

BUFFALO FISCAL STABILITY AUTHORITY

RESOLUTION NO. 07-57

APPROVING SHORT-TERM BORROWING FOR THE CITY OF BUFFALO'S 2007-08 FISCAL YEAR CASH FLOW NEEDS IN AN AMOUNT NOT TO EXCEED OF \$20 MILLION

WHEREAS, Section 3858 of Chapter 122 of the Laws of 2003 ("Chapter 122"), as amended, requires that the Buffalo Fiscal Stability Authority ("BFSA" or the "Authority") "shall, with respect to any proposed borrowing by or on behalf of the city or any covered organization on or after July first, two thousand three, review the terms of and comment, within thirty days after notification by the city or covered organization of a proposed borrowing, on the prudence of each proposed issuance of bonds or notes to be issued by the city or covered organization..."; and

WHEREAS, Chapter 122, as amended, further provides that "...no such borrowing shall be made unless first reviewed, commented upon and approved by the Authority"; and

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

WHEREAS, the City Comptroller has submitted to BFSA correspondence dated October 31, 2007, providing a "presentation for the city's upcoming cash flow borrowing for fiscal year 2007-08"; and

WHEREAS, the City Comptroller's correspondence notes how the City has demonstrated progress in reducing its annual cash flow borrowing needs, from \$120 million in 2003-04 to \$20 million in the current year; and

WHEREAS, the City Comptroller's correspondence indicates a plan to borrow not more than \$20 million for a period of "no longer than approximately 125 days," commencing at the "very end of November, 2007, with the debt being retired in early April, 2008"; and

WHEREAS, the City Comptroller is formally requesting BFSA approval for the City to pursue a cash flow program to meet the School District of Buffalo's cash flow needs utilizing a private placement, competitive bid structure with a single financial institution, and that "the City does not expect to incur issuance expenses of more than \$50,000"; and

WHEREAS, the City Comptroller further notes that the transaction is expected to be unrated, and will not require credit enhancement; and

WHEREAS, the City Comptroller identifies the source of repayment as being "State Aid, including school assistance..."

NOW THEREFORE BE IT RESOLVED, that the Authority approves the borrowing as proposed by the City Comptroller to address the City School District of Buffalo's cash flow needs in the 2007-08 fiscal year, provided that (1) the aggregate amount of the borrowing shall not exceed \$20 million, and (ii) the Chair of BFSA, the Acting Executive Director or Chief Financial Officer of the Buffalo Fiscal Stability Authority shall approve the final terms and pricing of the borrowing in writing; and further

RESOLVED, that, as a condition of this borrowing, the City Comptroller's Office shall explore the opportunity to establish a line of credit and report back to BFSA's Chairman within one week; and further

RESOLVED, that the Authority authorizes the City to enter into necessary and appropriate contracts in connection with this borrowing; and further

RESOLVED, that the Chair, the Acting Executive Director and the Chief Financial Officer of the Buffalo Fiscal Stability Authority are hereby authorized and directed to execute and deliver any agreements, certificates, documents, papers or other written instrument, to make any changes, modifications or amendments as he or she deems necessary, to do all other things and to take all other actions necessary and appropriate in their judgment, to consummate the transaction contemplated by this Resolution.

This Resolution shall take effect immediately.

Approved November 7, 2007

/S/ Secretary George K. Arthur