Development Inc – Library Construction | \$545,450.00 |

3. John Danforth - Library Construction	\$331,300.00
4. Weydman – Library Construction	\$233,967.00
5. CD&L – Pre-packed Meal delivery service	\$87,601.00
6. Depew Milk, Upstate Farms & Wendt’s Dairy – Milk, Juice & Dairy	\$1,488,971.00
7. Maple Leaf Foods – Refrigerated Trucking services	\$100,800.00
8. Perry’s Ice Cream – Ice Cream and Desserts	\$122,176.00
9. Sysco & Preferred Packaging – Meal Trays and Film Wrap	\$239,644.00
10. Sysco – Purchase of Food Service Items	\$3,585,000.00
11. Various vendors (through USDA) – Purchase of Food Commodities	\$1,135,900.00
12. Various vendors (through BOCES) – Bread Products	\$425,000.00
13. Sysco – Pre-pack Lunch Program	\$200,000.00
14. Dr. James Williams – Superintendent of Schools	\$205,000.00

BURA Affirmation

Three contracts were approved on an emergency basis that exceeded the \$200,000 threshold. Based on staff analysis and recommendation, the Chairman and Vice Chair approved all items. Since they exceeded the \$200,000 threshold, full Board affirmation is required.

The Board ratified the approval of 3 BURA contracts. Motion by Masiello, second by McCall. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-68

AFFIRM AUTHORIZATION OF THE BUFFALO URBAN RENEWAL AGENCY TO ENTER INTO THREE 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 BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, on occasion, there may be times when the approval of a contract may be necessary prior to the next scheduled meeting of the BFSA; and

WHEREAS, Resolution No. 04-89 provides a process for the emergency approval of contracts by BFSA Staff, such contracts must be submitted to the BFSA for affirmation by the Board; and

WHEREAS, BURA officials have submitted items for emergency approval prior to the July 20, 2005 BFSA meeting, and have signed the BFSA Remittance Approval Request Form (“RARF”) in which they indicate that there are sufficient funds available for the items;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby affirm the emergency approval authorizing the Buffalo Urban Renewal Agency to enter into three (3) contracts as listed below:

1. St. John Fruit Belt Community Development Corporation – new home construction project \$680,000.00
2. Bethel Community Housing Development Corporation – new home construction project \$1,160,000.00
3. Buffalo City Mission – Cornerstone Manor expansion \$585,000.00

BURA PILOT Agreement – Health Now Project

The Health Now Project entails the construction of a 469,000 square foot corporate headquarters for Health Now, the parent company of Blue Cross Blue Shield of Western New York on waterfront property that has been designated as brownfields. The Project includes the remediation and redevelopment of underutilized properties and provides for the retention of over 1,300 jobs for the City. BURA agrees to sell the property of \$1; the developer will clean up the site.

Director Masiello stated that this has been a tremendous effort and adds many employees to the downtown. The design for the new building is beautiful, and the Project is a great example of collaboration between the public and private sector.

Director Tobe congratulated the Mayor on the success. He appreciated that the PILOT payments would go to the City, while the additional PILOT payments made by the developer would go to clean up the site.

Motion by Masiello, second by Faso. Vote 6-0, to take effect immediately.

RESOLUTION NO. 05-69

APPROVE BUFFALO URBAN RENEWAL AGENCY PILOT AGREEMENT FOR HEALTH NOW PROJECT

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 Buffalo Urban Renewal Agency officials have submitted contracts and other obligations for approval at the July 20, 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 contracts; and

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

1. PILOT Application Agreement and land transfer for Health Now Project

Closing Remarks

Chairman Lipke thanked all who attended the meeting. Having no further business, Chairman Lipke made a motion to adjourn, which was duly seconded unanimously. The meeting adjourned at 3:39 PM.