

MINUTES
Buffalo Fiscal Stability Authority
January 25, 2006

The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:17 PM on January 25, 2006, 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: Brown, Faso, Giambra, Lipke, Stenhouse and Townsend

Directors Absent (excused): McCall and Wilmers

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

Opening Remarks:

In his opening remarks, Chairman Lipke welcomed attendees and summarized the day's agenda. He commented on BFSA's Annual Report, which identified major structural issues that need to be addressed in the City and School District: health care, utilities, pensions, etc. in order for Buffalo to obtain fiscal stability. He also emphasized BFSA's solid and open communication with City officials, and expressed his hopes that the relationship continues.

He noted that this meeting is the first for the newly elected Mayor, Byron W. Brown. He complimented the Mayor for retaining key staff such as Commissioner Milroy and for the recent addition of former BFSA Director Richard Tobe as Commissioner of Economic Development and Permit and Inspection Services. He then welcomed and invited Mayor Brown to say a few words. Mayor Brown spoke of his on-going efforts to restructure city government and its departments.

Honoring Richard Tobe

Chairman Lipke stated that Director and Secretary Richard Tobe had made his resignation from the BFSA Board effective this January 25, 2006, at 1 PM. He called his departure from the Board a loss to the BFSA, but a gain to the City, and introduced a resolution to honor him.

The Directors voted to approve the resolution. Motion by Giambra, second by Stenhouse. Vote 6-0 to take effect immediately.

RESOLUTION NO. 06 - 00

HONORING RICHARD TOBE, BFSA'S FIRST SECRETARY

WHEREAS, on July 3, 2003, New York State Governor George Pataki signed into law Chapter 122 of the Laws of 2003, also known as the Buffalo Fiscal Stability Authority Act, which created the Buffalo Fiscal Stability Authority ("BFSA") to have a broad range of financial control and oversight power with respect to the City of Buffalo's finances and the finances of any non-exempt covered organizations; and

WHEREAS, upon the joint recommendation of the Speaker of the Assembly and the Temporary President of the Senate, the Governor appointed attorney Richard Tobe, as a Director of the Authority in August of 2003; and

WHEREAS, Mr. Tobe, having previously served as Chief of Staff to the late Assemblymember William Hoyt and having witnessed the creation of the New York City financial control board, proved to be well-versed in the legislative and legal requirements for fiscally distressed municipalities; and

WHEREAS, his prior experience as Commissioner of Environment and Planning for the County of Erie under former Erie County Executive Dennis Gorski also brought him intimate knowledge of the workings of local governments; and

WHEREAS, BFSA Chairman Thomas E. Baker and the Board appointed Mr. Tobe to be the BFSA Secretary, in recognition of his keen sense of detail and accuracy; and

WHEREAS, Mr. Tobe's tenure with the BFSA has been marked by unparalleled diligence in meeting his duties as Director, Secretary and the liaison with the Western New York State Delegation; and

WHEREAS, seizing an opportunity to further assist the City of Buffalo, Mr. Tobe has chosen to take on the challenge of being Commissioner of Economic Development & Permit & Inspection Services, with the goal of over-hauling and improving the development atmosphere in the City; and

WHEREAS, while Mr. Tobe has chosen to resign from the BFSA Board, he cannot step away from the impact he has made on the growth and maturation of the Buffalo Fiscal Stability Authority,

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby adjourn its meeting of January 25, 2006 in honor and appreciation of Richard Tobe, Esq. for his enduring contribution to the Buffalo Fiscal Stability Authority and the citizens of the City of Buffalo.

Following his opening remarks, Chairman Lipke requested a roll call of the Directors. He confirmed that there was a quorum present and the meeting commenced.

Appointment of Secretary/ FOIL Appeals Officer

With the departure of Director Tobe, the positions of Secretary and Freedom of Information Law Appeals Officer became vacant. Chairman Lipke introduced two resolutions to appoint Director Stenhouse to fill these positions.

Motion by Giambra, second by Townsend. Vote 6-0 to take effect immediately.

RESOLUTION NO. 06 - 01

APPOINTMENT OF SECRETARY

WHEREAS, Chapter 122 of the Laws of 2003, as amended, that created the Buffalo Fiscal Stability Authority (“BFSA”) provides that the directors shall appoint officers and agents as it may require; and

WHEREAS, upon the resignation of Richard Tobe from the BFSA Board of Directors, it is necessary to appoint someone else as Secretary; and

WHEREAS, a major duty of the Secretary is to be a signatory on BFSA bank accounts and other official documents;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby appoint Richard A. Stenhouse as Secretary to serve until the earlier of the expiration of his term as a director, his resignation, removal or death; and

BE IT FURTHER RESOLVED, that Richard A. Stenhouse is hereby authorized to sign on behalf of the Buffalo Fiscal Stability Authority on all bank accounts maintained by the Authority as authorized by prior banking resolutions.

Motion by Townsend, second by Giambra, Vote 6-0 to take effect immediately.

RESOLUTION NO. 06 - 02

APPOINTMENT OF FREEDOM OF INFORMATION LAW APPEALS OFFICER

WHEREAS, Chapter 122 of the Laws of 2003, as amended, that created the Buffalo Fiscal Stability Authority (“BFSA”) provides that the directors shall appoint officers and agents as it may require; and

WHEREAS, under the Freedom of Information Law (“FOIL”), every state agency must designate someone from whom records can be obtained and someone to hear appeals of records access requests in the event the request is denied; and

WHEREAS, Pursuant to Resolution 04-29, the BFSA appointed Director Richard M. Tobe to be FOIL Appeals Officer; and

WHEREAS, With the resignation of Mr. Tobe from the BFSA Board, the duties of FOIL Appeals Officer must be transferred to someone else; and

WHEREAS, upon the designation of a new Secretary, that individual should serve as FOIL Appeals Officer; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby appoint Richard A. Stenhouse as Freedom of Information Law Appeals Officer to serve until the earlier of the expiration of his term as a director, his resignation, removal or death.

Approval of Minutes

The Directors voted to approve Resolution 06-02 to ratify the December 21, 2005 Board Meeting Minutes and to ratify resolutions numbered 05-89 through 05-101. Motion by Stenhouse, second by Townsend. Vote 9-0, to take effect immediately.

Motion by Giambra, second by Townsend, Vote 6-0 to take effect immediately

RESOLUTION NO. 06-03

APPROVING MINUTES AND RESOLUTIONS FROM DECEMBER 21, 2005

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting of December 21, 2005 and ratifies and affirms thirteen resolutions numbered 05-89 through 05-101 that were approved on December 21, 2005.

City of Buffalo

Budget Modification

Executive Director Dorothy A. Johnson introduced a resolution to modify the City's 2005-2006 Financial Plan which increases the City's Appropriation and Revenue Estimates. She noted that the funds would be used for items such as fire reengineering, demolitions, EMS enhancement, etc. She stated that BFSA staff recommended approval.

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

RESOLUTION NO. 06-04

MODIFICATION TO THE 2005-2006 FINANCIAL PLAN TO INCREASE THE CITY'S APPROPRIATION AND REVENUE ESTIMATES

WHEREAS, on January 17, 2006 the Mayor of the City of Buffalo submitted a request for BFSA approval for several modifications to the 2005-2006 fiscal year budget, and

WHEREAS, the 2005-2006 budget requires increased appropriations to address private property demolition costs, and capital costs, including Fire Department land and fire station needs, and

WHEREAS, the modification that the Mayor requests will increase the City's revenue and expenditure estimates by \$2,344,444, and

WHEREAS, the additional funding will come from accumulated funds from the reserved fund balance, re-engineering accounts, the ambulance service provider franchise fee and auction proceeds, and

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority approves the modification of the 2005-2006 Four-Year Financial Plan to increase the City's revenue and expenditure estimates by \$2,344,444 as detailed in the Mayor's letter to BFSFA dated January 17, 2006.

Discussion of City Budget Issues

Chairman Lipke used a slide presentation to brief the Board on budget gaps facing the City and School District. The majority of costs are concentrated in the workforce. He noted that the City and School District cannot continue to cut staff to achieve to fiscal stability. Dr. James Milroy, City of Buffalo Commissioner of Administration, Finance and Urban Affairs, was invited to clarify the City's budget issues and to entertain questions from the Board. It was shown that firefighter overtime has increased dramatically as compared to the previous year. Commissioner of Human Resources Leonard Matarese addressed questions and concerns relating to firefighter overtime and injured on duty (IOD) cases for both Police and Fire. County Executive Joel Giambra requested a list of individuals on the IOD list. Mayor Brown made the point that he supported additional training for firefighters which should serve to reduce injuries. Mayor Brown, supported by Chairman Lipke, stated that the discussion on IOD was not in criticism of firefighters and police staff but rather an effort to resolve the IOD process with the Office of the State Comptroller to expedite the move from IOD to disability retirement.

Discussion of School District Issues

Budget Modification

Superintendent Dr. James Williams updated the Directors on his plan to curb school violence in Buffalo Public Schools, and highlighted his initiative to open what he termed "opportunity schools" for troubled students. Rob McDow from the School District followed up on the Directors' concerns regarding minority contracting and diversity goals for the Joint Schools Construction Board project. Finally, Amber Dixon of the District staff gave a report on Schools Under Registration Review (SURR), the status of schools that need improvement according to the New York State Commissioner of Education.

At this point in the meeting Chairman Lipke requested the Board skip ahead on the agenda to discuss the litigation update and then discuss the Capital Bond Sale.

Litigation Update

BFSFA Chief Counsel Darryl McPherson updated the Board on BFSFA's current standing in its federal lawsuits with AFSCME and CSEA, the BTF appeal at the Second Circuit and the circumstances surrounding litigation with Local 282.

Capital Bond Sale

Ms. Johnson expressed BFSFA's intent to move forward with approval for the Capital Bond Sale earlier than usual due to the ability of the Fire Department to secure a very favorable price on equipment that needed to be purchased. Ms. Johnson noted that preparation for the Bond Sale has been a collaborative effort between BFSFA and the City Comptroller's office. Two resolutions would be required from the Board to approve the transaction. The first is for the

environmental review required by State law and the second would approve the terms of the bond sale itself.

Motion by Townsend, second by Brown, Vote 6-0 to take effect immediately.

RESOLUTION NO. 06 - 05

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 2006 NEW MONEY BONDS

WHEREAS, the Buffalo Fiscal Stability Authority Act, incorporated in chapter 122 of the laws of 2003, as amended from time to time (the “Act”), authorizes the Buffalo Fiscal Stability Authority (the “Authority”) to issue bonds 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 2006 New Money Bonds”) will be used to finance Financeable Costs under the Act, which may include but are not limited to (i) refunding, repayment or restructuring of certain outstanding indebtedness of the City; (ii) cash flow needs of the City; (iii) capital projects; (iv) operating costs of the City; (v) the costs of issuance of such series of Bonds; and (vi) 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 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 2006 New Money Bonds in order to finance Financeable Costs under the Act, which may include but are not limited to (i) refunding, repayment or restructuring of certain outstanding indebtedness of the City; (ii) cash flow needs of the City; (iii) capital projects; (iv) operating costs of the City; (v) the costs of issuance of such series of Bonds and (vi) capitalized interest on such series of Bonds, in each case, except clause (iii) constitutes a “Type II” action under SEQRA and, accordingly, no further action or review is required to be made with respect to the issuance of bonds and the application of the proceeds for such purposes; and further

RESOLVED, that no proceeds of the Series 2006 New Money 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 2006 New Money 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 2006 New Money Bonds by any Authorized Officer, or his or her designee, are hereby ratified and approved.

Motion by Brown, second by Giambra. Vote 6-0 to take effect immediately.

RESOLUTION NO. 06-06

RESOLUTION CONCERNING THE AUTHORIZATION, SALE AND ISSUANCE OF SALES TAX AND STATE AID SECURED BONDS

WHEREAS, the Buffalo Fiscal Stability Authority Act, incorporated in chapter 122 of the laws of 2003, as amended from time to time (the “Act”) authorizes the Buffalo Fiscal Stability Authority (the “Authority”) to issue bonds 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 issuance, sale and delivery of such series of Bonds, and the preparation, negotiation and approval of appropriate documents in connection therewith; and

WHEREAS, the proceeds of such series of Bonds will be used to finance Financeable Costs under the Act, which may include but are not limited to (i) refunding, repayment or restructuring of certain outstanding indebtedness of the City; (ii) cash flow needs of the City; (iii) capital projects; (iv) operating costs of the City; (v) 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 2006B 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 “Seventh 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 2006A” (the “Seventh Supplemental Indenture”) and “Eighth 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 2006B” (the “Eighth Supplemental Indenture” and, collectively, with the Seventh Supplemental Indenture, the “Supplemental Indentures”), pursuant to which the Authority will authorize the issuance of the Sales Tax and State Aid Secured Bonds, Series 2006A and Series 2006B (the “Series 2006 New Money Bonds”) in an aggregate amount not to exceed \$35,000,000 (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 2006A Bonds, to be issued as fixed rate bonds and the Series B 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 2006 New Money 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 2006 New Money Bonds (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 2006 New Money 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;

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 Eighth Supplemental Indenture (the “Auction Agent”), obligating the Auction Agent to conduct auctions for the Series 2006B 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 Eighth 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 2006B 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 2006B 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 2006B 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 2006B Bonds to complete a variable-to-fixed rate interest rate swap with the counterparty selected by the Authority in accordance with the Swap Policy, which shall be the provider of such swap;

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

I. Seventh Supplemental Indenture

RESOLVED, that the form of Seventh 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 Seventh Supplemental Indenture in substantially such form with such changes thereto prior to the issuance and delivery of the Series 2006 New Money 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 XIV below; and further

II. Eighth Supplemental Indenture

RESOLVED, that the form of Eighth 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 Eighth Supplemental Indenture in substantially such form with such changes thereto prior to the issuance and delivery of the Series 2006 New Money 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 XIV 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, copies of which shall be annexed to this resolution as Exhibit C, are hereby approved for use in marketing the Series 2006 New Money Bonds with such changes as any 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 Circulars 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 between 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 previously 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. 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 F, 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

X. 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 G, 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

XI. 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 H, 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

XII. 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 I, 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

XIII. Issuance and Sale of the Series 2006 New Money Bonds

RESOLVED, that the Authority shall issue, award, sell and deliver the Series 2006 New Money 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 2006 New Money 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 2006 New Money Bonds; and further

XIV. Terms of Series 2006 New Money 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 2006 New Money Bonds to determine and carry out the following:

- a. The principal amount of the Series 2006 New Money Bonds to be issued in an aggregate total principal amount not to exceed \$35,000,000; provided, however, that the principal amount of the Series 2006 New Money Bonds may not exceed \$10,800,000, without the prior written affirmation by the Confirming Officers that the individual bond resolutions for each of the projects to be financed have been approved by the Common Council of the City;
- b. The date or dates, maturity date or dates and principal amount of each series and maturity of the Series 2006 New Money Bonds, the amount and date of each sinking fund installment, if any, and which Series 2006 New Money Bonds, if any, are serial bonds or term bonds; provided, however, that the Series 2006 New Money Bonds shall mature no later than June 30, 2037;
- c. The interest rate or rates of each series of the Series 2006 New Money Bonds (including a zero interest rate), the dates from which interest on each series of the Series 2006 New Money 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 2006 New Money 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 2006A and Series 2006B 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;
- d. The redemption price or redemption prices, if any, and the redemption terms, if any, for each series of the Series 2006 New Money Bonds; provided; however, that the redemption price of any Series 2006 New Money Bond subject to redemption at the election of the Authority or in accordance with the General Indenture shall not be greater than one hundred one percent (101%) of the principal amount of the Series 2006 New Money 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 2006 New Money 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 2006 New Money Bonds;

- f. Directions for the application of the proceeds of the Series 2006 New Money Bonds and investment thereof not in conflict with the provisions hereof;
- g. Convert from time to time, the interest rate mode or modes of the Series 2006B Bonds, as provided in the Eighth Supplemental Indenture;
- h. The advisability of entering into one or more swap transactions as described in and subject to the terms referred to in item XV below;
- i. 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 2006 New Money Bonds and/or the Supplemental Indentures, 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

XV. 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 2006 New Money 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, provided, further, (i) the notional amount of any such swap transaction shall not exceed \$35,000,000, (ii) the average synthetically fixed yield on such swap transaction, including costs, shall be not less than 30 basis points lower than the average yield on a comparable fixed rate transaction, and (iii) the variable rate on such swap transaction shall be LIBOR based, with such structuring elements deemed prudent by the Confirming Officers, to reduce basis risk; and further

XVI. 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 swap 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 Eighth 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; and further

XVII. 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; and further

XVIII. Negotiated Sale

RESOLVED, that the use of a negotiated underwriting in connection with the sale of the Series 2006 New Money Bonds is found to be appropriate; and further

XIX. 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 2006 New Money Bonds; and further

XX. 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 2006 New Money 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 2006 New Money 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 2006 New Money Bonds by any Authorized Officer, or his or her designee, are hereby ratified and approved.

BMHA ISSUES

At Chairman Lipke's request, Buffalo Municipal Housing Authority (BHMA) Interim Executive Director Gillian Brown addressed the Board regarding ongoing issues affecting BHMA. These issues included the recently released United States Department of Housing and Urban Development (HUD) report, and BMHA's action plan to address negative findings and conclusions. Mayor Brown indicated that the Mayor's office was conducting an independent review of BMHA's practices and that his office would share the findings with BFSA as they became available. He said that he would be appointing new BMHA Board members in the near future. Chairman Lipke agreed that new Board members should be appointed as soon as possible, and emphasized the need for BMHA to develop a clearer definition on the roles of the Board and the staff.

Contracts

It was decided to take action on all the other contract matters together. Without objection, the BFSA Board collectively voted to approve or affirm contract resolutions 06-07 through 06-10 provided below.

Motion by Giambra, second by Faso. Vote 6-0 to be effective immediately.

RESOLUTION NO. 06 - 07

AUTHORIZE CITY OF BUFFALO TO ENTER INTO FIVE CONTRACTS AND/OR 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 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 January 25, 2006 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 five contracts and obligations as listed below:

- | | |
|----------------------------------------------------------------------------------|----------------|
| 1. Metropolitan Medical Response Systems Grant | \$227,592.00 |
| 2. Progressive Weatherproofing/All-State Development – City Hall masonry project | \$3,443,400.00 |
| 3. Toshiba Business Solutions – print shop lease amendment | \$275,545.00 |
| 4. Stantech Consulting Services, Inc. – design consultant | \$233,579.00 |
| 5. Harrell J. Bonner vs. City of Buffalo legal settlement | \$287,500.00 |

RESOLUTION NO. 06 – 08

AFFIRM AUTHORIZATION OF THE CITY OF BUFFALO TO ENTER INTO ONE CONTRACT

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 an item for emergency approval prior to the January 25, 2006 BFSA meeting, and have signed the BFSA Remittance Approval Request Form (“RARF”) in which they indicate that there are sufficient funds available for the item;

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 one contract as listed below:

1. Cambria Contracting – emergency demolition \$585,000

RESOLUTION NO. 06 – 09

AUTHORIZE THE BUFFALO SCHOOL DISTRICT TO ENTER INTO ASSOCIATE SUPERINTENDENT FOR BUDGET CONTRACT

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 an employment contract, together with signed BFSA Remittance Approval Request Form (“RARF”) in which they indicate that there are sufficient funds available for such contract; and

WHEREAS, BFSA Staff has reviewed the contract and the RARF and recommends approval of the contract; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo School District to enter into an employment contract for an Associate Superintendent for Budget for a three year term at a cost of \$100,000 per year.

RESOLUTION NO. 06 - 10

AUTHORIZE BUFFALO URBAN RENEWAL AGENCY TO ENTER INTO TWO 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 Buffalo Urban Renewal Agency officials have submitted contracts for approval at the January 25, 2006 BFSA meeting, and have signed the BFSA Remittance Approval Request Form (“RARF”) in which they indicate that there are sufficient funds available for the contracts; and

WHEREAS, BFSA Staff have reviewed the contracts 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 as listed below:

1. Economic Development Group Inc. - Buffalo Niagara JOBS Initiative \$75,000
2. Buffalo Economic Renaissance Corporation – Commercial Lending Program
\$164,003.32

BURA MOU

Ms. Johnson briefly described the Memorandum of Understanding between the Buffalo Urban Renewal Agency and CSEA Local 815, which was designed to allow for staffing changes and restructuring within the agency.

Motion by Faso, second by Brown. Vote 6-0 to be effective immediately.

RESOLUTION NO. 06 - 11

APPROVING BUFFALO URBAN RENEWAL AGENCY AGREEMENT WITH CSEA

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

any collective bargaining agreement binding or purporting to bind the City or any covered organization; and

WHEREAS, the Buffalo Urban Renewal Agency (“BURA”) has submitted to the Buffalo Fiscal Stability Authority (“BFSA”) a collective bargaining agreement between BURA and CSEA Local 815, the labor organization representing various civil servants employed by BURA; and

WHEREAS, BURA is seeking to undertake a restructuring of certain functions to improve efficiency by implementing certain staffing changes; and

WHEREAS, this Memorandum of Understanding (“MOU”) would eliminate certain job titles, add additional job titles and alter salary grades; and

WHEREAS, there is no cost impact to BURA to implement this plan with CSEA Local 815, and in fact will produce a savings of approximately \$3400; and

WHEREAS, BFSA Staff have reviewed the terms of the Agreement and recommend approval;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo Urban Renewal Agency to enter into a Memorandum of Understanding with CSEA Local 815.

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 3:02 PM.