

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 30, 2025

NEW ISSUE - BOOK-ENTRY ONLY

See “RATING” herein

In the opinion of Barclay Damon LLP, Bond Counsel to the Buffalo Sewer Authority (the “Authority”), under existing law and assuming compliance with certain covenants described herein, and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Authority, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is further of the opinion that interest on the Series 2025A Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code; however, interest on the Series 2025A Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See “TAX MATTERS” herein.



\$47,640,000*
BUFFALO SEWER AUTHORITY
Sewer System Revenue Bonds, Series 2025A

Dated: Date of Issuance

Due: as shown on the inside cover

The Buffalo Sewer Authority (the “Authority”) \$47,640,000* Sewer System Revenue Bonds, Series 2025A (the “Series 2025A Bonds”) will be issued in fully registered form without coupons. The Series 2025A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2025A Bonds. So long as Cede & Co. is the registered owner of the Series 2025A Bonds, as nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2025A Bonds. Individual purchases of the Series 2025A Bonds will be made in book-entry form only in denominations of \$5,000 or multiples thereof. Beneficial owners of the Series 2025A Bonds will not receive physical delivery of Series 2025 Bond certificates.

The Series 2025A Bonds mature on June 15 in each of the years and in the amounts set forth herein. Interest on the Series 2025A Bonds is payable at the rates specified herein on each June 15 and December 15, commencing December 15, 2025. Interest on the Series 2025A Bonds will be calculated on the basis of a 30-day month and a 360-day year. Principal on the Series 2025A Bonds will be due on June 15, 2029 and shall continue annually thereafter, with a final maturity date of June 15, 2055.

The Series 2025A Bonds are special obligations of the Authority payable solely from revenues and other moneys pledged for such payment pursuant to the Authority Act and the Bond Resolution (both as defined herein). The Series 2025A Bonds shall not in any respect be a general obligation of the Authority to which the full faith and credit of the Authority is pledged and shall not in any manner or to any extent constitute or be a charge upon any moneys or property of the Authority not specifically pledged thereto by the Bond Resolution. The Authority has no taxing power. The Series 2025A Bonds are not a debt of the State of New York or the City of Buffalo, New York, and neither the State of New York nor the City of Buffalo, New York, is liable thereon, nor are the Series 2025A Bonds payable out of any funds other than those of the Authority pledged thereto.

The Series 2025A Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturities as more fully described herein.

The Authority anticipates obtaining from Build America Mutual Assurance Company (“BAM”) a reserve account insurance policy to be issued, concurrently with the issuance of the Series 2025A Bonds, for the purpose of satisfying the Debt Service Requirement (as defined herein) with respect to the Series 2025A Bonds. See “SECURITY FOR THE SERIES 2025A BONDS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – CREDIT FACILITIES” herein for a discussion of a Reserve Fund Facility (as defined herein) and “APPENDIX G” for information regarding BAM and a copy of the Specimen Municipal Bond Debt Service Reserve Insurance Policy supplied by BAM.

The Series 2025A Bonds are offered for delivery when, as, and if issued, subject to the approving legal opinion of Bond Counsel to the Authority, Barclay Damon LLP, Buffalo, New York. Certain legal matters will be passed upon for the Authority by the Corporation Counsel of the City of Buffalo, New York, and for the Underwriters by Lippes Mathias LLP, Buffalo, New York. It is expected that the Series 2025A Bonds will be available for delivery through the facilities of DTC on or about [July __, 2025].

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Ramirez & Co., Inc.

FHN Financial Capital Markets

Dated: [July __, 2025]

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The Series 2025A Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

BUFFALO SEWER AUTHORITY

\$47,640,000*

**Sewer System Revenue Bonds,
Series 2025A**

Serial Bonds*

Year* (June 15)	Principal Amount*	Interest Rate	Yield	CUSIP**	Year* (June 15)	Principal Amount*	Interest Rate	Yield	CUSIP**
2029	\$865,000				2038	\$1,345,000			
2030	\$910,000				2039	\$1,410,000			
2031	\$955,000				2040	\$1,480,000			
2032	\$1,000,000				2041	\$1,555,000			
2033	\$1,050,000				2042	\$1,635,000			
2034	\$1,105,000				2043	\$1,715,000			
2035	\$1,160,000				2044	\$1,800,000			
2036	\$1,220,000				2045	\$1,890,000			
2037	\$1,280,000								

Term Bonds*

\$11,025,000* _____ % Term Bonds due June 15, 2050* - Yield _____ CUSIP** _____

\$14,240,000* _____ % Term Bonds due June 15, 2055* - Yield _____ CUSIP** _____

* Preliminary, subject to change.

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BUFFALO SEWER AUTHORITY

BOARD OF DIRECTORS

HERBERT L. BELLAMY, JR. Chairman
CHRISTOPHER ROOSEVELT Vice Chairman
THOMAS E. CAULFIELD, PHD.....Member
PATRICK SOLE, JR.....Member
HOPE YOUNG-WATKINS.....Member

EXECUTIVE STAFF

CHARLES RILEY, PMP Executive Secretary and Chief
Financial Officer
ROSALEEN B. NOGLE, P.E. Principal Sanitary Engineer

ADVISORS

BARCLAY DAMON LLP	Bond Counsel
CAPITAL MARKETS ADVISORS, LLC	Municipal Advisor
GREELEY AND HANSEN	Consulting Engineer
DRESCHER & MALECKI LLP	Auditor

TRUSTEE FOR THE SERIES 2025A BONDS

MANUFACTURERS AND TRADERS TRUST COMPANY

The Series 2025A Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the State of New York, the Series 2025A Bonds also will be exempt from registration under the securities laws of New York.

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations with respect to the Authority, the City, the Service Area, the System, the Projects, the Bond Resolution, the Series 2025A Bonds or the Continuing Disclosure Agreement (as such terms are defined herein), other than as contained in this Official Statement in connection with the offering of the Series 2025A Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Underwriters.

Brief descriptions of the Authority, the City, the Service Area, the System, the Projects, the Bond Resolution, the Series 2025A Bonds and the Continuing Disclosure Agreement are set forth in this Official Statement. However, any description or summary of any documents, statutes, resolutions, reports or other instruments, as set forth herein, is qualified in its entirety by reference to the definitive forms of such documents, statutes, resolutions, reports and other instruments, copies of which may be examined at the principal corporate offices of the Authority located at City Hall, Room 1038, Buffalo, New York 14202-3378 (telephone: 716-851-4664).

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2025A Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute “forward looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions, to the extent that they are used herein, are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the Underwriters plan to issue any updates or revisions to those forward-looking statements if or when the expectations, events, conditions or circumstances on which such statements are based, occur.

The Authority may place a copy of this Official Statement on its website at <https://www.buffalosewer.org/>. Unless this Official Statement specifically and expressly indicates otherwise, no statement on the Authority’s website is included and incorporated by specific cross- reference or constitutes a part of this Official Statement. The Authority has prepared its website information for the convenience of the public, but investors should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and the Authority assumes no liability or responsibility for errors or omissions on its website. Further, the Authority disclaims any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on its website. The Authority also assumes no liability or responsibility for any errors or omission or for any updates to dated website information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2025A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is distributed in connection with the sale of the Series 2025A Bonds referred to herein and may not be used, in whole or in part, for any other purpose. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in such information since the date hereof or any earlier date as of which any information contained herein is given.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2025A Bonds or the advisability of investing in the Series 2025A Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Preliminary Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding BAM and presented in Appendix G – Municipal Bond Debt Service Reserve Insurance Policy.

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SUMMARY

This Summary is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement (including the cover and inside cover pages hereof and each of the Appendices attached hereto), which should be reviewed in its entirety by potential investors. Capitalized terms used in this Summary and not defined in this Summary shall have the respective meanings ascribed to such terms in the body of this Official Statement.

Issuer: Buffalo Sewer Authority (the “Authority”).

The Authority’s primary service area is the territory within the boundaries of the City of Buffalo (the “City”), in the State of New York (the “State”). The Authority is responsible, pursuant to its Authority Act (hereinafter defined), for both the collection and the treatment of all sewage generated within the City. Currently, approximately 70% of the wastewater collected and treated by the Authority originates within the City. In addition, the Authority has entered into seven (7) service contracts with fourteen (14) municipalities and sewer districts located in Erie County to provide wastewater treatment services.

Issue: \$47,640,000* aggregate principal amount of “Sewer System Revenue Bonds, Series 2025A” (the “Series 2025A Bonds”).

Authorization: The Series 2025A Bonds are being issued pursuant to: (i) the Buffalo Sewer Authority Act, Title 8 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the “Authority Act”); (ii) all other applicable laws; (iii) the “Amended and Restated Sewer System Revenue Bond Resolution” of the Authority, duly adopted by the Authority on May 26, 2021 (as amended and supplemented, the “General Bond Resolution”), and the “Supplemental Sewer System Revenue Bond Resolution, Series 2025A” duly adopted by the Authority on March 12, 2025 (the “Supplemental Resolution”; the General Bond Resolution, as supplemented by the Supplemental Resolution and as further amended and supplemented from time to time in accordance with the terms thereof shall be referred to herein as the “Bond Resolution”). See “THE SERIES 2025A BONDS” herein.

Dated Date: Date of Issuance.

Interest Due: June 15 and December 15, commencing December 15, 2025.

Principal Due: June 15 in each year as shown on the inside cover of this Official Statement.

* Preliminary, subject to change.

- Redemption:** The Series 2025A Bonds will be subject to optional redemption and mandatory sinking fund redemption, all as more fully described in this Official Statement. See “THE SERIES 2025A BONDS – Optional Redemption,” and “– Mandatory Sinking Fund Redemption” herein.
- Purpose:** A portion of the proceeds of the Series 2025A Bonds shall be used to finance the design, rehabilitation and construction of certain projects known as the Raw Wastewater Pump Station Rehabilitation Project, Settled Wastewater Pump Station Rehabilitation Project, South Buffalo Pump Station Rehabilitation Project, and Fruit Belt Sewer Rehabilitation Project (each as defined herein and, collectively, the “Projects”). See “THE PROJECTS” herein for more information about the Projects being financed with the proceeds of the Series 2025A Bonds.
- Reserve Fund Facility:** The Authority anticipates obtaining from Build America Mutual Assurance Company (“BAM”) a reserve account insurance policy to be issued, concurrently with the issuance of the Series 2025A Bonds, for the purpose of satisfying the Debt Service Requirement (as defined herein) with respect to the Series 2025A Bonds. See “SECURITY FOR THE SERIES 2025A BONDS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – CREDIT FACILITIES” herein for a discussion of a Reserve Fund Facility (as defined herein) and “APPENDIX G” for information regarding BAM and a copy of the Specimen Municipal Bond Debt Service Reserve Insurance Policy supplied by BAM.
- Sources of Payment and Security:** The Series 2025A Bonds are special obligations of the Authority payable solely from revenues and other moneys pledged for such payment pursuant to the Authority Act and the Bond Resolution. The Series 2025A Bonds shall not in any respect be a general obligation of the Authority to which the full faith and credit of the Authority is pledged and shall not in any manner or to any extent constitute or be a charge upon any moneys or property of the Authority not specifically pledged thereto by the Bond Resolution. The Authority has no taxing power. The Series 2025A Bonds are not a debt of the State of New York (the “State”) or the City of Buffalo (the “City”), and neither the State nor the City is liable hereon, nor are the Series 2025A Bonds payable out of any funds other than those of the Authority. See “SECURITY FOR THE SERIES 2025A BONDS” herein.
- Credit Rating:** The Series 2025A Bonds are rated “Aa3” by Moody’s Investors Service. See “RATING” herein.
- Tax Matters:** In the opinion of Barclay Damon LLP, Bond Counsel to the Authority, under existing law and assuming compliance with certain covenants described herein, and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Authority, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is further of the opinion that interest on the Series 2025A Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under

the Code; however, interest on the Series 2025A Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Book-Entry Form: The Series 2025A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2025A Bonds. See “THE SERIES 2025A BONDS – Book-Entry-Only System” herein.

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OFFICIAL STATEMENT
of the
BUFFALO SEWER AUTHORITY

Relating to its
\$47,640,000*
Sewer System Revenue Bonds, Series 2025A

INTRODUCTION

This Official Statement, which includes the cover and inside cover pages hereof, the Summary herein and each of the Appendices attached hereto, has been disseminated by the Buffalo Sewer Authority, a body corporate and politic constituting a public benefit corporation of the State of New York (the “Authority”), to provide certain information relating to the Authority and to the issuance, sale and delivery by the Authority of its “Sewer System Revenue Bonds, Series 2025A”, dated the date of issuance thereof, in the aggregate principal amount of \$47,640,000* (“Series 2025A Bonds”).

The Series 2025A Bonds are being issued pursuant to: (i) the Buffalo Sewer Authority Act, Title 8 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time (the “Authority Act”); (ii) all other applicable laws; and (iii) the “Amended and Restated Sewer System Revenue Bond Resolution” of the Authority, duly adopted by the Authority on May 26, 2021 (as amended and supplemented, the “General Bond Resolution”), and by the “Supplemental Sewer System Revenue Bond Resolution,” duly adopted by the Authority on March 12, 2025 (the “Supplemental Resolution”; the General Bond Resolution as supplemented by the Supplemental Resolution and as further amended and supplemented from time to time in accordance with the terms thereof shall be referred to herein as the “Bond Resolution”).

The Authority previously adopted its Sewer System Revenue Bond Resolution on June 29, 1977 (the “1977 Resolution”), which was amended and restated by the General Bond Resolution. Pursuant to the 1977 Resolution, the Authority has issued its Revenue Bonds, Series J, K, L, M, N, and 2021 (EFC) and pursuant to the General Bond Resolution the Authority has issued its Sewer System Environmental Impact Revenue Bonds, Series 2021 (Green Bonds) (the “2021 Environmental Impact Bonds”) (collectively, the “Existing Bonds”). The Series 2025A Bonds will be issued on a parity with the lien granted on the Revenues (as defined herein) securing the Existing Bonds.

The Authority

The Authority is a body corporate and politic constituting a public benefit corporation organized and existing pursuant to the Authority Act. The Authority is authorized to issue its bonds, including the Series 2025A Bonds, pursuant to the terms and provisions of the Authority Act.

* Preliminary, subject to change.

While the Authority Act empowers the Authority to dispose of the sewage of all municipalities within Erie County, New York, the Authority's primary service area is the territory within the boundaries of the City of Buffalo (the "City"), in the State of New York (the "State"). The Authority is responsible, pursuant to the Authority Act, for both the collection and the treatment of all sewage generated within the City. Currently, approximately 70% of the wastewater collected and treated by the Authority originates within the City. In addition, the Authority has entered into seven (7) service contracts with several municipalities and sewer districts located in Erie County to provide wastewater treatment services.

The Authority conducts its operations through five departments: (i) the Sewage Treatment Department; (ii) the Sewer Maintenance Department; (iii) the Engineering Department; (iv) the Administrative Department; and (v) the Industrial Waste Department, and had 231 employees as of December 1, 2024. The Authority, pursuant to the Authority Act and with the consent of the City, also makes use of the facilities and services of various City departments. Such services include billing services performed by the Buffalo Water Board, a New York State public benefit corporation established under the Buffalo Municipal Water Finance Authority Act (the "Buffalo Water Board"), and also billing and collection services performed by the City's Commissioner of Administration and Finance.

The Comptroller of the City also acts as the Comptroller for the Authority. The Comptroller of the State and the New York State Authorities Budget Office have oversight of the Authority. As an environmental facility, the New York State Department of Environmental Conservation ("NYSDEC") and the United States Environmental Protection Agency (the "USEPA") have oversight of the Authority. See "BUFFALO SEWER AUTHORITY" herein for more information about the Authority.

Purpose for the Issuance of the Series 2025A Bonds by the Authority

A portion of the proceeds of the Series 2025A Bonds shall be used to finance the design, rehabilitation and construction of certain projects consisting of the Raw Wastewater Pump Station Rehabilitation Project, Settled Wastewater Pump Station Rehabilitation Project, South Buffalo Pump Station Rehabilitation Project, and Fruit Belt Sewer Rehabilitation Project (each as defined herein and, collectively, the "Projects"). See "THE PROJECTS" herein for more information about the Projects being financed with the proceeds of the Series 2025A Bonds.

The Reserve Fund Facility

The Authority anticipates obtaining from Build America Assurance Company ("BAM") a reserve account insurance policy to be issued concurrently with the issuance of the Series 2025A Bonds, for the purpose of satisfying the Debt Reserve Requirement (as defined herein) with respect to the Series 2025A Bonds, which reserve account insurance policy would constitute a Reserve Fund Facility as defined in, and pursuant to, the Bond Resolution. See "SECURITY FOR THE SERIES 2025A BONDS" herein for a discussion of a Reserve Fund Facility. See also "APPENDIX G" for information regarding BAM and a copy of the Specimen Municipal Bond Debt Service Reserve Insurance Policy supplied by BAM.

Security for the Series 2025A Bonds

The Series 2025A Bonds are special obligations of the Authority payable solely from revenues and other moneys pledged for such payment pursuant to the Authority Act and the Bond Resolution. The Series 2025A Bonds shall not in any respect be a general obligation of the Authority to which the full faith and credit of the Authority is pledged and shall not in any manner or to any extent constitute or be a charge upon any moneys or property of the Authority not specifically pledged thereto by the Bond Resolution. The Authority has no taxing power. The Series 2025A Bonds are not a debt of the State or the City, and neither the State nor the City is liable thereon, nor are the Series 2025A Bonds payable out of any funds other than those of the

Authority. For a more detailed discussion of the security for the Series 2025A Bonds, see “SECURITY FOR THE SERIES 2025A BONDS” and Appendix D - “Summary of Certain Provisions of the Bond Resolution” herein.

Redemption of the Series 2025A Bonds

The Series 2025A Bonds will be subject to optional redemption and mandatory sinking fund redemption, all as more fully described herein. See “THE SERIES 2025A BONDS – Optional Redemption,” and “– Mandatory Sinking Fund Redemption” herein.

Review by Persons Considering a Purchase of the Series 2025A Bonds

This introduction is a brief description of certain of the matters set forth in this Official Statement and is qualified by reference to the entire Official Statement. Persons considering a purchase of the Series 2025A Bonds should read this Official Statement in its entirety, including, without limitation, the cover and inside cover pages, the Summary herein and each of the Appendices attached hereto. The summaries of, and references to, all documents, statutes, resolutions, reports and other instruments that are referred to herein do not purport to be complete, comprehensive or definitive, and each summary and reference is further qualified in its entirety by reference to such document, statute, resolution, report or instrument.

Persons considering a purchase of the Series 2025A Bonds should read “SECURITY FOR THE SERIES 2025A BONDS” and “ENFORCEABILITY OF REMEDIES” herein for a discussion of the collateral security for the Series 2025A Bonds, the enforcement of remedies with respect thereto, and certain risks associated with holding the Series 2025A Bonds.

Brief descriptions of the Authority, the City, the Service Area, the System, the Projects, the Bond Resolution, the Series 2025A Bonds and the Continuing Disclosure Agreement (as such terms are defined herein) are set forth in this Official Statement. However, any description or summary of any documents, statutes, resolutions, reports or other instruments, as set forth herein, is qualified in its entirety by reference to the definitive forms of such documents, statutes, resolutions, reports and other instruments, copies of which may be examined at the principal corporate offices of the Authority located at City Hall, Room 1038, Buffalo, New York 14202-3378 (Telephone 716-851-4664) (the “Authority Offices”).

THE PROJECTS

Introductory Description of the Projects

The “Projects” to be undertaken by the Authority with a portion of the proceeds of the Series 2025A Bonds will consist of the design, rehabilitation and construction of certain projects consisting of the Raw Wastewater Pump Station Rehabilitation Project; the Settled Wastewater Pump Station Rehabilitation Project; the South Buffalo Pump Station Rehabilitation Project; and the Fruit Belt Sewer Rehabilitation Project, each as further described below. The Projects are intended to achieve the ongoing use of critical systems throughout the City for maintaining sanitation.

The Projects to be Financed with the Proceeds of the Series 2025A Bonds

Raw Wastewater Pump Station Rehabilitation Project

The “Raw Wastewater Pump Station Rehabilitation Project” will be undertaken with respect to the Raw Wastewater Pump Station (“RWWPS”), which was commissioned in the 1930s. The RWWPS pumps raw wastewater from the collection system via the Raw Wastewater (“RWW”) pumps up to the fine screens, grit

removal chamber, and to the primary influent chamber for treatment. There are six RWW pumps in the RWWPS that pull influent from two wet wells, resulting in a configuration of three pumps per wet well. The RWWPS is designed with a firm capacity (largest pump out of service) to convey up to 560 million gallons per day (“MGD”). The RWW pumps are controlled via liquid level in the two wet wells.

The RWWPS is made up of six RWW Pumps, consisting of two variable speed pumps, two constant speed pumps, and two dual speed pumps. Each RWW pump has a capacity of 120 MGD at 88% speed. Five pumps are required to be in operation to meet the 560 MGD firm capacity. The RWW pumps were originally designed with a vacuum priming system, although that system is no longer in operation. The RWWPS includes ancillary systems to support the pumps, including electrical, instrumentation and controls, and HVAC:

As part of existing conditions assessments in summer 2024, the program management team conducted a site visit and multiple discussions with plant staff. The RWWPS currently has three of six pumps operational. The resulting conditions assessment report in July 2024 identified immediate, short-term, mid-term, and long-term recommendations to get all RWW pumps operational. The goals of the recommendation for immediate need focus on getting all six RWW pumps operational. To achieve these goals, the Raw Wastewater Pump Station Rehabilitation Project will consist of the following upgrades (including any related work necessary to complete these upgrades):

- Replace vacuum priming system
- Rehab pumps No. 5 and 4, motors, and valves
- Rehab Pump No. 4 impeller and eddy current drive
- Rehab Pump No. 6 valve
- Rehab or replacement of Roof
- Install updated electrical and control systems.
- After Pump No. 4 is back in operation, rehab Pump No. 2, including motor (originally the motor from Pump No. 5) and valve. Once Pump No. 2 is rehabbed and all pumps are operational, the motors are to be swapped to their original pump.

Settled Wastewater Pump Station Rehabilitation Project

The “Settled Wastewater Pump Station Rehabilitation Project” will be undertaken with respect to the Settled Wastewater Pump Station (“SWWPS”), which was commissioned in the 1980s and conveys primary effluent from the Primary Sedimentation Tanks (“PSTs”) to the secondary treatment system. If the Bird Island Wastewater Treatment Facility (“WWTF”) is operating in primary bypass mode during wet weather events, both primary effluent and flow bypassing the PSTs feed the SWWPS.

The SWWPS is made up of five Settled Wastewater (“SWW”) Pumps, consisting of four variable speed pumps and one constant speed pump. Each SWW pump has a capacity of 120 MGD at 88% speed. With four pumps in operation, up to 480 MGD can be conveyed to the secondary treatment process. With four pumps operating at 100% speed, the estimated theoretical capacity is 560 MGD. The SWWPS was designed to include a sixth pump, and it is intended to be added as part of the future Secondary System Rehabilitation & Upgrades Phase III project, which upgrades the biological treatment process. The SWWPS includes ancillary systems to support the pumps, including electrical, instrumentation and controls, and HVAC.

As part of existing conditions assessments in summer 2024, the program management team conducted a site visit and multiple discussions with plant staff. The station currently has four of five pumps operational. However, operation of the SWW pumps has been limited due to the accumulation of grit in the SWW wet wells. The resulting conditions assessment report in July 2024 identified immediate, short-term, mid-term, and long-term recommendations to get all SWW pumps operational. To achieve these goals, Settled

Wastewater Pump Station Rehabilitation Project will consist of the following upgrades (including any related work necessary to complete these upgrades):

- Rehabilitate Pump No. 1 and 5 pump impeller, valve, motor and eddy current drive. Pump 5 and motor will be removed for inspection and rehabilitation. Inspect and rehab the discharge valve as needed during this time. When Pump No. 5 is back in operation, remove Pump No. 1 to be rehabilitated to address both the leaking seal water and the scorched shaft that are causing issues for Pump No. 1. Once addressed, Pump No. 1 is expected to be fully operational.
- Rehabilitate Pumps 3 and 6. Remove Pump 3 pump, motor, and valve for inspection and rehabilitation. When Pump 3 is reinstalled remove Pump 6 pump, motor, and valve for inspection and rehabilitation.
- Rehabilitate or replacement of the SWWPS building roof.
- Improve HVAC systems for safety and operational efficiency.
- Install updated electrical and control systems.

South Buffalo Pump Station Rehabilitation Project

The “South Buffalo Pump Station Rehabilitation Project” will be undertaken with respect to the South Buffalo Pump Station, an outlying facility located south of Bailey Avenue and Riverside Way. The program management team completed a condition assessment of the South Buffalo Pump Station (“SBPS”) in July 2024 to identify immediate, short-term, mid-term, and long-term needs for the station and continue to provide reliable service to the southern portion of the Authority’s collection system. The South Buffalo Pump Station Rehabilitation Project includes the immediate and short-term needs.

The South Buffalo Pump Station Rehabilitation Project includes complete rehabilitation of Pump Nos. 1, 3, and 4 and partial rehabilitation of Pump No. 2 as well as improvements to the seal water system. Modifications will be made to the discharge junction chamber to improve pump isolation and access to the interior of the structure. The South Buffalo Pump Station Rehabilitation Project further includes structural rehabilitation throughout the station, a new platform for removal of major equipment, civil improvements for access out the north side of the building, and replacement of the low and high roofing systems. Complete replacement of the HVAC system will provide better environmental conditions within the dry well and control room. The plumbing system will also be rehabilitated, including replacement of corroded potable water piping, bathroom fixtures, hose bibs, and hot water heater. The variable frequency drives for each pump will be replaced and a new control system will be provided, including enhanced communication with the Bird Island WWTF.

Fruit Belt Sewer Rehabilitation Project

The “Fruit Belt Sewer Rehabilitation Project” will consist of the installation of approximately 20,000 linear feet of ultraviolet cured in place pipe lining of existing sewers together with approximately 30 spot repairs and the replacement of 200 linear feet of sewer. Together with cleaning and televising of these sewers to verify proper installation of this sewer, this work will provide a watertight sewer network throughout the Fruit Belt neighborhood in the City to ensure that open joints and other deficiencies in the public sewers are not contributing to sink holes in this neighborhood.

THE SERIES 2025A BONDS

General Description

The Series 2025A Bonds will be dated the date of issuance thereof, and are scheduled to mature on June 15 in the years (the “Principal Payment Dates”) and in the principal amounts set forth on the inside cover page

hereof. The Series 2025A Bonds will bear interest from their dated date payable by check or draft semiannually on June 15 and December 15 of each year until their respective maturities (the “Interest Payment Dates”), commencing December 15, 2025, at the rates per annum set forth on the inside cover page hereof.

The Series 2025A Bonds will be payable as to principal (including any sinking fund installment) upon presentation and surrender thereof at the corporate trust office of the Trustee. The Series 2025A Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2025A Bonds will be made in book-entry-only form (without certificates) in denominations of \$5,000 or any whole multiple thereof.

Authorization for the Issuance of the Series 2025A Bonds

The Series 2025A Bonds are being issued pursuant to the Authority Act, all other applicable law and the Bond Resolution. The Series 2025A Bonds will constitute valid and binding special obligations of the Authority, and will be secured by a pledge of certain revenues of the Authority on a parity with the pledge securing the Existing Bonds in accordance with the terms of the Bond Resolution and all other Senior Bonds (as issued pursuant to the Bond Resolution).

The proceeds of the Series 2025A Bonds will be used to finance the Raw Wastewater Pump Station Rehabilitation, Settled Wastewater Pump Station Rehabilitation, South Buffalo Pump Station Rehabilitation, and Fruit Belt Sewer Rehabilitation (as defined herein). See “THE PROJECTS” herein.

Optional Redemption

The Series 2025A Bonds maturing on or after June 15, 2035* are subject to redemption prior to maturity, at the option of the Authority on June 15, 2034* and thereafter on any date, as a whole or in part, at a redemption price equal to par plus accrued interest to the redemption date, in such order of maturity as is selected by the Authority and by lot within a maturity, in principal amounts of \$5,000 or integral multiples thereof.

So long as the Series 2025A Bonds are registered in book-entry only form and DTC, or a successor securities depository, is the sole registered owner of such Series 2025A Bonds, if less than all of a particular maturity of the Series 2025A Bonds is called for redemption, the portions thereof to be redeemed shall be allocated on a pro rata basis in accordance with DTC rules and procedures, provided that, so long as the Series 2025A Bonds are held in book-entry form, the selection for redemption of the Series 2025A Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on a pro rata basis, the Series 2025A Bonds will be selected for redemption, in accordance with DTC procedures, by lot. If a particular Series 2025A Bond is called for partial redemption, upon its surrender a new Series 2025A Bond, representing the unredeemed balance of the principal amount of such Series 2025A Bond, will be issued to the Bondholder.

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* Preliminary, subject to change.

Mandatory Sinking Fund Redemption

The Series 2025A Term Bonds maturing on June 15, 2050* are subject to mandatory redemption by lot from the mandatory sinking fund installments, at a redemption price equal to par plus accrued interest to the redemption date, on June 15 of the following years and in the following amounts, such redemption amounts to be subject to proportionate reduction in the event of partial optional redemption of such Series 2025A Term Bonds:

Year*	Amount*
2046	\$1,985,000
2047	\$2,090,000
2048	\$2,200,000
2049	\$2,315,000
2050 (stated maturity)	\$2,435,000

The Series 2025A Bonds maturing on June 15, 2055* are subject to mandatory redemption by lot from the mandatory sinking fund installments, at a redemption price equal to par plus accrued interest to the redemption date, on June 15 of the following years and in the following amounts, such redemption amounts to be subject to proportionate reduction in the event of partial optional redemption of such Series 2025A Term Bonds:

Year*	Amount*
2051	\$2,565,000
2052	\$2,700,000
2053	\$2,840,000
2054	\$2,990,000
2055(stated maturity)	\$3,145,000

Notice of Redemption

The Trustee shall give notice of redemption to the registered owners of the Series 2025A Bonds, at least once not less than thirty (30) days prior to the date fixed for the redemption thereof. The Trustee shall, upon written instruction of an Authorized Officer, give such notice either by (i) delivery of a copy of such notice not less than thirty days before the redemption date, to the registered owners of any Bonds that are to be redeemed, at their last addresses, if any, appearing upon the registry books, or, in the case of Book Entry Bonds, to the Depository for such Book Entry Bonds in accordance with such Depository's standard practices, or (ii) publication once a week for at least two successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty days nor more than sixty days prior to the redemption date, but such delivery or publication shall not be a condition precedent to such redemption and failure to deliver or publish any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

*Preliminary, subject to change.

In the case of an optional redemption, the notice may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent no later than the redemption date, or (ii) that the Authority retains the right to rescind such notice at any time prior to the scheduled redemption date if the Authority delivers a certificate of an Authorized Officer to the Paying Agent instructing the Paying Agent to rescind the redemption notice (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders.

So long as DTC or its nominee is the Bondholder, the Authority and the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to Direct Participants (hereinafter defined), by Direct Participants to Indirect Participants (hereinafter defined), and by Direct Participants and Indirect Participants to Beneficial Owners (hereinafter defined) will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. So long as DTC or its nominee is the Bondholder, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a Direct Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption.

Book-Entry-Only System

The following has been provided by DTC for use herein. While the information is believed to be reliable, none of the Authority or the Underwriters, subject to the standard of review found on the inside cover hereof, nor any of their respective counsel, members, officers or employees, make any representations as to the accuracy, sufficiency or completeness of such information.

DTC will act as securities depository for the Series 2025A Bonds. The Series 2025A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond certificate will be issued for each maturity of the Series 2025A Bonds, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“DTC Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among DTC Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfer and pledges between DTC Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. DTC Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly (“DTC Indirect Participants” and, together with DTC Direct Participants, “DTC Participants”). The DTC rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025A Bonds under the DTC system must be made by or through DTC Direct Participants, which will receive a credit for the Series 2025A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025A Bond ("Beneficial Owner") is in turn to be recorded on the DTC Direct Participants' and DTC Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Direct Participant or DTC Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025A Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025A Bonds, except in the event that use of the book-entry-system for the Series 2025A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A Bonds deposited by DTC Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. The deposit of Series 2025A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025A Bonds. DTC's records reflect only the identity of the DTC Direct Participants to whose accounts such Series 2025A Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Direct Participants, by DTC Direct Participants to DTC Indirect Participants, and by DTC Direct Participants and DTC Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2025A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Series 2025A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each DTC Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority, as issuer of the Series 2025A Bonds, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those DTC Direct Participants to whose accounts the Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, of and interest payments on the Series 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit DTC Direct Participants' accounts upon DTC's receipt of funds and corresponding details from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant and not of DTC, the Trustee, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal, redemption premium, if any, of and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or the Trustee. Disbursement of such payments to DTC Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Direct Participants and DTC Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered to DTC.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2025A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm the foregoing information with DTC or the DTC Participants.

The Authority, the Trustee and the Paying Agent cannot and do not give any assurances that DTC will distribute to the DTC Direct Participants or that the DTC Direct Participants or the DTC Indirect Participants will distribute to the Beneficial Owners of the Series 2025A Bonds (i) payments of principal, redemption premium, if any, of or interest on the Series 2025A Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interests in the Series 2025A Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025A Bonds, or that they will do so on a timely basis or that DTC, its DTC Direct Participants or its DTC Indirect Participants will serve and act in the manner described in this Official Statement.

None of the Authority, the Trustee nor the Paying Agent will have any responsibility or obligations to any DTC Direct Participant, DTC Indirect Participant or any person claiming a beneficial ownership interest in the Series 2025A Bonds under or through DTC or any DTC Direct Participant, or any other person who is not shown in the registration books of the Authority kept by the Trustee as being a Series 2025A Bondholder. The Authority, the Trustee and the Paying Agent shall have no responsibility with respect to (i) any ownership interest in the Series 2025A Bonds, (ii) the payment by DTC to any DTC Direct Participant or by any DTC Direct Participants or DTC Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of or interest on the Series 2025A Bonds, (iii) the delivery to any DTC Participant or any Beneficial Owner of any notice which is permitted or required to be given to the holders of the Series 2025A Bonds (the "Series 2025A Bondholders") under the Bond Resolution, or (iv) any consent given or other action taken by DTC or Cede & Co. as Series 2025A Bondholder.

So long as Cede & Co. is the registered owner of the Series 2025A Bonds, as the nominee of DTC, references herein to the Series 2025A Bondholders or registered owners of the Series 2025A Bonds (other than under the captions "TAX MATTERS" and "SECONDARY MARKET DISCLOSURE AND REPORTS") shall mean Cede & Co., and shall not mean the Beneficial Owners of the Series 2025A Bonds.

SECURITY FOR THE SERIES 2025A BONDS

The General Bond Resolution and the Supplemental Resolution

The following summary of the security for the Series 2025A Bonds is qualified in its entirety and reference is hereby made to Appendix D and to the Bond Resolution, which set forth in further detail provisions relating to the security for the Series 2025A Bonds. For definitions of certain capitalized terms used but not defined herein, see Appendix D - “Summary of Certain Provisions of the Bond Resolution.”

The Series 2025A Bonds are special obligations of the Authority payable solely from revenues and other moneys pledged for such payment pursuant to the Authority Act and the Bond Resolution and on a parity with the Existing Bonds and all other Senior Bonds that may hereafter be issued in accordance with the General Bond Resolution. The Series 2025A Bonds shall not in any respect be a general obligation of the Authority to which the full faith and credit of the Authority is pledged and shall not in any manner or to any extent constitute or be a charge upon any moneys or property of the Authority not specifically pledged thereto by the Bond Resolution. The Authority has no taxing power. The Series 2025A Bonds are not a debt of the State or the City, and neither the State nor the City is liable thereon, nor are the Series 2025A Bonds payable out of any funds other than those of the Authority.

The General Bond Resolution provides for the issuance of senior bonds (“Senior Bonds”) and subordinated indebtedness (“Subordinated Indebtedness”) thereunder. The Authority may issue additional bonds on a parity with the Series 2025A Bonds and the Existing Bonds (collectively, “Bonds”) upon the satisfaction of certain conditions. See Appendix D - “Summary of Certain Provisions of the Bond Resolution - Provisions for Issuance of Bonds,” and “- Provisions for Refunding Issues” herein. All Bonds are equally and ratably secured under the provisions of the Bond Resolution and by the Funds and Accounts established thereunder, and all Bonds will be on parity with the Series 2025A Bonds and the Existing Bonds. In addition, the General Bond Resolution provides for the issuance of bond anticipation notes. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have a priority over any other pledge of such proceeds created by the General Bond Resolution. The Authority may also pledge the Revenues to the payment of the interest on the principal of such notes. See Appendix D - “Summary of Certain Provisions of the Bond Resolution – Bond Anticipation Notes” herein.

The General Bond Resolution also permits the issuance of Subordinated Indebtedness. Subordinated Indebtedness is subordinate to the pledge and lien on Revenues securing Series 2025A Bonds. In the event of any Event of Default under the General Resolution, so long as there are any Bonds Outstanding, directions to the Trustee with respect to remedies shall be given by holders of a majority in principal amount of the Outstanding Senior Bonds. See Appendix D - “Summary of Certain Provisions of the Bond Resolution – Subordinated Indebtedness” herein.

The General Bond Resolution also permits the Authority to obtain or cause to be obtained one or more Credit Facilities providing for or securing payment of all or a portion of the principal installments or redemption price or premium, if any, or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the Credit Issuer of such Credit Facility or providing funds for the purchase of such Bonds by the Authority. See Appendix D - “Summary of Certain Provisions of the Bond Resolution – Credit Facilities” herein.

The Pledged Revenues

In the General Bond Resolution, the Authority pledges as security for the Bonds, including the Series 2025A Bonds and the Existing Bonds, (a) its Revenues (except any investment earnings on any Funds or accounts of the Authority that are on deposit in the Rebate Fund or that are required to be deposited therein for rebate

to the United States of America pursuant the provisions of the Code in order to comply with the Authority's covenants in any Supplemental Resolution for such Series of Bonds so as to ensure that interest on any Bonds that are issued as tax exempt obligations continues to be excludable from gross income under the Code), (b) its Funds and any Accounts (except amounts in the Rebate Fund and any Account of the Construction Fund held by the New York Environmental Facilities Corporation (the "EFC") as provided in Section 502(B) of the General Bond Resolution, which Account shall secure only the Series of Bonds to which it relates), and (c) its other moneys, securities and other funds to be received, held or set aside by the Authority or by any Fiduciary pursuant to the General Bond Resolution. The Authority's pledge will be valid and binding from the time when it is made, and the Revenues, moneys, securities and other funds so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of such pledge and the obligation to perform the contractual provisions under the Bond Resolution contained therein shall have priority over any or all other obligations and liabilities of the Authority, except that such lien shall be subordinate to and inferior to the cost of operation and maintenance of the Sewer System, and will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. The lien securing Subordinate Indebtedness shall be subordinate to and inferior to the lien securing the Senior Bonds under the General Bond Resolution. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Pledge Effected by General Bond Resolution" herein.

"Revenues" means all rates, charges, rents, sewer rents, fees, assessments and other realized income derived or to be derived by or for the account of the Authority from or for the ownership, operation, use or services of the Sewer System, including the proceeds of any business interruption insurance, and any amounts paid into and credited to the Net Revenue Fund pursuant to the General Bond Resolution, but shall not include (a) any refundable customer deposit, (b) any amount received or receivable from the United States or the State (or any agency of either thereof) or from any other source as or on account of a contribution for or with respect to (i) the construction, acquisition, improvement, extension, renewal or other development of any part of the Sewer System, or (ii) the financing or repayment of financing of any of the foregoing, (c) sanitation or other charges that the Authority collects not for services of the Sewer System but solely as a fiscal agent or in another such agency capacity, other than the net revenues of such sanitation or other charges retained by the Authority to the extent allocated to the Sewer System, or (d) any amount received by or paid to the Authority that is required to be charged or collected by or paid to the Authority under the terms of any grant agreement with the United States of America or any agency thereof or the State or any agency thereof and which is received by or paid to the Authority in an agency capacity under such grant agreement. For the purposes of determining compliance with the coverage test set forth in Section 709(C) of the General Bond Resolution, the computation of Revenues with respect to any period of time shall be increased (to the extent set forth in Section 709(C)) of the General Bond Resolution by the amount of transfers during such period from the Rate Stabilization Fund to the Net Revenue Fund pursuant to Section 509 of the General Bond Resolution, and decreased by the amount of transfers during such period from the Net Revenue Fund to the Rate Stabilization Fund pursuant to Section 509 of the General Bond Resolution.

Creation of Funds

Pursuant to the General Bond Resolution, the Authority establishes and creates the following Funds held by the Trustee, provided, however, that the EFC may hold any Account of the Construction Fund related to a particular Series of Bonds issued to EFC Bonds ("EFC Bonds") to the extent set forth in the Supplemental Resolution authorizing such Series of EFC Bonds: the Construction Fund, the Net Revenue Fund, the Debt Service Fund, the Debt Reserve Fund, the Redemption Fund, the Subordinated Indebtedness Fund, the Surplus Fund and the Rebate Fund. The Trustee shall, at the request of the Authority, establish within any Fund such Accounts as shall be designated in a Supplemental Resolution or the written instructions of an Authorized Officer.

In addition to the Funds held by the Trustee, the Authority shall establish a Capital Improvement Fund, an Operating Fund and a Rate Stabilization Fund, which shall be held by one or more Depositaries designated by and under the supervision of the Authority. The Capital Improvement Fund shall be used for the payment of Capital Costs of the Sewer System. The Operating Fund shall be used for the collection of Revenues and the payment of Operating Expenses and shall provide amounts for deposit in the Net Revenue Fund as provided in Section 504 of the General Bond Resolution. The Rate Stabilization Fund shall be used to manage the receipt of Revenues and payment of expenses by the Authority. The Authority may, at any time, transfer amounts on deposit in the Capital Improvement Fund, the Operating Fund and the Rate Stabilization Fund to the Net Revenue Fund for application in accordance with Sections 504(B), 504(D) and 504(E) of the General Bond Resolution. See Appendix D- "Summary of Certain Provisions of the Bond Resolution – Establishment of Funds and Accounts" herein.

Net Revenue Fund; Flow of Funds

The General Bond Resolution provides that the Authority will cause all Revenues to be deposited promptly in the Operating Fund, except as otherwise expressly provided in the General Bond Resolution. As soon as practicable after the twenty-fifth day of each month, after reserving therein any amount deemed necessary to provide a reserve for the payment of the following month's Operating Expenses based on the Annual Budget (as the same may be amended as provided in Section 707 of the General Bond Resolution), the balance remaining in the Operating Fund shall be paid to the Trustee for deposit in the Net Revenue Fund.

The Trustee will transfer from the Net Revenue Fund to the Debt Service Fund, no later than the last day of the month in which the Authority makes a payment to the Trustee in accordance with Section 504(A) of the General Bond Resolution, an amount for each Series of Outstanding Senior Bonds equal to the sum of: (1) an amount equal to 1/6 of the amount of interest falling due on the Bonds of such Series on the next Interest Payment Date, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of interest on the next Interest Payment Date, as set forth in the Supplemental Resolution authorizing such Series; and (2) an amount equal to 1/12 of the amount of principal falling due on the next date upon which an installment of principal (including a Sinking Fund Installment) falls due on the Bonds of such Series, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of principal (including a Sinking Fund Installment) on such date, as set forth in the Supplemental Resolution authorizing such Series. In making the credits required by Section 504(B) of the General Bond Resolution (and described in this paragraph), any amounts required to be credited to the Debt Service Fund or otherwise paid to a Paying Agent representing accrued interest received on the sale of Bonds, interest capitalized from the proceeds of the Bonds of the Series, any earnings on moneys in the Debt Service Fund and any other transfers and credits otherwise made or required to be made to the Debt Service Fund or otherwise paid to a Paying Agent shall be taken into consideration and allowed for.

The Trustee shall pay out of the Net Revenue Fund to the Authority for deposit in the Operating Fund at any time or from time to time the amount specified in a Certificate of an Authorized Officer of the Authority as necessary for the payment of Operating Expenses due to the insufficiency of amounts available for such purpose in the Operating Fund.

On or before the last day of each month, the Trustee will apply amounts then on deposit in the Net Revenue Fund to the making of the following payments or transfers, but only to the extent available and in the order specified below:

- (1) There shall be transferred to the Debt Reserve Fund the amounts, if any, required pursuant to Section 506(C) of the General Bond Resolution with respect to Series Debt Reserve Accounts securing Senior Bonds.

- (2) If the Trustee receives a written direction from an Authorized Officer, there shall be transferred to the Operating Fund the amount, if any, specified in such written direction as necessary to cause the amount on deposit in the Operating Fund to equal the Operating Reserve Requirement.
- (3) There shall be transferred to the Subordinated Indebtedness Fund an amount for each Series of Outstanding Subordinated Indebtedness equal to the sum of: (a) an amount equal to 1/6 of the amount of interest falling due on the Bonds of such Series on the next Interest Payment Date, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of interest on the next Interest Payment Date, as set forth in the Supplemental Resolution authorizing such Series; and (b) an amount equal to 1/12 of the amount of principal falling due on the next date upon which an installment of principal (including a Sinking Fund Installment) falls due on the Bonds of such Series, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of principal (including a Sinking Fund Installment) on such date, as set forth in the Supplemental Resolution authorizing such Series. In making the credits required by Section 504(D)(3) of the General Bond Resolution (and described in this paragraph), any amounts required to be credited to the Subordinated Indebtedness Fund or otherwise paid to a Paying Agent representing accrued interest received on the sale of Bonds, interest capitalized from the proceeds of the Bonds of the Series, any earnings on moneys in the Subordinated Indebtedness Fund and any other transfers and credits otherwise made or required to be made to the Subordinated Indebtedness Fund or otherwise paid to a Paying Agent shall be taken into consideration and allowed for.
- (4) There shall be transferred to the Debt Reserve Fund the amounts, if any, required pursuant to Section 506(C) of the General Bond Resolution with respect to Series Debt Reserve Accounts securing Subordinated Indebtedness.

On or before the last day of each Fiscal Year, after making all of the payments and transfers described in Sections 504(B), (C) and (D) in the General Bond Resolution (and described in the three preceding paragraphs), the Trustee will apply amounts then on deposit in the Net Revenue Fund to the making of the following payments or transfers, but only to the extent available and in the order specified below:

- (1) There shall be transferred to the Capital Improvement Fund an amount equal to the Renewal and Extension Requirement for such Fiscal Year.
- (2) There shall be transferred to the Rate Stabilization Fund the amount, if any, designated in a Certificate of an Authorized Officer.
- (3) Any amount remaining after the above payments or transfers have been made shall be deposited in the Surplus Fund.

See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Net Revenue Fund; Flow of Funds" herein.

The Construction Fund

The Authority will establish within the Construction Fund a separate Account for each Project for which a Series of Bonds is issued. There shall be deposited from time to time in the applicable Account of the Construction Fund any amount required to be deposited therein pursuant to the General Bond Resolution and

any Supplemental Resolution and any other amounts received and determined to be deposited therein from time to time that are not otherwise required to be applied in accordance with the General Bond Resolution.

Amounts in each separate Account of the Construction Fund shall be expended only: (1) to pay Capital Costs of the Project for which such account was established; (2) if the Supplemental Resolution authorizing a Series of Bonds provides for a Capitalized Interest Account for such Bonds, to pay interest on such Bonds from such Capitalized Interest Account; and (3) to the extent that the amounts in any other Fund or Account are insufficient or unavailable therefor, to pay the principal of and interest on the Bonds of such Series when due, but in the case of (3) above only in the event that there shall have been filed with the Trustee: (a) a Certificate of an Authorized Officer in form and substance satisfactory to the Trustee stating that the Revenues expected to be received thereafter together with such other specified amounts as are expected to be made available therefor by the Authority will be insufficient to pay in full all Outstanding Bonds when and as the same shall become due in accordance with their terms and in reasonable detail, the basis for such certification; and (b) a Counsel's Opinion that such payment will not result in a violation of any existing law. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Construction Fund" herein.

The Debt Reserve Fund

There shall be deposited in the Debt Reserve Fund all amounts required to be deposited therein pursuant to the General Bond Resolution and any other amounts received and determined to be deposited therein by the Authority. The Series Debt Reserve Account maintained for all Common Debt Reserve Secured Bonds shall be funded at all times to the Common Debt Reserve Requirement, and each other Series Debt Reserve Account shall be funded at all times to the applicable Separate Series Debt Reserve Requirement as set forth in the applicable Supplemental Resolution.

In lieu of or in substitution for moneys, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of Bondholders of a Series for all or any part of the applicable Debt Reserve Requirement; provided the Reserve Fund Facility meets the requirements set forth in the General Bond Resolution. Such Reserve Fund Facility shall be payable to the Paying Agent (upon the giving of notice required under the General Bond Resolution) on any Interest Payment Date or redemption date on which a deficiency exists that cannot be cured by moneys in any other fund or account held pursuant to the General Bond Resolution and available for such purpose. For the purposes of this Section 506 and Section 514 of the General Bond Resolution, in computing the amount on deposit in the applicable Series Debt Reserve Account, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation.

The Authority anticipates obtaining from BAM a reserve account insurance policy, to be issued concurrently with the issuance of the Series 2025A Bonds, for the purpose of satisfying the Debt Service Requirement with respect to the Series 2025A Bonds, which reserve account insurance policy would constitute a Reserve Fund Facility as defined in, and pursuant to, the Bond Resolution. See Appendix G to this Official Statement for more information concerning the Municipal Bond Debt Service Reserve Insurance Policy.

If any Series Debt Reserve Account contains both a Reserve Fund Facility and cash, the cash shall be drawn down completely prior to any draw on the Reserve Fund Facility. If more than one Reserve Fund Facility is on deposit in a Series Debt Reserve Account, amounts required to be drawn thereon shall be done on a pro rata basis. The Authority agrees to pay all costs owing in regard to any Reserve Fund Facility from the amounts pledged under Section 501 of the General Bond Resolution, first to reimburse the Reserve Fund Facility Provider for amounts advanced under such Reserve Fund Facility, second, to replenish any cash deficiencies in such Series Debt Reserve Account, and third, to pay the Reserve Fund Facility Provider applicable expenses and interest on amounts advanced under the Reserve Fund Facility. The General Bond Resolution shall not be discharged or defeased while any obligations are owing in regard to a Reserve Fund

Facility on deposit in such Series Debt Reserve Account. The Authority will not optionally redeem Bonds secured by a Reserve Fund Facility unless all amounts owing in regard to such Reserve Fund Facility on deposit in the Series Debt Reserve Account for such Bonds have been paid in full. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Debt Service Fund" herein.

The Rate Stabilization Fund

The Rate Stabilization Fund authorized by Section 502 of the General Bond Resolution shall be held by the Authority in an Account separate and apart from all other Funds and Accounts of the Authority and payments therefrom shall be made as hereinafter provided. Moneys may be transferred by the Authority to the Rate Stabilization Fund from the Net Revenue Fund as provided in Section 504 of the General Bond Resolution as determined by an Authorized Officer. At any time, the Authority shall transfer from the Rate Stabilization Fund to the Net Revenue Fund an amount determined by an Authorized Officer. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Rate Stabilization Fund" herein.

Subordinate Indebtedness Fund

Amounts on deposit in the Subordinated Indebtedness Fund shall be applied by the Trustee solely to the maintenance of reserves for, or the payment of, Subordinated Indebtedness, or as otherwise provided by the resolution of the Authority authorizing each issue of Subordinated Indebtedness.

If at any time the amount in any Series Debt Reserve Account in the Debt Reserve Fund with respect to any Senior Bonds shall be less than the Series Debt Reserve Requirement with respect to such Senior Bonds, the Trustee shall withdraw from the Subordinated Indebtedness Fund and deposit in the Debt Reserve Fund, for allocation to such Series Debt Reserve Account, the amount necessary (or all the moneys in said Fund, if less than the amount necessary) to make up such deficiency.

If, upon the payment in full of all Subordinated Indebtedness, any amount remains on deposit in the Subordinated Indebtedness Fund, such amount shall be transferred to the Net Revenue Fund. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Subordinated Indebtedness Fund" herein.

The Surplus Fund

There shall be deposited in the Surplus Fund all amounts required to be deposited therein pursuant to the General Bond Resolution and any other amounts received and determined to be deposited therein by the Authority.

Amounts in the Surplus Fund may at any time, as directed by the Certificate of an Authorized Officer, be transferred to the Capital Improvement Fund, the Redemption Fund or the Operating Fund or be paid to the Authority for any lawful purpose of the Authority in connection with the Sewer System.

To the extent that moneys on deposit in the Net Revenue Fund are insufficient to make the required interest and principal payments on Senior Bonds, moneys in the Surplus Fund shall be transferred to the Net Revenue Fund, and then there shall be withdrawals from the Rate Stabilization Fund, Capital Improvement Fund, Construction Fund, Debt Reserve Fund, Subordinated Indebtedness Fund and Operating Fund, in that order, to cure any such deficiencies. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – The Surplus Fund" herein.

The Rate Covenant

With respect to all direct or indirect connection with, and all use and services of, the Sewer System, the Authority shall make, impose, charge and collect service rates, charges, fees and tolls in accordance with the

Authority Act. At least annually, the Authority shall cause the Rate Consultant to review and verify the adequacy of the rates and charges then in effect to meet the coverage test set forth in Section 709(C) of the General Bond Resolution.

The present schedule of rates and charges for services furnished by the Sewer System both within and outside the territorial limits of the Authority, including the service charges, minimum deposits, connection charges and meter rates, and the rules and regulations of the Authority relating therefor, may be adjusted or revised provided that the resulting Revenues satisfy the requirements set forth in Section 709(C) of the General Bond Resolution. All users receiving services from the Sewer System shall pay therefor at the established rates. There shall be no free services rendered by the Sewer System except that the Authority may but is not required to exempt from sewer rent based on assessed valuation property exempted from real property taxes imposed by the City. Free services may be rendered by the Authority to the City for municipal buildings and other customary municipal purposes.

From time to time and as often as it shall appear necessary, the rates, charges, rents, sewer rents, fees and assessments established for the Sewer System will be adjusted whenever necessary or proper so that the Revenues collected in each Fiscal Year will be at least equal to the sum of (1) the amount estimated to be required in the current Fiscal Year to pay Operating Expenses, plus (2) the greater of (a) 120% of Debt Service on Senior Bonds for such Fiscal Year or (b) the sum for such Fiscal Year of (i) 100% of the Debt Service on Senior Bonds and Subordinated Indebtedness, (ii) the amounts estimated to be required to meet Debt Reserve Requirements with respect to any Bonds, (iii) the Renewal and Extension Requirement, and (iv) the Operating Reserve Requirement. In calculating Revenues pursuant to Section 709(C) of the General Bond Resolution, the Authority shall include transfers from the Rate Stabilization Fund to the Net Revenue Fund during such Fiscal Year (as provided in Section 509 of the General Bond Resolution), but only to the extent of 20% of Debt Service on Senior Bonds for such Fiscal Year, and transfers from the Net Revenue Fund to the Rate Stabilization Fund during such Fiscal Year (as provided in Sections 504(E)(1) and 509 of the General Bond Resolution). See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Rate Covenant" herein.

The Failure to Comply with Covenants

If the Authority fails to adjust rates, charges, rents, sewer rents, fees and assessments (as provided in Section 709(C) of the General Bond Resolution), but the Authority in the next Fiscal Year has promptly taken all available measures to adjust such rates, charges, rents, sewer rents, fees and assessments as advised by a Rate Consultant retained by the Authority to review the operations of the System, there shall be no Event of Default (as described in Section 1002 of the General Bond Resolution) until at least the end of such next Fiscal Year and then only if Revenues are less than the amount required by Section 709 of the General Bond Resolution. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Rate Covenant" herein.

Events of Default

The following each constitute an "Events of Default" pursuant to the terms of the General Bond Resolution:

1. if default shall be made in the due and punctual payment of the principal or Redemption Price of any Sinking Fund Payment on any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or otherwise; or
2. if default shall be made in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable, and such default shall continue for a period of five days; or

3. if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions contained in the General Bond Resolution, any Supplemental Resolution or in the Bonds, and such default shall continue for a period of forty-five (45) days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the holders of not less than 25% in principal amount of the Senior Bonds Outstanding; or
4. if the Authority shall file a petition or otherwise seek relief under any federal or state bankruptcy or similar law;

then, upon the happening and continuance of any Event of Default specified in clause (1) or (2), the Trustee shall (by notice in writing to the Authority), or, upon the happening and continuance of any Event of Default specified in clause (3) or (4), the Trustee may, and upon the written request of the holders of not less than 25% in principal amount of the Senior Bonds Outstanding the Trustee shall, in any such case unless the principal of all the Bonds then Outstanding shall already have become due and payable, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the General Bond Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest upon the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the General Bond Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the General Bond Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the holders of a majority in principal amount of the Senior Bonds Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the holders of the Senior Bonds as aforesaid at the time of such request, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the holders of a majority in principal amount of the Senior Bonds then Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon. See Appendix D - "Summary of Certain Provisions of the Bond Resolution – Events of Default" herein.

Incurrence of Additional Indebtedness

Except in the case of (A) Refunding Bonds or (B) additional Bonds issued to pay the capital cost of completing a Project for which Bonds have previously been issued, the Authority shall not issue additional Bonds unless the Revenues for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the date of issuance of such additional Bonds (excluding any transfers between the Net Revenue Fund and the Rate Stabilization Fund during this period) are at least equal to the sum of (1) the amount required or estimated to be required in any future Fiscal Year described in the following clause (2) to pay Operating Expenses, plus (2) the greater of (a) 120% of the maximum Debt Service on Senior Bonds for any future Fiscal Year (calculated with respect to all Senior Bonds then Outstanding and the additional Bonds); or (b) 100% of the maximum Debt Service on the aggregate of any Senior Bonds and Subordinated Indebtedness for any future Fiscal Year (calculated with respect to all Bonds then Outstanding and the additional Bonds), excluding any amounts provided as capitalized interest from the proceeds of such Bonds

but including Debt Service on such Bonds and on additional Bonds estimated by the Certificate of a Consulting Engineer as required to be issued to complete the Project to be financed with the proceeds of such Bonds; provided, however, that Revenues for such twelve (12) month period may be adjusted for purposes of Section 714 of the General Bond Resolution: (X) to reflect for such period revisions in the rates, fees, rentals and other charges of the Authority for the services of the System made after the commencement of such period and preceding the date of issuance of the additional Bonds; (Y) to reflect any increase in Revenues due to any new facilities of the Sewer System having been placed into use and operation subsequent to the commencement of such period and preceding the date of issuance of the additional Bonds, as certified by the Consulting Engineer; and (Z) to include an amount equal to the average annual contribution to Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of issuance of such additional Bonds, as certified by the Consulting Engineer. See Appendix D - “Summary of Certain Provisions of the Bond Resolution – Provisions for Issuance of Bonds” herein.

ENFORCEABILITY OF REMEDIES

The Series 2025A Bonds are payable from the sources, and are secured, as described in this Official Statement. The practical realization of value from the collateral for the Series 2025A Bonds described herein upon any default will depend upon the exercise of various remedies specified by the General Bond Resolution and the Supplemental Resolution and the then-value of the collateral and other regulatory approvals. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the General Bond Resolution and the Supplemental Resolution may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinions to be delivered concurrently with the delivery of the Series 2025A Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors’ rights generally.

SOURCES AND USES OF FUNDS FOR THE SERIES 2025A BONDS

Sources:

Bond Proceeds of the Series 2025A Bonds:

Aggregate Principal Amount of the Series 2025A Bonds	\$
[Net] Original Issue [Premium/Discount]	\$
TOTAL SOURCES OF FUNDS	\$

Uses:

Deposit into the Construction Fund	\$
[Deposit into the Series Debt Reserve Fund]	\$
Costs of Issuance ⁽¹⁾	\$
Underwriters’ Discount	\$
Additional Proceeds	\$
TOTAL USES OF FUNDS	\$

(1) Costs of Issuance include, without limitation, legal counsel fees, financial advisory fees, fees of the Trustee, Rating Agency fees, costs associated with the preparation and dissemination of this Official Statement, and to the extent applicable, fees associated with a Reserve Fund Facility.

BUFFALO SEWER AUTHORITY

Purposes and Powers of the Authority

Creation of the Authority. In 1935, the Legislature of the State of New York created the Authority, pursuant to the enactment of the Authority Act, as a body corporate and politic constituting a public benefit corporation. Pursuant to the Authority Act, the Authority assumed, in 1938, complete jurisdiction and control over the then-existing CSS (the combined sewer and storm water collection system) of the City. Both (i) the validity of the Authority Act and (ii) the separate existence of the Authority from the City were affirmed by the New York Court of Appeals in *Robertson v. Zimmerman*, 268 N.Y. 52 (1935).

Primary Statutory Powers of the Authority. The Authority Act empowers the Authority to dispose of the sewage of all municipalities within Erie County. The Authority has entered into contracts with several municipalities and sewer districts in Erie County to provide wastewater treatment services. See “THE AUTHORITY’S SERVICE AREA – Description of the Service Area of the Authority: The City and the Outside Districts” and “—Authority Service Contracts with the Outside Districts,” herein. However, the Authority’s primary service area is the territory within the boundaries of the City. Currently, approximately 70% of the wastewater treated by the Authority originates in the City. Pursuant to the Authority Act, the Authority is responsible for both the collection and treatment of sewage in the City.

Among the Authority’s primary statutory powers, pursuant to the Authority Act, are the following:

- the power to construct, maintain, operate and improve its collection and treatment system (the “System”);
- the power to fix and collect rates, rentals and other charges for its services subject to any applicable agreements with bondholders;
- the power to use and acquire property within or without the City by purchase or, in the name of and through the City, by condemnation;
- the power to make contracts;
- the power to fix and collect rates and rentals;
- the power to sue and be sued; and
- the power to borrow money and issue negotiable bonds and notes, and to provide for the rights of the holders thereof.

A Brief History of the Authority

During the early development of the City, the Niagara River was used as an economical and convenient means of disposal of the City’s sewage. On June 8, 1882, the City created a five-person Board of Commissioners of Sewers to construct sewers throughout the City. The majority of the sewers were laid in the City between 1882 and 1900. The sewer system was constructed to carry combined sewage and stormwater to the (i) Buffalo River, (ii) Scajaquada Creek, and (iii) Black Rock Canal. Untreated sewage was discharged directly into these water bodies at several points throughout the City. As the City continued to grow and expand, so did the volume and concentration of sewage discharged to these receiving water bodies. The health of the receiving water bodies, as well as the surrounding environment, became severely threatened.

In 1935, the New York State Department of Health mandated that the City discontinue, without delay, pollution of the receiving water bodies. Persistent pollution and disease, as well as treaties between the United States and Canada (the “Boundary Waters Treaty”), led to a reassessment of the means by which, not only the City, but many cities adjacent to the United States – Canadian border, disposed of untreated sewage into receiving water bodies. The Niagara River was specifically identified as among the most important of the border receiving water bodies.

The Authority was created in the Spring of 1935, as a body corporate and politic constituting a public benefit corporation, pursuant to the Authority Act. Delegated to the Authority by the Authority Act was responsibility for providing an effectual means of relieving the Niagara River, other tributary streams and receiving water bodies from pollution by sewage and waste. The Authority was authorized to borrow money, issue bonds and provide for their repayment, fix and collect rates and rentals, and, in general, assume full responsibility for carrying out the mandate of the State Department of Health.

By 1938, the Authority had established a system of intercepting sewers to bring sewage from the City to a then-modern and efficient primary sewage treatment plant where solid matter was removed and incinerated, and all liquid matter chlorinated. With respect to the collection system, the City constructed a then-state-of-the-art combined sewer system (the “CSS”) that collected and transmitted both sewage and stormwater within a single pipe system. By design, the CSS was constructed with a number of overflow points, referred to as combined sewer overflows (the “CSOs”), which relieved the CSS during precipitation events when the large amounts of water (stormwater primarily) could have damaged the sewage treatment plant as well as private property (i.e., basement flooding). For decades following its construction, the System (and its CSS) served the City and surrounding suburbs effectively, and continues to do so today.

With increasing national awareness of the need to more fully protect our water resources, the State, in 1966, directed further improvements to the facilities of the Authority by requiring that the Authority provide secondary treatment. With the financial support of federal and State grants, secondary treatment facilities, which provide for additional treatment and disinfection of wastewater, were added by the Authority at the Bird Island Plant between 1975 and 1979, and placed in service in 1981. Throughout this period, the CSS continued to operate adequately with few improvements.

In the early 1990s, the regulatory focus shifted from the treatment facilities to the collection systems. In the City, and nationally, the emphasis was placed upon the impact of CSO events and on their reduction. In addition, the Authority recognized the general inadequacy of the stormwater capabilities of the existing CSS within the City, and developed a comprehensive plan for the enlargement and betterment of the capacity of the CSS in order to address stormwater. The Authority has since been engaged in the construction of sewers according to this plan, and has eliminated (i) a number of the System’s designed CSOs and (ii) many areas of formerly prevalent basement and surface flooding. Over time, the need for continued reduction in the frequency and severity of CSO events has been recognized by regulatory agencies as well as the Authority, and, in recent years, all new construction has been planned by the Authority, whenever possible, to achieve this result.

The Comptroller of the State of New York and the New York State Authorities Budget Office have oversight of the Authority. In addition, the NYSDEC and the USEPA have oversight of the Authority, given its status as an environmental facility.

Organization and Management of the Authority

The Authority conducts its operations through five (5) departments: (i) the Sewage Treatment Department; (ii) the Sewer Maintenance Department; (iii) the Engineering Department; (iv) the Administrative Department; and (v) the Industrial Waste Department.

Pursuant to provisions of the Authority Act and via an agreement with the City entered into on February 2, 1983, the Authority makes use of the facilities and services of various City departments in connection with the administration and management of the Authority. Such services include: (i) billing and collection services performed for the Authority by the Buffalo Water Board in connection with the sewer rents of the Authority that are based upon water usage; and (ii) billing and collection services performed for the Authority by the City's Commissioner of Administration and Finance (the Department of Assessment and Taxation and the Department of Treasury) in connection with sewer rents of the Authority that are based upon assessed valuation of the real property to which service is provided by the Authority. In addition, the Comptroller of the City acts as the Comptroller of the Authority. The City's Commissioner of Administration and Finance acts in the same capacity for the Authority. Corporation Counsel to the City provides counsel to the Authority.

Various contractual arrangements that the City, the Buffalo Water Board and the Authority have entered into impact the provision of billing services for the Authority. The City and the Buffalo Water Board entered into an Operations Agreement, dated September 24, 1992, pursuant to the terms of which the Buffalo Water Board manages the City's water system in reliance upon City employees. Subsequently, the Buffalo Water Board entered into a Management Agreement, dated July 1, 2010, with Veolia Water North America–Northeast, LLC ("Veolia") to manage the operations of the City's water system. On June 11, 2014, the Authority, the Buffalo Water Board and Veolia entered into a Memorandum of Understanding that establishes policies and procedures to facilitate the billing and collection of customer accounts for both the water charges of the Buffalo Water Board and the sewer rents of the Authority that are based upon water usage, each in a manner consistent with applicable law and regulations. In addition, the billing and collection of those sewer rents of the Authority that are based upon assessed valuation of the real property to which service is provided by the Authority is provided by the City's Department of Assessment and Taxation and the City's Department of Treasury. The Authority considers its service arrangements with the City, the Buffalo Water Board, and Veolia to be efficient and economical and, although it is authorized to provide internally for all administrative functions currently being performed on its behalf by each of the City, the Buffalo Water Board, and Veolia, the Authority has no current plans to do so.

Membership of the Authority Board

Pursuant to the Authority Act, the Authority is governed by five (5) board members (the "Authority Board"), each serving three-year staggered terms and each of whom must be a resident of the City. Each member of the Authority Board is appointed by the Mayor of the City, subject to confirmation by the City Common Council. Members of the Authority Board may be re-appointed to successive terms, with no limit to the number of terms that may be served. Pursuant to the Authority Act and the New York Public Officers Law, all Authority Board members continue to hold office until their successors are appointed and qualified as provided above. The name of each current member of the Authority Board, their position on the Authority Board, and their occupation are as follows:

Table #1
The Authority Board

Name:	Position:	Term:	Occupation:
Herbert L. Bellamy, Jr.	Chairman	Pleasure of the Mayor	Chief Executive Officer of Bellamy Enterprises and Chief Executive Officer of Buffalo's Black Achievers, Inc.
Christopher Roosevelt	Vice Chairman	Pleasure of the Mayor	Buffalo Water Authority: Purchasing, Receiving and Stock Person
Thomas E. Caulfield	Member	Pleasure of the Mayor	Retired from the Buffalo Sewer Authority. Currently a municipal operations consultant.
Patrick Sole, Jr.	Member	Pleasure of the Mayor	Retired from the City of Buffalo as Director of the Department of Permits and Inspection Services
Hope Young-Watkins	Member	Pleasure of the Mayor	Senior Director, City of Buffalo Urban Renewal Agency

Senior Management of the Authority

General Manager and Chief Executive Officer

The position of the General Manager and Chief Executive Officer of the Authority is currently vacant. Pursuant to the Authority Bylaws, when the position of General Manager and Chief Executive Officer is vacant, the responsibilities are shared by the Executive Secretary and Chief Financial Officer and the Principal Sanitary Engineer.

Secretary to the General Manager, Chief of Staff and Chief Operating Officer

The position of the Secretary to the General Manager, Chief of Staff and Chief Operating Officer is currently vacant.

Charles Riley, Executive Secretary and Chief Financial Officer

Charles Riley serves as the Executive Secretary and the Chief Financial Officer of the Authority. Mr. Riley has over two decades of experience with the Buffalo Sewer Authority working in a variety of accounting and financial roles. As Executive Secretary, Mr. Riley is responsible for the overall financial management of the Buffalo Sewer Authority, including the Authority's \$74.4 million operating budget and \$1 billion Queen City Clean Waters initiative. Mr. Riley is responsible for all financial operations and policies of the Authority, including accounting operations, procurement, budgeting, investment and debt management, and financial

risk analysis. Mr. Riley also oversees the Human Resources department and the Information Technology department.

Mr. Riley holds a Master of Business Administration degree from Canisius University of Buffalo and maintains a Project Management Professional certification.

Gelea Y. James, Director of Employee Relations

Gelea Y. James serves as the Director of Employee Relations for the Authority. Ms. James joined the Authority in such capacity in 2017. She holds a Bachelor of Science Degree in Human Resources and a Masters of Arts Degree in Organizational Leadership from Medaille College. Ms. James has been working in a leadership role in Human Resources for over fifteen (15) years.

At the Authority, her responsibilities include direct management of all human resource systems, including labor relations, employee services, environmental health and safety, employee training, employee benefits and performance management. She also is responsible for coaching and counseling over two hundred (200) full-time employees, while developing and administering the Authority's human resources policies.

Prior to joining the Authority in 2017, Ms. James worked at Roswell Park Comprehensive Cancer Center as the Manager of Employee Benefits and Services.

Alexander C. Emmerson, Treatment Plant Superintendent

Alexander C. Emmerson has been employed by the Authority for eighteen (18) years. From 2007 through 2015, he served as a Wastewater Operator II, and from 2015 through 2020 he served as a permanent Shift Superintendent, with responsibilities that included serving as the Shift Superintendent for the treatment plant as well as the Process Coordinator. Mr. Emmerson currently is the Acting Treatment Plant Superintendent, responsible for daily operations, laboratory oversight, industrial waste programs and regulatory permitting.

Mr. Emmerson holds a Bachelor of Science Degree in Social Science Interdisciplinary from the University at Buffalo. He possesses a Grade 4A Wastewater Treatment Operator – NYSDEC Certification. Prior to joining the Authority, Mr. Emmerson was responsible for a number of environmental positions, including asbestos air monitoring and wastewater treatment operations, at different facilities in Western New York State.

Mr. Emmerson is an active member of the New York Water Environment Association, including holding past roles with the local chapter and current roles as a State committee chair and a graduate of the Water Environment Association's Water Leadership Institute.

Paul A. Harris, PMP, Superintendent of Mechanical Maintenance

Paul A. Harris joined the Authority in 2018. As Superintendent of Mechanical Maintenance, Mr. Harris is responsible for Facility Asset Management of the entire wastewater treatment plant and all associated outlying stations. Mr. Harris also is responsible for overseeing Safety and Security, Yards and Grounds, Green Infrastructure Maintenance, the Stock & Inventory department, and the Information Technology department.

Mr. Harris brings to the Authority over fifteen (15) years of mechanical engineering and project management experience from the private sector. Prior to joining the Authority, Mr. Harris was a Senior Mechanical Equipment Engineer with Praxair, Inc. During his tenure at Praxair, Mr. Harris was a rotating equipment specialist and oversaw world-wide Air Separation Plant development pertaining to major equipment integration, design review, product line development, mechanical & aerodynamic performance testing,

commissioning and start-up of in-line radial isothermal compressors up to 50,000 HP and double-ended surface condensing steam turbines up to 80,000 HP. Paul also oversaw design and integration of cryogenic systems and plant cooling systems, and provided senior technical support and expertise on static and rotating equipment to all global engineering regions. Mr. Harris holds a Bachelor of Science Degree in Mechanical Engineering from the University at Buffalo. Mr. Harris also holds a Project Management Professional certification.

Joel Renzoni, Director of Sewer Maintenance

Joel Renzoni took on the role of Director of Sewer Maintenance in June of 2022. Mr. Renzoni is responsible for the maintenance and construction work for the collection system throughout the city of Buffalo. Mr. Renzoni is also responsible for the Green Infrastructure Department, which handles all of the green storm water work across the City. Mr. Renzoni also has the role of Fleet Manager overseeing the purchasing and maintenance of all the vehicles and equipment for the Authority.

Mr. Renzoni started with the Authority July 2, 2007, as a Laborer 1. Working himself up through the ranks, holding many different titles such as Laborer 1, Sewer Construction Worker, Equipment Operator, Sewer Maintenance Supervisor, Sewer Construction Inspector, Acting Assistant Superintendent, and now Director of Sewer Maintenance.

Rosaleen B. Nogle, P.E., Principal Sanitary Engineer

Rosaleen B. Nogle joined the Buffalo Sewer Authority in 2014 and has served in a variety of engineering and management roles ever since. She has over eighteen years of experience in the water sector as a municipal engineer and regulator in Western New York. Ms. Nogle holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering, and a Master of Public Affairs degree. In addition to three other post-secondary degrees, she holds leadership certifications from Duke University, Cornell University, and the University at Buffalo. Ms. Nogle is licensed in seven states including New York State as a professional engineer. She is also certified as a Grade 4 Collection System Operator, a Board-Certified Water Resources Engineer, a Board-Certified Environmental Engineer, a Floodplain Manager, a Project Management Professional, and an Envision Sustainability Professional.

As Principal Sanitary Engineer, Ms. Nogle oversees capital project planning, development, funding, and implementation for the entirety of the Authority including the Authority's billion dollar plus Queen City Clean Waters initiative. She leads regulatory compliance for the collection and drainage systems including green infrastructure. Ms. Nogle also has developed and oversees the implementation of stormwater and sanitary sewage management regulations for redevelopment and new development public and private projects throughout the City. In prior positions within the Authority, she managed individual capital projects in furtherance of abating combined sewer overflows including the first generation of real time control facilities. Ms. Nogle also jumpstarted the ongoing \$250 million facility upgrades. She also oversaw the Department of Sewer Maintenance for several years while also developing and managing construction, engineering, and collection system maintenance capital contracts for two and a half years.

Ms. Nogle is the senior Water Environment Federation (WEF) Delegate for the New York Water Environment Association (NYWEA), Science Certification Board Vice Chair for the American Association of Environmental Engineers and Scientists (AAEES), the Chair for the Examinations for Professional Engineers Committee for the National Council of Examiners for Engineering and Surveying (NCEES), and the Region 9 Director for the New York State Floodplain and Stormwater Managers (NYSFSMA). She also serves as a committee member and volunteer for these professional organizations and others. Ms. Nogle also serves on the NYS licensing board for engineers, land surveyors, and geologists and has been appointed as Professional Engineering Chair for this Board.

Cheryl J. Colston, General Counsel

Cheryl J. Colston joined the Buffalo Sewer Authority in September of 2023. She handles a variety of legal matters including, but not limited to, contracts and financial transactions, regulatory, real estate, property and personal injury claims, Open Meetings Law guidance and Freedom of Information Law requests.

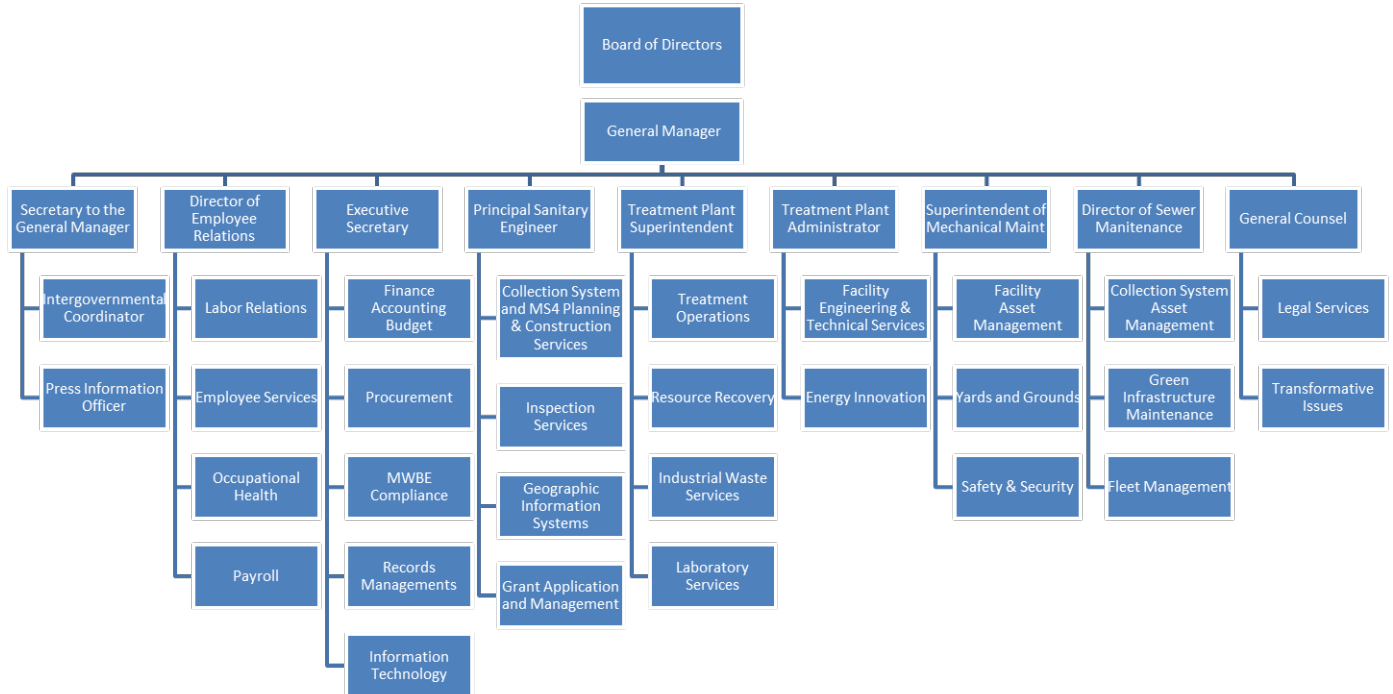
Ms. Colston is an experienced attorney with over 30 years of corporate governance, compliance, management side employment and labor law, regulatory and litigation experience. She has a background in demonstrated leadership and management skills in private law firms and public in-house law department environments. She has tried to verdict several cases in state and federal court. She has obtained favorable rulings in multiple federal and state court actions involving multi-million-dollar liability exposure.

Ms. Colston is admitted to practice in New York and Illinois.

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Chart #1: The current organizational chart of the Authority is set forth below.

Organizational Chart of the Authority



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Employees of the Authority

As of December 1, 2024, 231 individuals were employed by the Authority and organized pursuant to the following Authority departments.

Table #2
Authority Departments and Employees

Authority Department	Number of Employees
Administration	19
Sewage Treatment	130
Industrial Waste	8
Engineering	12
Sewer Maintenance	62
Total:	231

Representation of Authority Employees by Collective Bargaining Units

Authority employees are represented by two bargaining units. The Communications Workers of America (the “CWA”) represents the Authority’s blue collar employees, and the Civil Service Employees Association (the “CSEA”) represents the Authority’s white collar employees. Each union has negotiated a respective contract with a termination date of June 30, 2026.

Pension and Insurance Liabilities of the Authority

All employees of the Authority are members of, and participants in, the New York State & Local Retirement System (the “ERS”). The ERS provides retirement benefits, as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all net assets and record changes in plan net position allocated to the ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrator of the ERS. The ERS benefits are established pursuant to the provision of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the ERS Group Life Insurance program, which provides death benefits in the form of life insurance. The ERS is included in the State’s financial report as a pension trust fund.

The ERS is noncontributory, except for (i) employees who joined the ERS after July 27, 1976, which employees contribute three percent (3%) of their salary for the first ten (10) years of membership, and (ii) employees who joined the ERS on or after January 1, 2010, which employees generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based upon a sliding salary scale. For the ERS, the State Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based upon salaries paid during the ERS’s fiscal year ending March 31.

The Authority provides employees with health insurance and dental insurance. The Authority also provides health insurance benefits for retirees, spouses and their covered dependents at no cost to the retirees under a single-employer postemployment benefit plan.

As of the conclusion of the 2024 fiscal year of the Authority (June 30, 2024), the following Authority employees and spouses were covered by the above-described retirement benefit terms:

Table #3
Employees and Spouses Receiving Retirement Benefits

Active, not eligible to retire	199
Active, eligible to retire	24
Retired and surviving spouses	213
Retiree spouses	130
Total:	566

Table #4, below, presents the total benefit expenses of the Authority for each of the last five fiscal years. Such benefits include health and dental insurance, life insurance, ERS benefits, workers' compensation and unemployment.

Table #4
Total Benefit Expenses of the Authority
Last Five Fiscal Years

6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
\$9,850,818	\$10,300,069	\$10,025,523	\$10,092,292	\$10,553,431

The net pension liability for the ERS was last measured as of March 31, 2024 (the conclusion of the State's 2024 fiscal year). The total ERS pension liability used to calculate the ERS net pension liability was determined by actuarial valuations as of April 1, 2023, with update procedures used to roll forward the total pension liability to the measurement date. The Authority's proportion of the ERS net pension liability was based upon a projection of the Authority's long-term share of contributions to the ERS relative to the projected contributions of all ERS participating members, actuarially determined. This information was provided by the ERS in a report provided to the Authority:

Measurement date: March 31, 2024

Net pension liability: \$7,113,049

Authority's portion of the ERS's
total net pension liability: 0.0483091%

The Authority's total "Other Postemployment Benefit" liability of \$57,903,302 was measured as of June 30, 2024, and was determined by an interim actuarial valuation as of that date.

THE AUTHORITY’S SERVICE AREA

Description of the Service Area of the Authority: The City and the Outside Districts

The service area of the Authority (the “Service Area”) encompasses approximately 110 square miles, and includes all of the area within the corporate limits of the City and certain communities outside the corporate limits of the City. Outside the corporate limits of the City, the Authority has entered into service contracts with (i) twelve (12) sewer districts in Erie County (as identified below), (ii) the Town of Cheektowaga, and (iii) the Village of Sloan, from each of which the Authority receives and treats sanitary sewage pursuant to the terms of the respective service contracts. The municipalities served pursuant to the terms of the service contracts (via the 12 sewer districts or directly) include: the Towns of Alden, Cheektowaga, Elma, Lancaster, Tonawanda and West Seneca, and the Villages of Depew, Lancaster and Sloan. The Authority has not entered into a service contract with the City, as the Authority’s provision of services to the City is statutory, pursuant to the terms of the Authority Act, as opposed to contractual. The Authority serves a total population within its Service Area consisting of approximately 550,000 residents.

Table #5, below, identifies, (i) for each of the last ten fiscal years, the flow (presented as millions of gallons per day (MGD)) to the Bird Island Plant as derived by the Authority from each section of the Service Area, (ii) the ten-year MGD average flow to the Bird Island Plant as derived by the Authority from each section of the Service Area, and (iii) the ten-year average percentage of flow to the Bird Island Plant as derived by the Authority from each section of the Service Area.

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Table #5
Source of Service Area Flow to the Bird Island Plant Last
Ten Fiscal Years
Including the 10-Year Average Percentage

Outside District	10 Year Avg. Percentage	10 Year Average	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
County of Erie Sewer District No. 1	4.277%	5.467	5.476	3.979	5.638	5.692	5.746	5.921	5.025	5.925	5.681	5.589
County of Erie Sewer District No. 4	10.942%	13.934	14.110	13.233	14.512	14.385	14.719	16.055	14.684	12.769	11.805	13.069
Town of Cheektowaga	7.963%	10.180	9.710	8.690	10.090	10.500	10.900	10.360	9.04	11.47	11.71	9.33
Town of West Seneca Sewer District Nos. 5 & 13	5.733%	7.362	7.040	5.965	7.627	8.276	7.701	9.227	6.95	7.70	8.22	4.907
Town of West Seneca Sewer District Nos. 1 & 2	0.362%	0.454	0.356	0.935	0.458	0.509	0.493	0.112	0.371	0.474	0.480	0.352
Town of West Seneca Sewer District No. 15	0.009%	0.012	0.003	0.002	0.004	0.005	0.004	0.067	0.007	0.008	0.009	0.007
Village of Sloan	0.438%	0.559	0.602	0.565	0.643	0.602	0.628	0.535	0.350	0.528	0.637	0.496
City of Buffalo	70.277%	89.853	83.604	81.231	86.127	93.831	95.609	100.723	82.574	100.127	91.655	83.050
Total Treatment Plant flow (MGD)		127.820	120.900	114.600	125.100	133.800	135.800	143.000	119.000	139.000	130.200	116.800
Total Flow from Outside Districts (MGD)		37.967	37.296	33.369	38.973	39.969	40.191	42.277	36.426	38.873	38.545	33.750

The infrastructure connections to each of the twelve (12) sewer districts and two (2) municipalities that are located outside the corporate limits of the City (the “Outside Districts”), pursuant to which the Authority provides sanitary sewage treatment services to the Outside Districts, were constructed prior to the statutory establishment of the Authority. In the 1960s, the USEPA and the NYSDEC formally mandated that the Outside Districts transmit sanitary sewage to the Authority via the existing collection system for treatment by the Authority. It was in connection with such formal mandate by the USEPA and the NYSDEC that the Authority entered into a service contract with each of the Outside Districts. The below table identifies (i) each of the Outside Districts, (ii) each of the seven (7) service contracts that have been entered into and (iii) the date such service contracts were entered into. In addition, in order to comply with the general pretreatment regulations of the federal Clean Water Act, the Authority was regulatorily required by the USEPA to implement and enforce a pretreatment program throughout its Service Area, including with respect to the Outside Districts. Therefore, between 1984 and 1986 (as indicated in the table below), the Authority amended the service contract with each Outside District for the purpose of establishing and enforcing the pretreatment

program requirements for each such Outside District. Finally, Table #6, below, also reflects the most recent contractual revision that the Authority has entered into with respect to each service contract.

Table #6
Service Contracts with the Outside Districts

Service Contracts with the Outside Districts:	Original Contract Date:	Pretreatment Program Amendment:	Most Recent Revision:
County of Erie Sewer District No. 1	1962	1984	1996
County of Erie Sewer District No. 4	1972	1984	1996
Town of Cheektowaga	1977	1984	1996
Town of West Seneca Sewer District Nos. 5, 13 & 14	1960	1986	1996
Town of West Seneca Sewer District Nos. 1, 2, 3, 4, 9 & 10	1979	1986	1996
Town of West Seneca Sewer District No. 15	1979	1986	1996
Village of Sloan	1979	1984	1996

See also, “THE AUTHORITY’S SERVICE AREA – Authority Service Contracts with the Outside Districts” below.

The provision of sewage treatment services by the Authority to Erie County Sewer District No. 4 and the Town of Cheektowaga, in part, is pursuant to the conclusions reached in the modified “Regional Sanitary Sewage Plan Program” (the “Regional Program”), adopted by the Erie-Niagara Counties Regional Planning Board and thereafter approved by the NYSDEC. Pursuant to the terms of the Regional Program, the Authority has responsibility for sewage treatment in the Central Region of Erie County (i.e., Erie County Sewer District No. 4 and the Town of Cheektowaga), with service provided in the three other designated regions within Erie County by non-Authority major facilities located in the Towns of Amherst and Tonawanda (Northern Region), Hamburg (Southwestern Region) and at a location in the Southern Region.

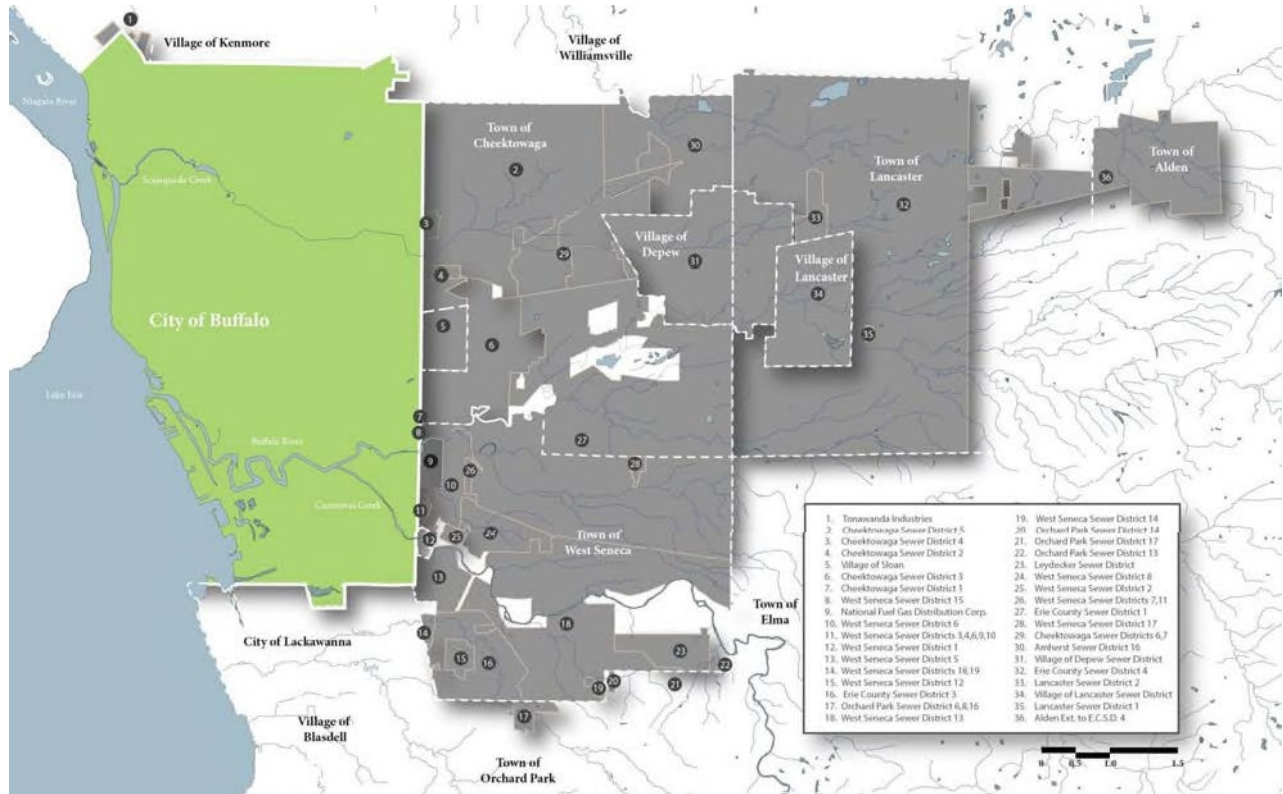
The Regional Program consists only of guidelines, and the Authority provides sewage treatment services within the Central Region on a contractual basis, as described above. There can be no assurance that the Regional Program will not be modified in the future. However, the Central Region governmental units (i.e., Erie County Sewer District No. 4 and the Town of Cheektowaga) remain under contract with the Authority as and to the extent described above. The Authority currently has contractual arrangements with all of the governmental units having jurisdiction over the populated areas in the Central Region. Therefore, the Authority currently projects that additional future sewage flow from the Central Region will result from increasing population in the areas currently under service contracts rather than as the result of the execution of additional service contracts with additional government units.

Since the establishment of the Authority, but excluding the ninety-six (96) properties described below (under the subheading, “Non-City Direct Sewer Connections: Retail Service to Portions of Certain Contiguous Municipalities”), the twelve (12) sewer districts and two (2) municipalities that constitute the Outside Districts, as described above, are the only districts and municipalities outside of the City to which the Authority has provided sewage treatment services and with which the Authority has entered into a service contract. Therefore, the Authority has not had an experience in which a sewer district or municipality to which it had provided sewage treatment services and/or entered into a service contract thereafter terminated such services and/or service contract. The composition of the Service Area, therefore, has remained consistent since the establishment of the Authority.

See also the subheading, below, “Non-City Direct Sewer Connections: Retail Service to Portions of Certain Contiguous Municipalities” for a description of the provision by the Authority of full sewer service (collection and treatment) to ninety-six (96) properties that are located outside the City, in municipalities that are contiguous to the City. In addition to the above-described sanitary sewer connections to the Outside Districts, there also are Municipal Separate Storm Sewer System (“MS4”) connections between the Authority’s MS4 collection system and certain municipalities, other than the City, which service is not the subject of the service agreements with the Outside Districts and which service does not generate revenue for the Authority. For a discussion of such MS4 connections, please see “THE AUTHORITY SYSTEM – Description of the Authority’s Collection System – MS4 Connections to Certain Municipalities.”

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Map #1: The Service Area of the Authority, which includes the Outside Districts.



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The Authority's Customer Base within the City

Table #7, below, identifies the number of Authority customers by type (residential versus commercial) in each of the last ten (10) fiscal years.

Table #7
Number of Sewer Customers by Type Last
Ten Fiscal Years

Fiscal Year	Customers	
	Residential	Commercial
2015	104,327	684
2016	104,920	760
2017	105,148	992
2018	105,633	1,072
2019	107,278	1,081
2020	107,689	1,177
2021	107,945	1,182
2022	108,051	1,295
2023	108,155	1,306
2024	108,269	1,326

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Table #8, below, identifies the ten (10) largest Authority customers, located within the City, as of June 30, 2024, based upon total sewer rent and industrial waste surcharge paid by each. These ten (10) largest Authority customers represent 6.00% of total System revenue.

Table #8
Ten Largest Authority Customers
June 30, 2024

	Authority Customer:	Type of Business:	Sewer Rent Based upon Assessed Valuation:	Sewer Rent Based upon Water Use:	Industrial Waste Surcharge:	Total Sewer Rent and Industrial Waste Surcharge:	Percentage of Total System Revenue:
1	BUFFALO HOUSING AUTHORITY	Municipal Housing	\$241,812.39	\$608,681.85		\$850,494.24	1.23%
2	GALBANI (SORRENTO-LACTALIS)	Consumer Foods	\$12,550.74	\$261,697.93	\$261,412	\$535,660.62	0.78%
3	NATIONAL GRID	Utility	\$327,162.59	\$10,708.82		\$337,871.41	0.49%
4	VA MEDICAL CENTER	Hospital		\$288,045.20		\$288,045.20	0.42%
5	AURUBIS BUFFALO INC	Copper Mill	\$10,576.22	\$263,468.24		\$274,044.46	0.40%
6	ERIE COUNTY MEDICAL CENTER	Hospital		\$223,584.49		\$223,584.49	0.32%
7	DOUGLAS DEVELOPMENT	Real Estate	\$143,989.42	\$65,733.21		\$209,722.63	0.30%
8	BUFFALO BOARD OF EDUCATION	School District		\$180,594.49		\$180,594.49	0.26%
9	KALEIDA HEALTH	Hospital		\$163,644.74	\$279.46	\$163,924.20	0.24%
10	GOLD WYNN	Real Estate	\$69,985.95	\$78,711.92		\$148,697.87	0.22%
	TOTAL:		\$806,077.31	\$2,144,870.89	\$261,691.46	\$3,212,639.61	4.65%

Non-City Direct Sewer Connections: Retail Service to Portions of Certain Contiguous Municipalities

Notwithstanding the above description of the Service Area as consisting of the City and the Outside Districts, the Authority additionally provides full sewer service (collection and treatment) to ninety-six (96) properties that are located outside the City, in municipalities that are contiguous to the City (the “Non-City Direct Sewer Connections”); however, such service is not provided pursuant to any of the Outside District service agreements. Of these ninety-six (96) Non-City Direct Sewer Connection properties: (i) seventy-one (71) are located in the Town of Cheektowaga; (ii) twelve (12) are located in the Town of West Seneca; (iii) twelve (12) are located in the Town of Tonawanda; and (iv) one (1) is located in the City of Lackawanna. In each case, these Non-City Direct Sewer Connection properties that receive sewer service from the Authority are immediately adjacent to the municipal border; their receipt of sewer service from the Authority is a result of such proximity to the municipal border and the functional practicality of receiving such sewer service from the Authority notwithstanding the fact that such properties are located just outside the City.

Authority Service Contracts with the Outside Districts

There currently are seven (7) service contracts that the Authority has entered into relating to the provision of sewage treatment services by the Authority to the Outside Districts. See “THE AUTHORITY’S SERVICE AREA – Description of the Service Area of the Authority: The City and the Outside Districts.” The Authority's service contracts with the Outside Districts do not include a stated termination date, but are terminable at any time at the option of the respective Outside District. Any Outside District that might

terminate its service contract with the Authority would be required to incur material capital expenses in order to develop its own treatment facilities as an alternative to the provision of sewage treatment services by the Authority. For this reason and as a result of the USEPA and NYSDEC mandate relating to the provisions of sewage treatment services by the Authority to the Outside Districts, the Authority anticipates the indefinite continuation of each of its existing service contracts.

Pursuant to the terms of each service contract, the respective Outside District is subject to an annual service fee. An independent auditor is retained by the Authority to assist the Authority in producing a “Cost Allocation Report” with respect to the calculation of each Outside District’s annual service fee. Such calculation is based upon a complex formula consisting of prescribed charges and percentages that are defined in the “Manual of Sanitary Sewer Charges” that is included as part of each service contract. The annual service fee is manually calculated in reliance upon (i) an empirical measure of Authority costs (as audited) allocable to each Outside District (reflective of the following cost categories: the Bird Island Plant; general administration; sewer maintenance; miscellaneous City services; Authority debt service; and general project costs), (ii) individually specified rates for each Outside District (predetermined in the Manual of Sanitary Sewer Service Charges), (iii) each Outside District’s allocable share of the total annual flow of sewage that is treated at the Bird Island Plant, (iv) the number of permitted industrial waste users, and (v) an allocable share of Authority debt service. Pursuant to the calculations set forth in the “Cost Allocation Report,” the Outside Districts are billed by the Authority twice each year: (i) prior to June 1 of each year, each Outside District is billed 80% of its total annual service fee as calculated for the preceding year, with payment due on July 1 of each year (or within 30 days of the date of the bill, if billed after June 1); and (ii) on approximately October 15 of each year, each Outside District is billed 20% of its total annual service fee as calculated for the preceding year, with payment due within forty-five (45) days of the date of the bill. The service contracts establish arbitration as the method for any dispute resolution between the parties with respect to the calculation of the annual service fee.

Table #9, below, identifies, for each of the last ten (10) fiscal years, the revenue derived by the Authority from each Outside District, pursuant to its respective service contract, as a percentage of total annual Authority revenue.

Table #9
Percentage of Authority Revenue Derived from the Outside Districts
Last Ten Fiscal Years

Outside District	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
County of Erie Sewer District No. 1	3.381%	3.480%	3.651%	3.467%	3.132%	3.799%	2.95%	3.57%	3.30%	3.01%
County of Erie Sewer District No. 4	7.589%	7.535%	8.698%	8.053%	7.258%	8.968%	7.26%	9.41%	6.59%	5.88%
Town of Cheektowaga	5.175%	5.042%	5.541%	5.453%	5.136%	4.321%	4.64%	5.61%	5.49%	5.39%
Town of West Seneca Sewer District Nos. 5, 13 & 14	4.295%	4.325%	4.122%	4.542%	4.391%	4.943%	4.44%	4.68%	4.05%	4.20%
Town of West Seneca Sewer District Nos. 1, 2, 3, 4, 9 & 10	0.230%	0.220%	0.242%	0.275%	0.273%	0.319%	0.23%	0.25%	0.25%	0.25%
Town of West Seneca Sewer District No. 15	0.001%	0.002%	0.002%	0.002%	0.002%	0.003%	0.003%	0.004%	0.004%	0.004%
Village of Sloan	0.338%	0.319%	0.367%	0.355%	0.303%	0.382%	0.24%	0.23%	0.26%	0.30%
Percentage of Total System Revenue Derived from Outside Districts	21.010%	20.923%	22.623%	22.148%	20.495%	22.734%	19.76%	23.75%	19.95%	19.04%

Table #10, below, identifies, for each of the last ten (10) fiscal years, the revenue derived by the Authority from each Outside District, pursuant to its respective service contract.

Table #10
Authority Revenue Derived from the Outside Districts Last
Ten Fiscal Years

Outside District:	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
County of Erie Sewer District No. 1	\$ 2,090,357	\$ 1,979,372	\$2,261,461	\$2,178,158	\$1,824,880	\$2,105,051	\$1,925,714	\$2,101,976	\$2,179,667	\$2,689,098
County of Erie Sewer District No. 4	\$ 4,692,388	\$ 4,285,434	\$5,388,601	\$5,058,906	\$4,229,320	\$4,968,835	\$4,746,661	\$5,534,565	\$4,360,577	\$5,247,868
Town of Cheektowaga	\$ 3,199,783	\$ 2,867,479	\$3,432,611	\$3,425,153	\$2,992,427	\$2,393,942	\$3,034,999	\$3,303,853	\$3,633,130	\$4,806,135
Town of West Seneca Sewer District Nos. 5, 13 & 14	\$ 2,655,605	\$ 2,459,505	\$2,553,715	\$2,853,319	\$2,558,418	\$2,738,558	\$2,900,165	\$2,751,905	\$2,680,350	\$3,749,132
Town of West Seneca Sewer District Nos. 1, 2, 3, 4, 9 & 10	\$142,267	\$125,310	\$150,119	\$172,658	\$158,940	\$176,918	\$148,104	\$148,199	\$166,754	\$220,771
Town of West Seneca Sewer District No. 15	\$883	\$876	\$942	\$1,422	\$1,375	\$1,435	\$1,920	\$2,524	\$2,569	\$3,547
Village of Sloan	\$182,812	\$181,532	\$227,240	\$222,784	\$176,589	\$211,525	\$156,647	\$133,484	\$172,910	\$266,815
Total Revenue Derived from Outside Districts:	\$12,964,095	\$11,899,508	\$14,014,689	\$13,912,400	\$11,941,949	\$12,596,264	\$12,914,210	\$13,976,506	\$13,195,957	\$16,983,366

THE AUTHORITY SYSTEM

Introduction

The Authority owns and operates one of the largest wastewater treatment facilities in the State and a collection system that includes components that were constructed in the 1800s. A diverse staff of operators, chemists, laborers, maintenance personnel, supervisors and management are required to operate and maintain the Authority's collection system and its wastewater treatment facilities in order to ensure the protection of both the public health and the environment. See Appendix B hereto, "2024-2025 Annual Engineer's Certification Report," for a detailed description of the Authority System.

Historic Evolution of the Authority's Collection System

The earliest section of the CSS within the City was laid in the 1840s and the 1850s as part of a comprehensive plan to sewer what is now the downtown core of the City. During the late nineteenth and early twentieth centuries, sewers were installed throughout the vast majority of the City, but, as with the earlier sewers, they discharged directly to the nearest waterbody. In the 1930s, interceptor sewers were installed to collect the dry weather flow and the first flush of wet weather flows and convey them to the Authority's Bird Island Plant and, at the same time, allow additional flows to overflow into the nearest waterbodies. Since the 1930s, the Authority has upgraded its collection system to (i) provide better flood protection for residents, (ii) convey a greater portion of the wet weather flows to the Bird Island Plant, and (iii) bring sanitary wastewater from Service Area districts outside of the City (i.e., the Outside Districts) to the Bird Island Plant. In the 1970s, the Authority oversaw the extension of force mains and pumping stations to Kelly Island (located in the Buffalo River) and the construction of the Scajaquada Tunnel to divert combined sewer overflows from Scajaquada Creek.

The infrastructure connections to each of the Outside Districts (and the wastewater collection infrastructure thereof), pursuant to which the Authority provides sanitary sewage treatment services to such Outside Districts, were constructed prior to the statutory establishment of the Authority.

Historic Evolution of the Authority's Treatment System

Immediately after the establishment of the Authority in 1935, the Bird Island Plant was constructed by the Authority and began operation on July 1, 1938. With the financial support of federal and State grants, secondary treatment facilities, which provide for additional treatment and disinfection of wastewater, were added by the Authority at the Bird Island Plant between 1975 and 1979, and placed in service in 1981. In 2005, a new grit removal facility was brought online at the Bird Island Plant, replacing the original grit removal system.

Description of the Authority's Collection System

Introduction. The Authority's collection system currently consists of approximately 850 miles of sewer lines: (i) approximately 790 miles of combined sewer (the CSS) lines; and (ii) approximately 60 miles of storm sewer lines. The Service Area of the Authority within the City is served primarily by the Authority's CSS. As of 2024, there were approximately 108,269 residential connections and approximately 1,326 commercial and industrial connections to the Authority's collection system.

The CSO Outfalls. The CSS was constructed with 65 permitted CSOs outfalls to relieve the CSS during wet weather events in order to protect downstream treatment facilities (the Bird Island Plant) and to prevent basement flooding. In recent years, the Authority has completed numerous CSS capital improvement projects resulting in the elimination of seven (7) CSO outfalls. Currently, the Authority's collection system consists of 52 permitted CSO outfalls. These CSO outfalls discharge to the Niagara River, the Buffalo River, the Black Rock Canal, Erie Basin Marina, Cazenovia Creek, Scajaquada Creek and Cornelius Creek (an underground waterbody near Hertel Avenue). Both the CSO outfalls and the upstream collection system are regulated by the USEPA and the NYSDEC pursuant to the Authority's SPDES permit. See the subsection below, "Description of Combined Sewer Overflows."

MS4 Outfalls. In addition to conveying CSO events to the above-described receiving waterbodies, many of these CSO outfalls also convey Municipal Separate Storm Sewer System ("MS4") flows to these receiving waterbodies. In addition, the seven (7) recently decommissioned CSO outfalls continue to discharge MS4 flows to the receiving waterbodies. Finally, there also are several "purpose-built" MS4 outfalls in the Authority's collection system that collect MS4 storm water flow for discharge to receiving waterbodies. In total, there are forty-one (41) MS4 outfalls within the Authority's collection system. These MS4 outfalls and all areas of the collection system that collect, convey and discharge storm water directly to the waterbodies downstream of any CSO regulators are permitted and regulated pursuant to New York State's General Permit for MS4s. This permit requires that all developments of one acre or more obtain a permit pursuant to New York State's "General Permit for Stormwater Permit for Construction Activity" and provide mitigation throughout construction for (i) volume and water quality contamination of new stormwater flows and (ii) erosion and sediment controls.

In addition to the above State regulations, the Authority has imposed local regulations requiring erosion and sediment controls for all construction projects of ten thousand square feet or more of land disturbance regardless of whether the projects drain to the CSS or the MS4s. Additionally, the water quality and volume controls that the New York State permit imposes upon development sites of one acre or more have been extended to these smaller projects for those that drain to the MS4s while separate flow mitigation regulations have been imposed on sites with ten thousand square feet or more of soil disturbance that drain to the CSS.

Sanitary Sewer Connections to the Outside Districts. The Authority does not own, operate or maintain the wastewater collection infrastructure within the Outside Districts. The Authority provides sanitary sewage treatment services to such Outside Districts through infrastructure connections to the wastewater collection

infrastructure thereof. The Authority's infrastructure connections to the wastewater collection infrastructure of each Outside District are described below:

- Erie County Sewer District #1 connects to the Authority's collection system through a 36-inch main on Mineral Springs Road at the City line. Flows from Erie County Sewer District #1 are measured through a metering station located just to the east of the I-90 highway overpass of Mineral Springs Road.
- Erie County Sewer District #4 connects to the Authority's Interceptor System through a 66-inch main at Bailey and Seneca Streets. There is one upstream Authority connection to this line at Cable Street and the Buffalo River through a 10-inch combined sewer. The flows from Erie County Sewer District #4 are measured at a metering station located at 75 South Pierce Street.
- The Town of Cheektowaga discharges to the Authority's collection system through a 48-inch connection to the Scajaquada Tunnel in Schiller Park at the City line. The flows are measured through a metering station at the point of interconnection.
- The Village of Sloan connects to the Authority collection system through three distinct connections: (i) an 18-inch sanitary sewer connection to a 20-inch combined sewer on Vanderbilt Street at the City line; (ii) an 8-inch sanitary sewer connection to the 15-inch combined sewer at the intersection of Richard Drive and Cambria Street; and (iii) a 12-inch sanitary sewer connection to a 15-inch combined sewer at Richard Drive and the City line. The Village of Sloan is required to operate and maintain flow metering devices.
- Town of West Seneca Sewer District Nos. 1, 2, and 10 connect to the Authority's collection system through a 20-inch sanitary sewer that discharges to a 20-inch combined sewer at Wildwood Avenue and Beyer Place.
- Town of West Seneca Sewer District No. 3 discharges through a 10-inch sanitary sewer connection to a 10-inch combined sewer at Edson Street at the City line.
- Town of West Seneca Sewer District No. 4 discharges to the Authority's collection system through a 10-inch combined sewer connection at Duerstein Street and the City line.
- Town of West Seneca Sewer District No. 9 discharges to the Authority's collection system through a 12-inch sanitary sewer connection to a 12-inch combined sewer at Burch Street at the City line.
- Town of West Seneca Sewer District Nos. 5, 13, and 14 discharge to the Authority's collection system through a 36-inch sanitary sewer connection to a 42-inch main in Cazenovia Park approximately 300 feet southeast of Cazenovia Parkway.
- Town of West Seneca Sewer District No. 15 connects to the Authority's collection system through a 10-inch sanitary sewer connection at Pierce and Casimir Streets. The Town of West Seneca is required to operate and maintain flow metering devices for all of these points of interconnection relating to each of the above-described Town of West Seneca Sewer Districts.

MS4 Connections to Certain Municipalities. In addition to the above-described sanitary sewer connections to the Outside Districts, there also are MS4 connections between the Authority's MS4 collection system and certain municipalities, other than the City, which service is not the subject of the service agreements with the Outside Districts. These MS4 connections include: (i) the 72-inch Sloan Drain at Vanderbilt and Schiller Streets in the City that serves as an MS4 connection to the Village of Sloan; (ii) the 48-inch Genesee Street

MS4 connection to the Town of Cheektowaga; (iii) the 72-inch and the 48-inch MS4 connections at Calais Street to the Town of West Seneca; and (iv) the 30 foot by 14 foot arch Scajaquada Drain that serves as an MS4 connection to the Town of Cheektowaga. Unlike the sanitary sewer connections to the Outside Districts, these MS4 connections are not the subject of a service agreement between the Authority and the respective municipality, because such service by the Authority does not generate revenue as the Authority does not provide treatment services in connection with the collection via the MS4 collection system of such stormwater.

Pressurized Conveyance and Other Collection System Infrastructure. In addition to the gravity CSS and MS4 collection infrastructure as described above, the Authority's collection system also includes the following infrastructure:

- Various pump stations intended to assist in conveying flow through the Authority's collection system to the Bird Island Plant by providing pressurized conveyance of flows from low lying and isolated areas of the collection system:
 - South Buffalo Pump Station;
 - Hamburg Pump Station;
 - East Amherst Street Pump Station;
 - Babcock Pump Station;
 - Walden Heights;
 - Waterfront Village;
 - Tiffit Farms;
 - Kelly Island Pump Stations: Ohio-Ganson Pump Station KX; Fuhrmann Pump Station KF; and Skyway Pump Station KS.
- The Hamburg Drain Screening Facility: Constructed to address the aesthetic concerns of the Hamburg Drain CSO outlet at the terminus of the Erie Canal.
- The Amherst Quarry: A retention tank used during rain events.
- The Niagara Street Metering Station: Once used to monitor flows through the Scajaquada Tunnel, but not currently operational.

Description of the Authority's Treatment System

The Bird Island Plant. The Authority's Bird Island Plant, placed into service in 1938, is a Class A Special Wastewater Treatment Facility that discharges into the international boundary water of the Niagara River. The Authority treats approximately 60 billion gallons of wastewater annually (164 million gallons per day (MGD)) at the Bird Island Plant. The Bird Island Plant was designed around an average flow of 180 MGD, with a peak flow of 563 MGD and a peak secondary flow of 360 MGD. Wastewater treatment at the Bird Island Plant is accomplished via the following processes: influent screening with coarse bar screens (2 screens); raw wastewater pumping (6 pumps); screening with fine bar screens (6 screens); grit removal (8 chambers); primary sedimentation (4 tanks); primary settled wastewater pumping (5 pumps); conventional activated sludge treatment (16 tanks); final clarification (16 tanks); and disinfection (4 tanks). Waste activated sludge and primary sludge is pumped to the solids handling facilities. Sludge processing at the Bird Island Plant includes dissolved air flotation thickeners, sludge digestion, sludge mixing tanks, centrifuges for sludge dewatering and sewage sludge incineration.

Sludge processing at the Bird Island Plant includes dissolved air floatation thickeners (7 tanks), sludge digestion (6 digesters), sludge mixing tanks (2 tanks), centrifuges for sludge dewatering (3 units), and sewage

sludge incineration (2 active incinerator units). The Authority also receives undigested sewage sludge from the Outside Districts for disposal through incineration at the Bird Island Plant. Screenings collected by the course and fine bar screens as well as grit collected by the grit chambers are sent to off-site landfills for disposal. Incinerator ash also is disposed of via off-site landfilling.

Completed and current upgrades to the Bird Island Plant will enable improved treatment of up to 320 million gallons per day (MGD) of flow through the secondary treatment system and, following completion of currently anticipated future upgrades to the Bird Island Plant, improved treatment of up to 400 MGD through the secondary treatment system.

With the financial support of federal and State grants, secondary treatment facilities, which provide for additional treatment and disinfection of wastewater, were added by the Authority at the Bird Island Plant between 1975 and 1979, and placed in service in 1981.

All treated flows are discharged by the Bird Island Plant to the Niagara River via two permitted outfalls. The Bird Island Plant also is equipped with a third emergency outfall that is used to protect the Bird Island Plant in the event of extreme precipitation events or equipment malfunction in order to prevent the plant influent flow from exceeding the Bird Island Plant's treatment capacity.

The Industrial Pretreatment Program. The primary objective of the Authority's industrial pretreatment program is to monitor and control industrial discharges in order for the Authority to comply with the federal Clean Water Act. More specifically, the goals of the industrial pretreatment program include the following:

- Protect both Authority workforce safety and public health;
- Protect the physical integrity of the Bird Island Plant and its treatment processes;
- Enable the Authority to comply with the wastewater discharge requirements and incinerator air emission standards as set forth in its SPDES Permit;
- Prevent limitations upon sludge disposal options; and
- Administer the Authority's surcharge program for industrial users.

The control and enforcement mechanisms that the Authority employs with businesses in order to monitor and regulate discharges into the System are discharge permits. The Authority's discharge permits are referred to as "Buffalo Pollutant Discharge Elimination Permits" ("BPDES"). Any business that satisfies at least one of the following four (4) criteria, as required by USEPA, must obtain a BPDES permit from the Authority:

- Defined by the USEPA as a categorical discharger;
- Discharges more than 25,000 gallons per day of process wastewater;
- Discharges 5% of a publicly owned treatment work's average daily flow; and
- Designated by the publicly owned treatment work as having a reasonable potential to adversely affect the publicly owned treatment work's operations or violate any pretreatment standard.

The types of industries that may require BPDES permits include: (i) food manufacturers; (ii) metal finishers;

(iii) metal molding and casting enterprises; (iv) paper manufacturers; (v) chemical manufacturers; and (vi) industrial laundries. The USEPA has defined over thirty (30) categories of industries that may require receipt of BPDES permits.

A BPDES permits is issued by the Authority for a three-year term. Pursuant to its BPDES permit, a business is required to sample and analyze its wastewater at various frequencies per year. If a business is in violation of its BPDES permit, it is required to investigate, resample and take any corrective actions that are necessary to remedy the violation and prevent the violation from reoccurring. If the violation is significant, as defined by USEPA (i.e., “Significant Non-Compliance”), then the Authority is required to publish in the largest circulating newspaper in the area: (i) information concerning the violation; (ii) action taken by the business; (iii) any fines incurred by the business; and (iv) the business’s compliance status.

The Authority issues three types of discharge permits: (i) BPDES discharge permits, as discussed above; (ii) trucker discharge permits; and (iii) temporary discharge permits.

- The trucker discharge permit is a one-year permit. The Authority accepts at the Bird Island Plant septic, porta-potty waste, leachate, grease (food grade) and sludges pursuant to a trucker discharge permit.
- The temporary discharge permit is also a one-year permit. Temporary discharge permits primarily are issued to construction and remediation sites.

Authority Discharge Permits Issued and Outstanding as of June 30, 2024:

- BPDES discharge permits: 44
- Outside City Permitted Industries: 39
- Trucker discharge permits: 60
- Temporary discharge permits: 13

The National Pretreatment Program was created pursuant to the federal Clean Water Act, with applicable regulations adopted pursuant to the federal Clean Water Act. These regulations require publicly owned treatment works to implement approved pretreatment programs if they regulatorily qualify for the program. The USEPA approves the pretreatment programs, audits the pretreatment programs once every five years, assists the pretreatment programs when new regulations are implemented and when questions arise, and offers training with respect to the operation of pretreatment programs. See “THE AUTHORITY SYSTEM – Permits, Licenses and Approvals Relating to the Operation of the System.”

Treatment Data

The Authority is required, pursuant to its SPDES permit, to meet 85% removals of Biochemical Oxygen Demand and Total Suspended Solids, as well as other permit parameters. Digested sludge solids dewatering regularly reaches 25% solids. Yearly average of 34 dry tons per day are incinerated. See “THE AUTHORITY SYSTEM – Permits, Licenses and Approvals Relating to the Operation of the System.”

Table #11, below, identifies the volume of sewage treated by the Authority at the Bird Island Plant in each of the last ten (10) fiscal years.

Table #11
Wastewater Treated at the Bird Island Plant Last
Ten Fiscal Years

Fiscal Year	Million Gallons of Wastewater Treated
2015	44,129
2016	41,829
2017	45,625
2018	47,925
2019	49,786
2020	52,265
2021	43,472
2022	50,735
2023	47,450
2024	42,743

Description of Combined Sewer Overflows

The Authority sewer system that serves the City is a combined sewer system (the CSS) that combines (i) the collection of sanitary sewage and (ii) the collection of stormwater, via the same network of collection pipes. During dry weather, sewage can successfully flow through the collection pipes of the CSS and be treated at the Bird Island Plant prior release into the Niagara River. However, during moderate or severe precipitation events, both stormwater and sewage are collected by, and flow through, the collection pipes of the CSS in a volume that could overwhelm the Bird Island Plant and also result in basement flooding. As a result, mixed stormwater and sewage must be released through “outfalls” along the Niagara River and Lake Erie, as well as other local water bodies, in order to relieve the capacity pressure on the CSS, including the Bird Island Plant.

The CSS was constructed with 65 permitted CSO outfalls designed to relieve capacity pressure on the CSS during precipitation events and, thereby, protect the downstream treatment facilities of the Bird Island Plant and also prevent basement flooding. Since the original construction of the CSS, the Authority has completed a number of CSS improvement projects resulting in the reduction of the number of CSO outfalls that are required. Currently, the CSS includes 52 permitted CSO outfalls.

In 2023, the CSO outfalls were activated a total of 49 times, discharging a total of 2,922 million gallons of combined sewage into the waterbodies that surround and traverse the City: the Niagara River, the Buffalo River, the Black Rock Canal, Erie Basin Marina, Cazenovia Creek, Scajaquada Creek and Cornelius Creek (an underground waterbody near Hertel Avenue). The number of CSO outfall activations has been declining in recent years as the Authority LTCP (as defined below under “—Development by the Authority of the Authority LTCP”) projects are undertaken, completed and brought online; however, the volume of CSO outfall discharges varies depending on the frequency and intensity of precipitation events.

Preparations for Climate Change

The City is not expected to experience the more profound challenges that many other communities will experience as a result of climate change. Nevertheless, the City has been forecast to receive more extreme

weather events and an overall warmer climate. Average precipitation in the City is anticipated to increase, with annual increases of up to four (4) inches on average by mid-century and annual increases of up to seven (7) inches on average by the end of the century. Precipitation events greater than one (1) inch are expected to increase by up to two (2) days by 2050 and by two (2) to four (4) days by 2100. This increased precipitation is expected by the Authority to increase the risk of flooding, particularly in certain low elevation neighborhoods, and put additional strain on the Authority's current CSS infrastructure within the City thereby increasing the frequency and severity of CSO events. Additional challenges include increased health risks, especially in areas with disproportionate levels of asphalt which can contribute to the heat island effect. Pursuant to the heat island effect urban areas trap and retain more heat than the surrounding rural and suburban areas, due to the high concentration of structures and corresponding lower concentration of natural landscapes. Neighborhoods with lower vegetation density can be hotter, affecting both human health and cooling costs.

As part of its preparations for climate change, implementation of green infrastructure pursuant to the Authority LTCP and the GI Master Plan (as defined below under “—Development by the Authority of the Authority LTCP”) is critical both to decrease flash flooding in low elevations and to decrease the heat island effect. By capturing additional stormwater, green infrastructure projects will mitigate the likely capacity strain that increased precipitation will have on the City's current CSS stormwater infrastructure. Flash flooding and CSO volume have been reduced in areas that GI has been installed.

Development by the Authority of the Authority LTCP

In July of 2004, the Authority submitted its LTCP for CSO abatement (the “2004 LTCP”) to the NYSDEC. In 2008, the Authority commenced additional work to update its 2004 LTCP (i) to respond to comments that it received from the NYSDEC and (ii) to address additional evaluations conducted by the Authority at the request of the NYSDEC and the USEPA (collectively, the “Regulatory Agencies”). From 2008 through early 2012, the Authority and the Regulatory Agencies discussed revisions to the 2004 LTCP. On March 15, 2012, the USEPA, pursuant to an Administrative Order, directed the Authority to submit an updated LTCP to the Regulatory Agencies no later than April 30, 2012. Following completion and submission of the April 2012 LTCP, the Regulatory Agencies provided comments. In response to the comments that were received by the Authority from the Regulatory Agencies, the Authority developed a “Green Infrastructure Master Plan” (the “GI Master Plan”). In response to Regulatory Agency comments to the GI Master Plan, the 2004 LTCP has been revised and updated to incorporate the findings as set forth in the “GI Master Plan” and was finalized in January of 2014 (the 2004 LTCP, as revised, updated and finalized in 2014, is referred to herein as the “Authority LTCP”).

Environmental Regulation of the Authority Relating to the Operation of the System

Sources of environmental oversight and regulation of the Authority relating to its operation of the System include (i) Title V of the federal Clean Air Act, (ii) both the municipal separate storm sewer system provisions and the municipal wastewater provisions of the federal Clean Water Act, and (iii) New York State Environmental Conservation Law.

- With respect to the Bird Island Plant, the CSS, and the MS4, the Authority is required, pursuant to the Federal Clean Water Act, to conduct monitoring, sampling, reporting, record keeping, inspections, and training, and to employ licensed operators.
- Title V of the federal Clean Air Act regulates emissions, sampling, monitoring, training and record keeping for the sludge incinerators that the Authority operates at the Bird Island Plant for the purpose of the disposal of wastewater solids.

- Pursuant to the New York State Environmental Conservation Law and NYSDEC regulations, the Authority must comply with its State Pollutant Discharge Elimination System (SPDES) permit and comply with air quality standards and bulk storage regulations.

The USEPA oversees compliance with the above-described federal statutes. The USEPA has delegated to the NYSDEC regulatory authority to manage compliance with federal environmental statutory and regulatory obligations within New York State. The NYSDEC also monitors compliance with, and enforces, New York State Environmental Law, including those that are not addressed by, or that exceed, federal statutes and regulation.

Environmental Regulation of the Authority Relating to the Authority LTCP: The USEPA Administrative Order

Authority LTCP. The development and implementation by the Authority of the Authority LTCP, as an abatement plan for CSOs, is required pursuant to the terms of the State Pollutant Discharge Elimination System (SPDES) permit issued by the State to the Authority. In addition, the enforcement of the Authority LTCP is the subject of the USEPA Administrative Order. The USEPA Administrative Order requires (i) the phased completion of projects for purposes of achieving implementation by the Authority of its Authority LTCP and (ii) completion of such implementation pursuant to an established schedule.

The Authority LTCP identifies eighty-six (86) projects, as described below, that reflect green, smart and gray solutions:

- *Phase I Projects:* These are an initial series of projects identified during the development of the 2004 LTCP. Recognizing that these projects would likely be constructed regardless of the manner in which the Authority LTCP might be finalized, the Authority, with the concurrence of the Regulatory Agencies, chose to undertake these projects. They include a mix of sewer separation, CSO regulator optimizations (for example, raising weirs and/or removing orifice plates), and supplemental sewer system capacity projects. As the implementation of these projects evolved, several were modified to include RTC and green infrastructure elements.
- *Green Infrastructure:* Manage 1,315 acres of impervious surface area within the City with green infrastructure, pursuant to the Authority's GI Master Plan.
- *Real Time Control Program:* Implement sixteen (16) RTC projects that use the existing excess capacity of large diameter sewer pipes and advanced computer logic to help control CSO discharges into local waterways and local flooding.
- *Additional Sewer Patrol Point Optimizations:* Implement twenty (20) optimization projects that include optimizing weir elevations and orifice plate openings, increasing underflow pipe capacity, and flow redirection.
- *Additional Storage Projects:* Implement three (3) projects that will provide underground storage and pumping facilities to store precipitation event flows and thereafter release them into the CSS after a precipitation event has subsided.
- *Bird Island Plant:* Implement improvements to the Bird Island Plant that will result in additional treatment capacity for precipitation event flows.

In general, the Authority LTCP represents a shift in management philosophy by the Authority away from sewer separation as a primary CSO control technology to a combination of low-cost system optimizations,

cost-effective RTC projects and selected green infrastructure projects. While some sewer separation projects are carried forward in the current Authority LTCP, the extent of the areas to be separated has been reduced and replaced in favor of alternative technologies.

See “—Development by the Authority of the Authority LTCP” above for a discussion of the process and timeline pursuant to which the current Authority LTCP evolved and developed pursuant to (i) the regulatory oversight of the Regulatory Agencies and (ii) specifically, enforcement action by the USEPA that culminated in the issuance of the USEPA Administrative Order, which order, as amended, was issued by the USEPA on April 11, 2014 (as described below).

USEPA Administrative Order. The USEPA Administrative Order memorializes the various processes pursuant to which the 2004 LTCP was reviewed and modified (including, without limitation, for the purpose of the incorporation of the GI Master Plan), culminating in the finalization of the current Authority LTCP. By way of example, without the intent of setting forth the provisions of the USEPA Administrative Order in their entirety, the USEPA Administrative Order mandates the following features that have been included in the current Authority LTCP:

- An evaluation of a range of “sizes” of each system-wide alternative that will, for the typical year, achieve an average volume of wet weather percent capture from 75% to 100% and reduce the average number of untreated CSO outfall events to 0, 1 to 3, 4 to 7 and 8 to 12 per year.
- A determination of the estimated cost of the implementation of the Authority LTCP, including a Financial Capability Analysis.
- An evaluation, using water quality models, of the expected water quality improvements in the receiving waters that will result from implementation of the Authority LTCP.
- The use of green infrastructure wherever feasible, with encouragement by the USEPA to utilize green infrastructure projects, as appropriate, to reduce or replace gray infrastructure projects, provided that any green infrastructure project proposed is anticipated to provide substantially the same or a greater level of control as the alternative gray infrastructure project.
- Green infrastructure projects shall be consistent with the terms of the USEPA Administrative Order and shall achieve the minimum standards identified therein.
- In the event that the Authority implements an approved green infrastructure project that fails to meet the specified performance criteria as set forth in the Authority LTCP, the Authority shall propose, within 180 days after the submittal of the applicable post-construction monitoring report documenting such failure, an additional green or gray infrastructure project.
- The Authority shall implement the Authority LTCP (including each of the projects identified therein) in accordance with the schedule set forth therein, including, without limitation, certain milestones as set forth in the Appendix to the USEPA Administrative Order entitled, “BSA Approved CSO LTCP Implementation Schedule,” and shall complete the implementation of the Authority LTCP (including each of the projects identified therein) by not later than March 18, 2034.

The USEPA Administrative Order requires the submission by the Authority of the following reports with respect to the completion of the Authority LTCP: a Post-Construction Monitoring Plan; a Final Post-Construction Monitoring Report; Semi-Annual Status Reports; and Annual Post-Construction Monitoring Reports. The Authority currently intends to continue its practice of providing public access to these reports, promptly following submission to the USEPA, via the Authority’s publicly accessible website

(buffalosewer.org/about/transparency). See the Authority's publicly accessible website for each of the following that currently are posted via such website: (i) an Executive Summary of the Authority LTCP; (ii) the USEPA Administrative Order; and (iii) those Semi-Annual Status Reports that have been submitted by the Authority to the USEPA prior to the date hereof pursuant to, and in satisfaction of, the USEPA Administrative Order. The Authority's inclusion of such material via its publicly accessible website is strictly voluntary and may be discontinued at any time in the Authority's sole discretion without the consent of the holders of the Series 2025A Bonds.

Enforcement of the USEPA Administrative Order. To the extent that the USEPA commences an action in a United States District Court in connection with a violation of any "Ordered Provision" of the USEPA Administrative Order, the Authority may be subject to (i) civil penalties of up to \$37,500 per day for each day of violation, and/or (ii) injunctive relief, all pursuant to applicable provisions of the federal Clean Water Act, as may be imposed by the United States District Court.

Implementation of the Authority LTCP. As noted above, the Authority LTCP establishes a commitment by the Authority to manage 1,315 acres of impervious surface area within the City with green infrastructure. It is possible that additional green infrastructure acreage may exceed this minimum program commitment by the Authority and may be implemented in conjunction with the optimization of gray infrastructure projects to be undertaken by the Authority pursuant to its Authority LTCP. It is estimated by the Authority that approximately 97% of wet weather flows will be captured upon successful implementation by the Authority of the Authority LTCP. See Appendix B hereto: "2024-2025 Annual Engineer's Certification Report," for a discussion of the implementation of the Authority LTCP.

The phased implementation schedule, pursuant to the USEPA Administrative Order, provides for completion of a majority of the large, complex gray infrastructure storage projects in the latter half of the implementation of the Authority LTCP.

For a discussion of considerations relating to the successful implementation by the Authority of its Authority LTCP, see "FINANCIAL OPERATIONS OF THE AUTHORITY – Forecasted Capital Improvement Initiatives and Investments" and "—Factors Impacting Successful Implementation of Capital Projects" below.

Proposed Modification to the USEPA Administrative Order. Pursuant to the Authority LTCP and the USEPA Administrative Order relating thereto, the initiatives identified in the Authority LTCP are required to be completed by the Authority by March 18, 2034. However, on January 7, 2021, the Authority submitted to the USEPA and the NYSDEC an update to its Financial Capability Analysis. In such update, the Authority demonstrated that an extension of the schedule for the implementation of the initiatives identified in the Authority LTCP would be required in order to relieve the residents of the Service Area of the unaffordable rates that were then forecast by the Authority in order to achieve the then-current Authority LTCP implementation schedule. Therefore, as part of its submission to the USEPA and the NYSDEC, the Authority requested that the USEPA Administrative Order be modified in order to extend the current March 18, 2034 Authority LTCP implementation completion date. Currently, the Authority anticipates that discussions among the Authority, the USEPA and the NYSDEC regarding this request will commence once the USEPA and the NYSDEC have completed their respective reviews of the updated Financial Capability Analysis, as submitted on January 7, 2021. The Authority is unable to project the response of the USEPA and the NYSDEC to its request that the USEPA Administrative Order be modified in order to extend the current March 18, 2034 Authority LTCP implementation completion date, including, without limitation, any alternative Authority LTCP implementation completion date that might be considered and approved for inclusion in any modification to the USEPA Administrative Order. See "RATES AND CHARGES – Projected Future Rates and Charges" herein.

Permits, Licenses and Approvals Relating to the Operation of the System

Bird Island Plant and CSS SPDES Permit. The Authority possesses the permit required to own and operate the Bird Island Plant and the CSS within the City, pursuant to its State Pollutant Discharge Elimination System (SPDES) Permit Number NY0028410 (<https://buffalosewer.org/app/uploads/2017/08/BSA-SPDES-PERMIT.pdf>) (the “SPDES Permit”). This current SPDES Permit was issued via letter from the NYSDEC to the Authority in 2014 with an expiration date of June 20, 2019. Filings were completed by the Authority on December 6, 2018 for the purpose of renewing this SPDES permit. In accordance with the State Administrative Procedures Act, the current SPDES Permit shall remain in effect until the NYSDEC makes a final determination with respect to the renewal application of the Authority. On August 30, 2023, the Authority submitted the SPDES renewal application to the NYSDEC. Permit technical review is ongoing.

The SPDES Permit is issued pursuant to Title 8 of Article 17 of the State Environmental Conservation Law and in compliance with the federal Clean Water Act, and sets forth effluent limitations, monitoring and reporting requirements, and other requirements and conditions. Table #12, below, identifies the permit parameters of the SPDES Permit for which a reportable noncompliance occurred during each of the past four years.

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Table #12
SPDES Permit Parameters for which a
Reportable Noncompliance Event Occurred
Last Four Years

SPDES PERMIT PARAMETER	2021	2022	2023	2024
Coliform, fecal general	1	1	1	0
Phosphorus, total	1	1	0	2
BOD, 5-day, percent removal	2	8	2	0
BOD, 5-day, 20 deg. C	0	0	0	0
Solids, suspended percent removal	0	1	1	0
Solids, settleable	1	1	0	7
Lab Error	1	0	0	1
pH	1	0	0	0
Sampling Error	2	0	1	2

The Authority historically operates pursuant to this SPDES Permit with minimal reported noncompliance events. Of the listed noncompliance events in the above table, most are due to a failure to meet 85% removals of Biochemical Oxygen Demand (“BOD”). This is a byproduct of low influent values and not from excess pounds of BOD in the effluent flows. Effluent BOD results are typically less than 50% of the permitted monthly limit of 45,036 lbs. Other noncompliance events, other than BOD Effluent percent removals, include:

- During calendar year 2021, monthly BOD percent removal was less than 85% for the months of June and July. A 7-day geometric mean was greater than 400 for a week in July resulting from a change in process flows to facilitate construction work. The August monthly phosphorus average was 1.08 mg/l caused by a delay in shipment of treatment chemicals. The August 5 pH sample was 9.4, which was greater than the 9.0pH limit and is considered an outlier sample.
- During calendar year 2022 BOD percent removal was less than 85% for the months of January, February, March, April, May, June, July and August. One weekly fecal coliform geometric mean was above the 400 colonies/100 ml permissible limit. This event ceased after repairs were made to a chemical dosing pump. The monthly phosphorus limit was exceeded for the month of August and returned to expected values the next month after operational conditions were adjusted.
- During calendar year 2023, BOD percent removal was less than 85% for the months of July and August. The monthly percent removal for TSS was <85% for the month of March attributed to a low influent value of 67 mg/l.
- During calendar year 2024, Settleable solids were elevated on 7 separate days attributed in part to elevated solids increased sludge volume index as well as due to isolated mechanical malfunctions. These parameters resumed normal operation after repairs we made and solids handling improved in the subsequent months.

Air Title V Permit. The Authority possesses the permit, effective September 9, 2016, required to own and operate three multiple hearth sewage sludge incinerators at the Bird Island Plant, pursuant to New York State Title V Permit ID# 9-1402-00154/0007 (https://www.dec.ny.gov/dardata/boss/afs/permits/914020015400007_r2.pdf) (the “Air Title V Permit”). This Air Title V Permit has an expiration date of five years after the issuance date thereof and, therefore, is active until September 9, 2021. A renewal application

was submitted by the Authority to the NYSDEC by the March 12, 2021 deadline, and currently is under review by the NYSDEC. On March 15, 2024, a control plan and petition was submitted to the USEPA and is currently awaiting comments. There is no applicable timeline or deadline date for a final determination by the NYSDEC in response to the renewal application by the Authority with respect to its Air Title V Permit.

Pursuant to the Air Title V Permit, the Authority is required to submit a semiannual deviation report to the NYSDEC at least every six months, reporting permit deviations and incidences of noncompliance, stating the probable cause of such deviations, and identifying any corrective actions or preventive measures taken. The NYSDEC has determined that previously submitted reports lack specific detail and the NYSDEC has requested updated reports to be resubmitted by the Authority with more explicit detail. All semiannual and annual compliance reports are submitted via the NYSDEC online ACE reporting portal.

The MS4 Permit. The 60 miles of municipal separate storm sewers that the Authority operates within the City are regulated pursuant to State and federal municipal separate storm sewer system (MS4) regulations. In New York State, these regulations are enforced under a general permit (GP-0-15-003 https://www.dec.ny.gov/docs/water_pdf/ms4permit.pdf). The Authority holds SPDES ID Number NYR20A461 pursuant to this permit.

The Industrial Pretreatment Program and Compliance with the SPDES Permit. Please see “THE AUTHORITY SYSTEM - Description of the Authority’s Treatment System – *The Industrial Pretreatment Program.*” The USEPA, Region 2, audits Authority’s industrial pretreatment program every five years. The most recent audit in occurred in June 2019, and consisted of, among other things, visiting and inspecting industries that are permitted by the Authority’s industrial pretreatment program, reviewing the permitted industry files maintained by the Authority, and reviewing the monitoring conducted by the industry and by the Authority. The Authority received the results of this audit in March 2021, and responded to this audit in May 2021. No further action by the Authority was required. A subsequent audit has not been scheduled by the USEPA.

Consent Decrees

While the Authority is subject to the USEPA Administrative Order, the Authority is not currently subject to any consent decrees.

Security and Emergency Preparedness

In 2019, the Authority engaged Ernst & Young to assist it in developing an “Emergency Response Plan” (the “ERP”) to establish a collaborative and systematic approach to improve capabilities in order to properly prepare for and respond to hazards that may affect the Authority. The ERP has been completed and fully implemented by the Authority. Pursuant to the terms of the ERP, the Authority has committed to each of the following:

- Support the ERP concept of operations and carry out assigned functional roles and responsibilities to ensure the effective, orderly, cost-effective and timely delivery of emergency functions;
- Continue to develop, refine and implement Authority planning and exercise and training activities to maintain necessary operational capabilities and corroborate the support of City and County emergency plans;
- Cooperate with City and State senior leadership to provide effective oversight of disaster operations; and

- Make maximum use of existing authorities, organizations, resources, systems and programs to reduce disaster relief costs.

The ERP provides guidance as to how the Authority responds to disasters, with the goal of protecting life and property and ensuring public safety. In addition, the ERP organizes Authority positions that are involved in emergency management into the Incident Command System (the “ICS”) according to capabilities, skills, resources and authorities. Using the ICS organization, the ERP outlines how resources will be leveraged and implemented, and how City and County partners will be engaged for support as incident conditions warrant.

Cybersecurity

In order to address cybersecurity, the Authority, through its Information Technology Department, uses firewalls, advanced malware protection, system anti-virus software, endpoint protection, and advanced security and compliance software. Multi-factor authentication is required when accessing the Authority’s network remotely. Backups, in a virtual environment, are conducted daily to take a daily snapshot of the environment. In addition, the Authority’s Information Technology Department provides training programming in order to educate Authority staff concerning cyber threats, and regularly sends emails to test compliance by Authority staff and keep Authority staff alert and aware concerning malicious phishing attempts that are received via email.

Prior Cybersecurity Breaches

To date, the Authority has not experienced any external breaches of its information technology systems.

Litigation Relating to the System and the Operations of the System

As of June 30, 2025, there are a total of sixteen (16) active lawsuits against the Authority for personal injuries or property damage. Additionally, the Authority anticipates that it may be named in a litigation complaint arising from thirteen (13) additional incidents, although no suit against the Authority has yet been filed in connection with these incidents.

The Authority does not anticipate that any of the sixteen (16) active lawsuits or any litigation that may arise in connection with the thirteen (13) additional incidents, either individually or in the aggregate, if adversely decided, would have a material adverse effect upon the current financial condition of the Authority.

Insurance Relating to the System and Operations of the System

Through its “Liability and Casualty Fund,” the Authority is self-insured with respect to property insurance, automobile insurance, comprehensive liability insurance, and workers’ compensation claims. In July 1985, the Authority established its Liability and Casualty Fund with an initial budgeted appropriation of \$200,000. As of June 30, 2024, the Liability and Casualty Fund had achieved a balance of \$1 million. All interest earned on monies on deposit in the Liability and Casualty Fund is retained therein. The Liability and Casualty Fund is managed by the Authority’s General Counsel and is reviewed by the Authority’s Board of Directors biannually.

In addition to its Liability and Casualty Fund, the Authority purchases insurance policies for property, crime and cyber liabilities, as follows:

- The Authority purchases property insurance coverage through Affiliated FM. This property insurance policy provides coverage for all of the Authority’s facilities against all risks of physical loss or damage, up to a policy limit of \$500,000,000.

- The Authority’s crime policy through Zurich Insurance covers the Authority for losses due to theft, forgery, funds transfer fraud, and faithful performance of duty, up to a policy limit of \$1,000,000.
- The Authority’s cyber policy through Coalition Insurance covers the Authority for losses due to business interruption, extortion or ransom, regulatory fines, and theft or unauthorized use of personal or confidential information, up to a policy limit of \$3,000,000.

Recent Awards Received by the Authority

The following awards and recognition have been received (i) in connection with the planning and operational work of the Authority, (ii) as a result of specific projects successfully implemented by the Authority, and (iii) by the administrative leadership of the Authority.

- For each of the last thirty-seven (37) consecutive years, the Government Finance Officers Association of the United States and Canada has awarded a “Certificate of Achievement for Excellence in Financial Reporting” to the Authority for its Comprehensive Annual Financial Report.
- The Authority’s Principal Sanitary Engineer, Rosaleen Nogle, P.E., received the 2020 John Chester Bringham Award in recognition of extraordinary service from the New York Water Environment Association.
- The Authority was awarded the “Public Education Award” in recognition of outstanding contributions to public education from the New York Water Environment Association in February 2020.
- The Authority was awarded the “2021 Small Issuer Deal of the Year” from The Bond Buyer for the Authority’s issuance of its 2021 Environmental Impact Bonds.
- The Authority was awarded the 2021 Utilities Helping Utilities Award by the New York Section of the American Water Works Association.
- The Hertel at Deer Real Time Control Project received the 2022 “Diamond Award” from the American Council of Engineering Companies.
- The Authority received the 2022 “National Recognition Award” in demonstrating exemplary engineering excellence for the Hertel at Deer Real Time Control Project from the American Council of Engineering Companies.
- The Authority was the “Smart Systems and Digital Water Economy” Gold Winner at the International Water Association’s 2022 Project Innovation Awards.
- The Authority was awarded Green Bond of the Year, 2022 – US Muni Bond by Environmental Finance in connection with the Authority’s issuance of its 2021 Environmental Impact Bonds.
- The Swan Sewer Emergency Repair Project received the 2023 “Emergency Repair Project of the Year Award” from the Western Branch of the New York Chapter of the American Public Works Association.
- The Swan Sewer Emergency Repair Project received the 2023 “Disaster Relief/Emergency Preparedness Project of the Year Less Than \$5 Million” award from the New York Chapter of the American Public Works Association.

- The Niagara Street Highway Rehabilitation & Reconfiguration Project received the 2023 “Platinum Award” from the American Council of Engineering Companies.
- The Authority’s Principal Sanitary Engineer, Rosaleen Nogle, P.E., received the 2024 “Collection System Operator Award” in recognition of her outstanding contribution to the evaluation, rehabilitation, design or construction of collection facilities from the New York Water Environment Association.

RATES AND CHARGES

Statutory Authority Regarding Rates and Charges; Establishment of Rates and Charges

Statutory Authority. Pursuant to the Authority Act, the Authority is authorized to establish a schedule of sewer rents, which consist of rates and charges to be collected from all users served by the System. Sewer rents may be based upon either water consumed on the premises served by the System or upon any other equitable basis determined by the Authority. In adopting or modifying its sewer rent schedule, the Authority must first adopt and publish a notice of a proposed schedule, which is to be open to inspection at the offices of the Authority for a thirty-day period during which any objections may be filed. The Authority must hear and examine all such objections and, within sixty days of the publication of notice, must adopt a final schedule of sewer rents that is uniform for all property falling within the same classification. While the Authority must consider any objections, it remains the final determiner of the sewer rent schedules. From and after the date that sewer rents are due, the sewer rents become a lien upon the real property within the City served by the System, having the same priority and superiority as the lien of the real property general taxing authority of the City.

Establishing Rates and Charges. The sewer rent charged to each customer of the Authority is comprised of a component based upon water use and a component based upon assessed valuation of the premises served. Water use has been established by the Authority as an appropriate measure of the cost of providing sewer service, since it has been determined by the Authority that the level of water use is a reliable indication of sewage quantity. The direct service performed by the Authority is the handling and treatment of sanitary sewage, which is measured by water use. This sewer rent charge is shown as a separate item on the water bill.

The indirect benefit or use which all property throughout the City enjoys by reason of services performed by the Authority includes building and maintaining street receivers, collecting and treating storm water from all City streets, and the general benefit by reason of elimination of pollution from the Niagara River and surrounding waters. This sewer rent charge is entered on a separate bill enclosed with the City tax bill and is based upon assessed valuation.

See “THE AUTHORITY’S SERVICE AREA – Description of the Service Area of the Authority” and “— Authority Service Contracts with the Outside Districts” for a discussion of service charges payable pursuant to service contracts entered into by the Authority.

The Billing Methodology Applicable to the Authority Customer Base

The City: Billing Methodology. There are two methodologies by which the Authority’s customer base within the City is billed by the Authority: (i) sewer rents based upon assessed valuation; and (ii) sewer rents based upon water use.

The City: Sewer Rents Based Upon Assessed Valuation. The City of Buffalo Department of Assessment and Taxation is responsible for generating and disseminating the annual bills for sewer rents that are calculated based upon the assessed value of each property within the City to which service is provided by the Authority. These sewer rent bills are included with the annual tax bills that are sent to each property address by the

Department of Assessment and Taxation. The Authority exempts from liability for this sewer rent real property within the City that is exempt from taxation pursuant to various sections of the New York Real Property Tax Law.

All real property located within the City was reassessed by the Department of Assessment and Taxation in 2019. For the 2025 fiscal year, the total assessed value of real properties in the City is \$12,471,366,590. The Department of Assessment and Taxation is currently reassessing all real properties within the City and the total assessed value of real properties for the 2026 fiscal year is estimated to be \$23.2 billion.

Table #13
Revenue From Sewer Rents Based on Assessed Valuation Last
Five Fiscal Years

	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Assessed Value Sewer Rents	\$12,157,349	\$12,127,418	\$12,052,518	\$12,106,289	\$19,640,080
Interest and Penalties on Delinquent Assessed Value Sewer Rents	\$155,361	\$157,948	\$147,996	\$502,969	\$189,858

The City: Sewer Rents Based Upon Water Use. In addition to the annual sewer rents that are based upon the assessed value of real property within the City to which service is provided by the Authority, quarterly sewer rents are levied upon all real property within the City, which quarterly sewer rents are calculated on the basis of water usage by customers. As of June 30, 2024, there were 75,713 active water accounts within the City that are billed for sewer rent based upon water use.

Table #14
Revenue from Sewer Rents Based on Water Use
Last Five Fiscal Years

	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Flat Rate	\$2,290,189	\$2,090,089	\$2,003,770	\$1,946,244	\$1,813,567
Metered	\$23,187,593	\$22,614,558	\$22,712,988	\$22,761,999	\$22,632,270

The Outside Districts: Billing Methodology. See “THE AUTHORITY’S SERVICE AREA – Description of the Service Area of the Authority” and “—Authority Service Contracts with the Outside Districts” for a discussion of service charges payable by each Outside District pursuant to service contracts entered into with the Authority.

The Non-City Direct Sewer Connections. The property owners with respect to the ninety-six (96) Non-City Direct Sewer Connections are billed (i) annually for sewer rent based upon the assessed value of the property and (ii) quarterly for sewer rent based upon water use. All such property owners are billed directly by the Authority, with the exception of the twenty-two (22) Non-City Direct Sewer Connection properties that are located within Town of Cheektowaga; the Town of Cheektowaga is billed directly with respect to these twenty-two (22) Non-City Direct Sewer Connection properties.

For the fiscal year ending June 30, 2024, these Non-City Direct Sewer Connection properties were charged \$2.71 per \$1,000 of assessed value. Rates for sewer rents based upon water use are the same as the rates for properties within the City: \$48.30 for 0 to 4,000 cubic feet of water used per quarter, and \$11.09 per thousand

cubic feet of water thereafter. All Non-City Direct Sewer Connection properties billed for sewer rents based upon water use also are charged a \$6.00 per month connection fee. The Authority revenue generated from these Non-City Direct Sewer Connection properties is less than \$75,000 per year.

Billing and Collection Procedures with Respect to Rates and Charges

All sewer rents based upon water use that are imposed by the Authority are billed and collected by Veolia through the use of City employees on behalf of the Authority in conjunction with the City's own billing and collection procedures. Sewer rent bills based upon water use are mailed to each customer quarterly as part of the City's water bill. The amount of each bill is determined by the volume of water used by the customer in the three months preceding the bill date. Payment is due on sewer rent bills based upon water use within three months of their receipt, and such bills are thereafter considered delinquent. Sewer rent bills based upon assessed valuation are mailed to each customer annually in July, together with the City's property tax bill, for service provided in the fiscal year beginning in such month and are payable by September 30 each year.

Veolia deposits all payments on sewer rents based on water use on the day following their receipt into the Authority's Operating Fund and delivers a daily report on receipts and deposits to the Authority's accounting office. The City's Treasury Department deposits all payments on sewer rents based on assessed value on the day following their receipt into the Authority's Operating Fund and delivers a monthly report on receipts and deposits, to the Authority's accounting office.

Statutory Powers of Enforcement with Respect to the Collection of Rates and Charges

The Authority Act provides that, in the event that any sewer rents based upon assessed valuation remain unpaid for a period of ninety days, the Authority may bring an action to foreclose the sewer rent lien in the same manner as the City enforces the general real property tax lien. The City's Corporation Counsel enforces the Authority's liens since a delinquency on the tax bill is generally accompanied by a delinquency on the sewer bill. The current policy of the Corporation Counsel is to commence foreclosure proceedings when payments due the City and Authority are one year in arrears, attempting in the interim to secure payment by repeated notification. The Authority Act further provides for the City's Division of Water to shut off the supply of water to any premises served by the Authority if the Authority certifies to the Division of Water that sewer rents, based on water use at such premises, remain unpaid for a period of more than one year and that written notice and demand for payment have been given in accordance with the Authority Act to the owner or occupant of the premises. Pursuant to the Authority's Schedule of Sewer Rents and Other Charges, delinquent sewer accounts currently are assessed a 4.5% penalty rate for each ninety days they are past due.

Notwithstanding the Authority's statutory powers of enforcement with respect to the collection of rates and charges, several initiatives have been implemented in order to provide assistance to low-income customers. Beginning in July 2023, the Authority implemented a "Residential Affordable Sewer Program" and a "Senior Citizen Affordable Sewer Program". These programs offer low-income residents discounts up to \$22.60 per quarter on sewer rents based on water use. Eligibility for participation in these programs is based upon household income relative to federal low-income guidelines. Households that receive supplemental security income, public assistance, supplemental nutrition assistance or home energy assistance program benefits are automatically eligible to participate. In addition, an amnesty program is available pursuant to which a customer can enter into a deferred payment agreement (with \$0 down) that (i) establishes monthly payments that are within the customer's financial resources and capabilities, and (ii) waives interest, penalties and certain fees.

Overview of Rates and Charges

The Authority increased the levy of sewer rates and charges, based upon the assessed value of real properties effective July 1, 2023 and again effective July 1, 2024. This is the first increase to the levy of sewer rates and charges based upon the assessed value of the real properties since the Authority's 2003 fiscal year. On May 28, 2025, the Authority approved an increase of the levy of sewer rates and charges, based on the assessed value of real properties to be effective July 1, 2025. Effective July 1, 2024, sewer rates and charges based upon the use of water increased by three percent (3%). This is the first increase by the Authority since its 2006 fiscal year. In addition, on May 28, 2025, the Authority approved an increase in sewer rates and charges of three percent (3%) based upon the use of water to be effective July 1, 2025.

Table #15
Quarterly Sewer Rents Based on Water Use
Last Five and Current Fiscal Years

	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026
First 4,000 CF:	\$48.30	\$48.30	\$48.30	\$48.30	\$49.75	\$51.24
Each Additional 1,000 CF:	\$11.09	\$11.09	\$11.09	\$11.09	\$11.42	\$11.76
Connection Fee:	\$18.00	\$18.00	\$18.00	\$18.00	\$18.54	\$19.11
Percentage Increase:	0%	0%	0%	0%	3%	3%

Table #16
Annual Sewer Rents Based on Assessed Value
Last Five and Current Fiscal Years

	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026
Levy:	\$12,050,000	\$12,050,000	\$12,050,000	\$19,800,000	\$24,900,000	\$29,900,000
Rate per \$1,000 of Assessed Value:	0.9455	0.9504	0.9530	1.5708	1.9966	1.2986
Percentage Increase in Levy:	0%	0%	0%	64%	26%	20%

Projected Future Rates and Charges

No increase in rates and charges for the 2026 fiscal year concluding on June 30, 2027, or for any fiscal year thereafter, has been approved by the Board of Directors of the Authority. However, see "FINANCIAL OPERATIONS OF THE AUTHORITY – Five Year Pro Forma Projections, Including Assumptions and Disclaimers" herein for a discussion of the Authority's intended comprehensive rate review initiative.

A Comparison of Rates and Charges to Peer Systems

Rates for the City and other municipalities are regularly compared by the Authority as part of the rate process. For purposes of comparison, residential user charges are based upon information provided by the identified cities and standardized assumptions regarding water consumption. Table #17, below, presents this comparison for fiscal year 2024.

Table #17 Regional Rate Comparison

City:	Residential User Charges:
Rochester, New York	\$496.41
Cheektowaga, New York	\$521.84
Amherst, New York	\$589.00
Buffalo, New York	\$543.87
Lackawanna, New York	\$665.32

See Appendix B hereto: “2024-2025 Annual Engineer’s Certification Report” for a detailed discussion of the rate comparisons to peer systems.

Annual Operational Experience of the Authority with Respect to the Collection of Rates and Charges in Arrears/Default, Including the Exercise of Statutory Enforcement Powers

While the Authority Act provides that the Authority may foreclose on property in the event that sewer rents based upon assessed valuation remain unpaid for a period of ninety (90) days, recent Authority policy has been to commence foreclosure proceedings when payments due to the City and Authority are one year in arrears. However, as a result of the COVID-19 pandemic and the impact thereof upon the Authority’s ratepayers, the City’s Corporation Counsel has ceased foreclosing upon properties due to delinquent sewer rents based on assessed valuation.

While the Authority Act provides that the supply of water to any premises maybe shut off if sewer rents based upon water use remain unpaid for a period of more than one year, the City and the Authority have not relied upon this measure of enforcement in recent years.

With respect to nonpayment of sewer rents based upon assessed valuations or water use, the City and the Authority work with individual ratepayers to establish payments plans when such ratepayers become delinquent with respect to their sewer rents.

Nevertheless, the Authority reserves the right to employ any enforcement procedure granted to it pursuant to the terms of the Authority Act.

See “RATES AND CHARGES – Annual Operational Experience of the Authority with Respect to the Collection of Rates and Charges in Arrears/Default, Including the Exercise of Statutory Enforcement Powers,” above.

Other Sources of Revenue

In addition to rates and charges (sewer rents based on water use, sewer rents based on the assessed value of property and payments pursuant to service agreements by the Outside Districts) received by the Authority, other significant sources of revenue for the Authority are (i) industrial waste surcharges, (ii) industrial waste haulers and (iii) interest earnings on investments.

Industrial Waste Surcharges. The Authority charges industrial users for discharging sewage or waste exhibiting a strength of sewage or waste greater than normal domestic sewage. Revenue from these industrial waste surcharges during the last five fiscal years are as follows:

Table #18
Revenue from Industrial Waste Surcharges
Last Five Fiscal Years

6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
\$1,344,269	\$1,465,900	\$1,699,055	\$1,839,200	\$1,838,859

Industrial Waste Haulers. The Authority accepts trucked-in waste from industrial waste haulers at its treatment facilities. This waste includes (i) septage (septic tank waste) and portable toilet wastes, (ii) grease trap wastes and (iii) sludge wastes. Revenue from industrial waste haulers during the last five fiscal years are as follows:

Table #19
Revenue from Industrial Waste Haulers
Last Five Fiscal Years

6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
\$2,601,182	\$2,115,381	\$2,761,415	\$3,272,317	\$2,999,838

Interest Earnings on Investments. Another significant source of revenue for the Authority is interest on investments. Interest on investments during the last five fiscal years is as follows:

Table #20
Revenue from Interest Earnings on Investments
Last Five Fiscal Years

6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
\$1,943,174	\$256,320	\$148,076	\$3,759,418	\$5,680,595

FINANCIAL OPERATIONS OF THE AUTHORITY

Agreements and Service Arrangements Relating to the Management and Oversight of the Authority

Pursuant to provisions of the Authority Act and via agreement with the City, the Authority makes use of the facilities and services of various City departments in connection with the management of certain Authority operations. In addition, the Authority has entered into service arrangements with the City, the Buffalo Water Board and Veolia in connection with the management of certain Authority operations. See “BUFFALO SEWER AUTHORITY – Organization and Management of the Authority” herein for a discussion of (i) the role of the City in the management of certain Authority operations and (ii) the service arrangements that the Authority has entered into with the City, the Buffalo Water Board and Veolia relating to the management of certain Authority operations. See also, the below subheadings relating to the role of the City with respect to the operational and fiscal management and oversight of the Authority.

City of Buffalo Comptroller’s Office. The Comptroller’s Office of the City (the “Comptroller”) serves as the comptroller and internal auditor for the Authority. The Comptroller (i) approves all Authority contracts, (ii)

approves and audits all Authority payments made pursuant to its contracts, (iii) issues all Authority checks, and (iv) operates and maintains Munis, the primary accounting system utilized by the City (including with respect to the Authority). The Comptroller's internal audit function with respect to the Authority consists of a review of all requisite documents, including, but not limited to, purchase orders, blanket orders, invoices, credit memos, packing slips and authorizing signatures for the payment of any good or service. The Comptroller also processes the Authority's payroll and issues all payroll checks. The Comptroller verifies and audits the Authority's time and attendance records, as well as the approval signatures in connection with the "Timekeeper" payroll system. The Comptroller performs internal audits of the Authority's processes and procedures.

The Comptroller also is responsible for calculating and determining the amount owed by the Authority to the ERS. Monthly and annual payments to the ERS by the Authority are reviewed and audited by the Comptroller. Bi-annually, the Authority engages an independent actuarial valuation, pursuant to and in satisfaction of GASB 75, of the potential liability due to postemployment pension benefits and other postemployment benefits other than pensions. See "BUFFALO SEWER AUTHORITY – Pension and Insurance Liabilities of the Authority" herein for a discussion of pension and insurance programs of the Authority.

City of Buffalo Law Department. The City of Buffalo Law Department (the "Law Department") conducts an independent review of all Authority contracts. Approval by the Law Department of each contract is requisite prior to execution and performance thereof by the Authority, and approval of payment thereunder by the Comptroller. Contract review by the Law Department (i) is intended to verify compliance with all applicable State and local laws, and (ii) includes, but is not limited to, inspection of contract terms and provisions, signatures and approvals, proper insurance coverage, and proper proposal, performance, and maintenance bonds.

The Role of the City of Buffalo Department of Treasury in the Collection of Annual Sewer Rents that are Calculated Based Upon Assessed Valuation. The City of Buffalo Department of Treasury ("Department of Treasury" or "Treasury") receives all payments (cash and checks) of annual sewer rents, payable to, and on behalf of, the Authority, that are calculated based upon the assessed value of each property to which service is provided by the Authority. These sewer rents, as collected by Treasury on behalf of the Authority, are generated by an annual sewer rent bill that is calculated by the City's Department of Assessment and Taxation based upon the assessed value of each property to which service is provided by the Authority, which sewer rent bill is included with the annual tax bill that is sent to each property address by the Department of Assessment and Taxation. The remit address reflected on each sewer rent bill is an M&T Bank lockbox. Details of payments received via the M&T Bank lockbox are forwarded to Treasury by M&T Bank on a daily basis. Customers also can pay directly at Treasury in City Hall in person or via mail. Treasury enters all payment information received from M&T Bank into the Munis system on a daily basis. The Authority Accounting Department receives a daily report from Treasury and compares this report to what has been entered in the Munis system. The payments received are transferred from the M&T Bank lockbox directly to the Authority's bank account. Any discrepancies among (i) the daily report from Treasury to the Authority's Accounting Department, (ii) payments received as reflected by the Munis system, and (iii) the balance on account in the Authority's bank accounts following the transfer thereto by M&T Bank are investigated and reconciled by Treasury and the Authority's Accounting Department.

See "THE AUTHORITY'S SERVICE AREA – Description of the Service Area of the Authority: The City and the Outside Districts" and "—Authority Service Contracts with the Outside Districts" for a discussion of service charges payable pursuant to service contracts entered into by the Authority.

The Authority also issues invoices through the Munis system for certain services and sewer rents that are directly remitted to the Authority and processed for deposit by Authority personnel in the Accounting Department. These payments are applied against the outstanding invoices as reflected on the Munis system

and are deposited the day they are received. All payments received directly by the Authority are logged in by a clerk and are reconciled by a Senior Accountant to payments deposited into the Authority bank accounts.

The City of Buffalo Department of Assessment and Taxation. The City of Buffalo Department of Assessment and Taxation is responsible for generating and disseminating the annual bills for sewer rents that are calculated based upon the assessed value of each property to which service is provided by the Authority. These sewer rent bills are included with the annual tax bills that are sent to each property address by the Department of Assessment and Taxation. The Department of Assessment and Taxation enters accounts receivable information on the Munis system annually, and enters adjustments daily. The Authority exempts from liability for this sewer rent, real property within the City that is exempt from taxation pursuant to various sections of the New York Real Property Tax Law.

All real property located within the City was last reassessed by the Department of Assessment and Taxation in 2019. For the 2025 fiscal year, the total assessed value of the real properties within the City is \$12,471,366,590. The Department of Assessment and Taxation is currently reassessing all real properties within the City and the total assessed value of real properties for the 2026 fiscal year is estimated to be \$23.2 billion.

The Role of the Buffalo Water Board, as Managed by Veolia, in the Collection of Quarterly Sewer Rents that are Calculated Based Upon Water Usage. Veolia is responsible for the billing and collection of quarterly sewer rents that are calculated on the basis of water usage by customers. As of June 30, 2024, there were 75,713 active water accounts that are billed for sewer rent based upon water use. The remit address on these quarterly customer sewer rent bills, based upon water usage, is an M&T Bank lockbox. In addition, customers can utilize Western Union and online payment services, mail in payments, or pay directly at either Buffalo Water Board's customer service center located at 281 Exchange Street or the Treasury Department in City Hall. Payments received via the M&T lockbox are forwarded to Veolia by M&T Bank on a daily basis. Walk-in payments and payments mailed directly to Veolia are forwarded to Treasury on a daily basis.

Operational and Fiscal Management and Oversight by Authority Departments

Authority Accounting Department. Miscellaneous payments received directly by the Authority are deposited with the Department of Treasury the day that such payments are received. No cash, other than petty cash, is held in the offices of the Authority. The Authority Accounting Department reconciles the data on the Munis system to reports received from Treasury and the Buffalo Water Board on a daily basis, and reconciles the data on the Munis system to Authority bank statements on a monthly basis. The Authority Accounting Department is responsible for all wire and bank transfers. All wire and bank transfers are processed by a Supervising Accountant or Senior Accountant and approved by the Executive Secretary or the General Manager of the Authority.

Authority Purchasing Department. Purchase requisitions are issued by an Authority department head and approved with his or her signature. Thereafter, the requisition is forwarded to the Assistant Supervisor of Fixed Assets within the Authority Purchasing Department. The Authority's Assistant Supervisor of Fixed Assets is responsible for the competitive bidding process for commodity and service purchases.

Purchase requisitions for construction contract payments follow a more rigorous series of approvals, with additional approvals required from a project manager, the Principal Sanitary Engineer, and the General Manager. Once the purchase is received, a Senior Clerk in the Authority's Accounts Payable Division reviews the packing slip, the purchase order, and the vendor invoice. Any discrepancies are reconciled at this time. The Senior Clerk enters the vendor invoice on the Munis system and the Executive Secretary signs the invoice. The invoice is then sent to the City's Comptroller (Audit Division) for an additional audit, review, approval and payment processing.

The Authority Purchasing Department also oversees the Authority stockroom. All materials and supplies purchased by the Authority are delivered to the stockroom, received and inventoried. The inventory is maintained on the IBM Maximo asset management system.

Authority Payroll Department. On a daily basis, the Authority Payroll Department enters information regarding employee hours worked (including overtime and acting time) and information regarding vacation and sick time into the Timekeeper system. At the end of a pay period, each Authority department head receives a summary report from the Timekeeper system that demonstrates total hours worked, overtime, acting time and vacation used by each employee. Each Authority department head verifies the information by signing the summary report and returning it to the Authority Payroll Department.

The General Manager approves the total Authority payroll, and the Authority payroll information is then imported into the Munis system by the City's Comptroller. The Comptroller audits the Authority payroll for the period, and any discrepancies are reconciled and updated. A Senior Accountant from the Authority Accounting Department reviews the Munis general ledger payroll accounts for accuracy.

A Supervising Accountant or Senior Accountant from the Authority Accounting Department transfers the funds to the disbursement account to fund the payroll for the period. The disbursement account is reconciled by a Senior Accountant and the reconciliation is reviewed by the Supervising Accountant.

FutureComp Claims Administration. FutureComp Claims Administration is the Authority's independent, outside agent that reviews, assesses and verifies all workers' compensation claims and disbursements. The Authority internally receives claims from employees and electronically submits all claims data to FutureComp. FutureComp then reviews and submits all claims information to the New York State Workers' Compensation Board, and monitors the Workers' Compensation Board's determination. FutureComp subsequently forwards all periodic claims payments to the Authority. The information received from FutureComp is reviewed by a Payroll Clerk and audited by a Senior Accountant and the City's Comptroller before payment is issued. Bi-annually, the Authority engages in an independent actuarial valuation of the potential liability due to workers' compensation exposures.

Table #21
Operating Revenues: Charges for Services by Source Last
Ten Fiscal Years

Year Ended June 30,	Operating Revenue – Charges for Services						
	Total	Assessed Sewer Rent	Water Sewer Rent	Industrial Waste	Connection Privileges O/S City	Interest and Penalties	
						Delinquent Assessed Sewer Rent	Delinquent Water Sewer Rent
2015	57,473,938	12,254,685	27,065,019	2,081,615	14,993,203	210,573	868,843
2016	54,155,310	12,247,660	27,177,999	2,425,996	11,049,188	281,832	972,635
2017	57,883,355	12,108,674	26,993,253	1,944,290	15,708,267	197,398	931,473
2018	57,280,969	12,217,483	27,173,917	3,030,640	13,832,219	211,588	815,122
2019	54,353,821	12,178,851	27,081,589	3,699,578	10,367,269	207,607	818,927
2020	51,083,531	12,157,349	25,477,782	4,039,805	8,576,622	155,361	676,612
2021	59,681,672	12,127,418	24,704,647	3,561,369	18,827,354	157,948	302,936
2022	56,746,834	12,052,518	24,716,758	4,505,575	14,874,382	147,996	449,605
2023	57,120,476	12,106,289	26,044,993	5,133,775	12,665,958	502,969	666,492
2024	69,789,799	19,640,080	24,445,837	4,926,821	20,003,617	189,858	583,586

The Historic Revenues, Expenses and Fund Deposits of the Authority for the Last Ten Fiscal Years

Table #22
Changes in Fund Balance, Governmental Funds Last
Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES										
Sewer rents—general consumers	\$ 56,394,522	\$ 52,900,843	\$ 56,754,484	\$ 56,254,259	\$ 53,327,287	\$ 50,251,558	\$59,220,788	\$56,149,233	\$55,951,015	\$69,016,355
Interest on delinquent sewer rents	1,079,416	1,254,467	1,128,871	1,026,710	1,026,534	831,973	460,884	597,601	1,169,461	773,444
Interest on cash and investments	259,373	343,483	809,462	2,455,992	2,297,237	2,070,426	367,760	410,703	4,264,453	5,876,888
Miscellaneous	1,657,804	1,736,771	2,384,830	1,486,448	1,259,938	1,852,243	1,001,110	1,286,125	1,427,067	3,059,086
State aid	2,439,183	255,616	128,554	265,565	-	-			3,327,391	9,641,039
Federal aid	-	380,907	742,768	1,327,806	357,050	400,000	4,304,733	403,318	0	850,000
Total revenues	<u>61,830,298</u>	<u>56,872,087</u>	<u>61,948,969</u>	<u>62,816,780</u>	<u>58,268,046</u>	<u>55,406,200</u>	<u>65,355,275</u>	<u>58,846,980</u>	<u>66,139,387</u>	<u>89,216,812</u>
EXPENDITURES										
Current:										
General administration	1,148,367	1,246,161	1,420,367	1,457,672	1,729,238	1,944,811	1,678,422	1,728,515	1,824,940	1,950,787
Wastewater treatment facilities	17,015,818	16,698,109	16,607,884	17,882,344	18,743,263	19,781,028	21,680,194	23,179,049	27,151,593	30,193,647
Industrial waste	428,252	426,198	529,169	538,868	543,915	651,492	762,230	774,338	713,800	1,097,544
Engineering	888,776	1,145,216	874,016	1,030,200	1,014,803	1,134,576	1,034,147	1,206,647	1,113,334	1,289,895
Sewer maintenance	2,918,739	4,135,460	3,103,108	4,194,931	3,787,045	3,778,964	4,532,469	4,751,684	3,934,133	5,125,090
Miscellaneous	4,500,706	4,138,690	4,990,868	4,208,439	4,104,067	4,026,708	4,384,880	4,102,332	5,197,275	4,604,761
Employee benefits	8,601,974	8,564,882	9,128,640	9,325,229	9,318,973	9,850,818	10,300,069	10,025,523	10,092,292	10,533,431
Debt service:										
Principal	1,580,000	2,032,438	1,640,000	1,680,000	1,725,000	1,770,000	1,810,000	3,226,649	3,310,298	3,408,948
Interest and fiscal charges	1,966,969	2,212,115	1,867,989	1,805,638	1,739,476	1,670,332	2,634,715	3,038,300	2,936,011	2,794,390
Capital outlay:	<u>10,372,920</u>	<u>21,846,324</u>	<u>24,929,531</u>	<u>20,009,484</u>	<u>24,302,701</u>	<u>19,426,726</u>	<u>13,479,119</u>	<u>12,937,417</u>	<u>22,196,344</u>	<u>38,009,552</u>
Total expenditures	<u>49,422,521</u>	<u>62,445,593</u>	<u>65,091,572</u>	<u>62,132,805</u>	<u>67,008,481</u>	<u>64,035,455</u>	<u>62,296,245</u>	<u>64,970,454</u>	<u>78,470,020</u>	<u>99,008,045</u>
Excess (deficiency) of revenues over expenditures										
	<u>12,407,777</u>	<u>(5,573,506)</u>	<u>(3,142,603)</u>	<u>683,975</u>	<u>(8,740,435)</u>	<u>(8,629,255)</u>	<u>3,059,030</u>	<u>(6,123,474)</u>	<u>(12,330,633)</u>	<u>(9,791,233)</u>

Changes in Fund Balance, Governmental Funds Last
Ten Fiscal Years

(concluded)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 28,448,228	\$ 24,194,609	\$ 21,597,825	\$ 23,809,426	\$ 19,599,200	\$ 16,825,027	\$ 12,282,014	\$ 17,192,066	\$ 11,665,967	\$ 16,982,777
Transfers out	(28,448,228)	(24,194,609)	(21,597,825)	(23,809,426)	(19,599,200)	(16,825,027)	(12,282,014)	(17,192,066)	(11,665,967)	(16,982,777)
Long-term conversion of EFC loans payable expected to be refinanced	-	-	-	-	-	-	57,096,860	-	-	-
Proceeds of issuance of debt	2,422,054	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	8,967,268	7,094,679	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	<u>(8,967,268)</u>	<u>(7,094,679)</u>	-	-	-	-	-	-	-	-
Premium on issuance of long- term debt	-	-	-	-	-	-	<u>4,853,394</u>	-	-	-
Total other financing sources (uses)	<u>2,422,054</u>	-	-	-	-	-	<u>61,950,254</u>	-	-	-
	<u>\$ 14,829,831</u>	<u>\$ (5,573,506)</u>	<u>\$ (3,142,603)</u>	<u>\$ 683,975</u>	<u>\$ (8,740,435)</u>	<u>\$ (8,629,255)</u>	<u>\$ 65,009,284</u>	<u>\$ (6,123,474)</u>	<u>\$ (12,330,633)</u>	<u>\$ (9,791,233)</u>
Net change in fund balances										
Debt service as a percentage of noncapital expenditures	9.54%	10.97%	8.93%	8.48%	5.17%	7.87%	9.25%	12.37%	11.04%	10.22%

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The Historic Coverage Ratio Calculations of the Authority for the Last Ten Fiscal Years

Table #23 Coverage Ratio
Calculations Last Ten Fiscal
Years

Year Ended June 30,	Revenues	Direct Operating Expenditures ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	\$61,830,298	\$35,502,632	\$26,327,666	\$1,580,000	\$1,966,969	\$3,546,969	7.42
2016	\$56,872,087	\$36,354,716	\$20,517,371	\$2,032,438	\$2,212,115	\$4,244,553	4.83
2017	\$61,948,969	\$36,654,052	\$25,294,917	\$1,640,000	\$1,867,989	\$3,507,989	7.21
2018	\$62,816,780	\$38,637,683	\$24,179,097	\$1,680,000	\$1,805,638	\$3,485,638	6.94
2019	\$58,268,046	\$39,241,304	\$19,026,742	\$1,725,000	\$1,739,476	\$3,464,476	5.49
2020	\$55,406,200	\$41,168,397	\$14,237,803	\$1,770,000	\$1,670,332	\$3,440,332	4.14
2021	\$65,355,275	\$44,372,411	\$20,982,864	\$1,810,000	\$2,634,715	\$4,444,715	4.72
2022	\$58,846,980	\$45,768,088	\$13,078,892	\$3,226,649	\$3,038,300	\$6,264,949	2.09
2023	\$71,477,701	\$50,027,367	\$21,450,334	\$3,310,298	\$2,936,011	\$6,246,309	3.43
2024	\$93,557,563	\$54,795,155	\$38,762,408	\$3,408,948	\$2,794,390	\$6,203,338	6.25

Note: ¹ Direct operating expenditures exclude all debt service requirements, capital outlay and other financing uses.

Authority Days Cash On Hand Calculation

Table #24 Days
Cash on Hand
Last Ten Fiscal Years and
Through June 30, 2024

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Capital Improvement Fund	\$58,679,085	\$59,496,626	\$54,619,752	\$54,420,264	\$38,112,306	\$43,582,815	\$40,717,959	\$47,652,237	\$36,640,026	\$17,751,110
Liability Fund	\$1,094,157	\$1,077,115	\$1,097,489	\$148,643	\$1,010,703	\$1,019,399	\$1,017,263	\$1,002,042	\$1,008,854	\$856,061
Operating Fund	\$8,353,525	\$2,949,742	\$5,139,194	\$3,069,457	\$7,678,608	\$2,483,163	\$6,553,643	\$3,320,859	\$6,367,088	\$3,706,083
Surplus Fund	\$10,001,333	\$10,008,870	\$10,082,200	\$10,000,586	\$10,008,886	\$10,006,266	\$10,005,050	\$10,016,086	\$10,004,798	\$10,004,869
Net Revenue Fund	<u>\$7,013,418</u>	<u>\$10,897,544</u>	<u>\$12,314,950</u>	<u>\$11,128,576</u>	<u>\$27,621,867</u>	<u>\$20,988,002</u>	<u>\$25,491,746</u>	<u>\$10,091,019</u>	<u>\$6,948,184</u>	<u>\$16,720,911</u>
Total Cash on Hand	\$85,140,518	\$84,429,896	\$83,253,585	\$78,767,526	\$84,432,370	\$78,079,647	\$83,785,661	\$72,082,241	\$60,968,950	\$49,039,034
Expenses	\$49,422,521	\$62,445,593	\$65,091,572	\$62,132,805	\$67,008,481	\$64,035,455	\$62,296,245	\$64,970,454	\$78,470,020	\$99,008,045
Days Cash on Hand	629	494	467	462	460	445	491	405	285	181

An Overview of the Operating Budget of the Authority

Table #25
Operating Expenses
Last Ten Fiscal Years

Year Ended June 30,	Total	General Administration	Wastewater Treatment Facilities	Industrial Waste	Engineering	Sewer Maintenance
2015	\$44,831,768	\$2,376,046	\$34,608,043	\$766,238	\$1,918,665	\$5,162,776
2016	\$44,955,404	\$2,532,347	\$34,482,810	\$777,510	\$2,123,261	\$5,039,476
2017	\$48,085,232	\$2,472,798	\$37,671,328	\$921,260	\$1,521,624	\$5,498,222
2018	\$51,218,181	\$2,460,476	\$39,600,755	\$909,582	\$1,738,925	\$6,508,443
2019	\$47,095,007	\$2,524,153	\$37,456,299	\$793,948	\$1,481,299	\$4,839,308
2020	\$49,265,878	\$2,809,113	\$39,206,343	\$941,024	\$1,638,798	\$4,670,600
2021	\$55,299,452	\$2,525,271	\$43,093,375	\$1,146,814	\$1,555,927	\$6,978,065
2022	\$54,156,691	\$2,388,226	\$42,880,940	\$1,069,875	\$1,667,180	\$6,150,470
2023	\$59,836,347	\$2,503,727	\$48,369,983	\$979,298	\$1,527,438	\$6,455,901
2024	\$65,732,194	\$2,652,735	\$52,271,081	\$1,492,471	\$1,754,036	\$7,591,871

Capital Improvement Program

On an annual basis, the Authority revises its five-year capital projects plan. Additionally, the Authority LTCP identifies a twenty-year timeline, commencing on March 18, 2014, for upgrades to both the CSS and the Bird Island Plant with the objective of reducing the frequency and severity of CSO events.

As part of its Authority LTCP, the Authority has developed its GI Master Plan. This GI Master Plan identifies how many acres of impervious acreage are expected to be managed by new green infrastructure initiatives each year, and how much funding is expected to be expended on these projects during that time. Together with the balance of the Authority LTCP, these timelines and cost estimates, as set forth in the GI Master Plan, are incorporated into the Authority's five-year capital projects plan. See also "THE AUTHORITY SYSTEM—Development by the Authority of the Authority LTCP" and "—Environmental Regulation of the Authority Relating to the Authority LTCP: The USEPA Administrative Order" and Appendix B hereto: "2024-2025 Annual Engineer's Certification Report".

Historic Capital Improvement Initiatives and Investments

On June 8, 1882, the City created a five-person Board of Commissioners of Sewers to construct sewers throughout the City and convey flows from heavily polluted canals and other more inland waterways to the Niagara River. Between 1882 and 1900, the majority of the sewers were laid in the City. In 1935, the Authority was created with the express purpose of constructing the primary treatment facility and interceptor sewers to convey dry weather flows to that facility. In the 1970s, the Authority oversaw the extension of force mains and pumping stations to Kelly Island (located in the Buffalo River), the construction of the secondary treatment system, upgrades of the primary treatment system, and the construction of the Scajaquada Tunnel to divert combined sewer overflows from Scajaquada Creek. The investment by the Authority in capital improvements to the Authority System is summarized in Table #26, below, relating to total capital expenditures during the last five (5) fiscal years.

Table #26
Total Capital Expenditures Last
Five Fiscal Years

Fiscal Year	Total Capital Expenditures
2020	\$19,426,726
2021	\$13,479,726
2022	\$12,937,417
2023	\$22,196,344
2024	\$38,009,552

See “THE AUTHORITY SYSTEM – Historic Evolution of the Authority’s Collection System,” “Historic Evolution of the Authority’s Treatment System,” “Description of the Authority’s Collection System” and “Description of the Authority’s Treatment System” herein. See also, “FINANCIAL OPERATIONS OF THE AUTHORITY – An Overview of the Participation of the Authority in the Clean Water State Revolving Fund Programs of the New York State Environmental Facilities Corporation.”

Current Fiscal Year Capital Improvement Initiatives and Investments

Over the last five fiscal years, the Authority has averaged over \$21 million per fiscal year in capital expenditures. The Authority currently estimates that its capital expenditures for the current fiscal year ending June 30, 2025 will be approximately \$40 million. Major capital projects currently underway during the current fiscal year include each of the following:

- Primary treatment rehabilitation.
- Secondary treatment rehabilitation.
- Waste heat boiler rehabilitation.
- Scajaquada Blackrock Real Time Control.
- Jefferson Avenue Real Time Control.

Forecasted Capital Improvement Initiatives and Investments

The Authority LTCP and Funding the Authority LTCP. The projected cost to complete the current Authority LTCP is \$537,000,000, with projected required indebtedness of \$510,000,000, in order to achieve the current implementation schedule of 20 years; if a 2.8% construction inflationary factor is applied to Authority LTCP project costs per year to coincide with the current completion requirement of 2034, such projected costs increase to \$636,000,000. The current Authority LTCP implementation schedule anticipates exceeding the Authority’s current statutory debt limit of \$500,000,000, requiring a revised statutory debt limit by 2032. See the subheading, below, entitled “An Overview of Applicable Statutory Debt Limits.” See also, Appendix B hereto: “2024-2025 Annual Engineer’s Certification Report” for a detailed discussion of the CIP, the funding of the CIP, the CIP funding gap and methods of addressing the CIP funding gap, and for a detailed discussion of the financial burden of a 20-year implementation schedule upon the Authority System ratepayers.

The Authority’s Five-Year Capital Improvement Program and Funding the Authority’s Five-Year Capital Improvement Program. The Authority’s current 5-year Capital Improvement Program (the “CIP”) includes both Authority LTCP projects and non-Authority LTCP projects, and is summarized in the table, below.

The Authority applied to EFC for \$39 million in funding (the “EFC 2024 Financing”) for upgrades and rehabilitation to the secondary treatment system at the Bird Island Plant as part of the CIP. The work is expected to be completed by summer 2026.

The Authority issued a bond anticipation note to EFC (the “EFC 2024 BAN”) in 2024 in the amount of \$36.7 million for upgrades and rehabilitation of the Breckenridge Street Combined Sewer Overflow project as part of the CIP. The work is expected to be completed in 2026.

The Authority anticipates applying to EFC for \$70 million in funding (the “EFC 2026 Financing”) for upgrades and rehabilitation to the primary treatment system as part of the CIP. The work is anticipated to be completed in 2027.

Currently, the CIP is projected to cost \$877,975,939. The projected five-year amount available to the Authority to fund this CIP is approximately \$333,520,187. More specifically, the sources of funding available to the Authority for the costs of the CIP consist of the following: (i) the proceeds of the Series 2025A Bonds, (ii) the proceeds of the 2021 Environmental Impact Bonds, (iii) the EFC 2024 Financing, (iv) the anticipated EFC 2026 Financing, (v) the EFC 2024 BAN, (vi) capital available from reserves (\$6,000,000 per year from fiscal year 2026 through 2029 for a total of \$24,000,000), and (vii) capital contributions available from operations in the amount of approximately \$66,120,187. The resulting projected 5-year CIP results in a funding gap.

The options available to the Authority for purposes of addressing this CIP funding gap include the following:

- Extending the Authority LTCP implementation schedule to stretch out annual capital needs (as discussed above).
- Increasing capital contributions from reserves.
- Scheduling “stretch outs” for non-Authority LTCP projects.
- Issuing additional bonds.
- Increasing rates and charges above those currently forecasted.
- Receiving yields from rate structure review, tied to property valuations.

See Appendix B hereto: “2024-2025 Annual Engineer’s Certification Report” for a detailed discussion of the CIP, the funding of the CIP, the CIP funding gap and methods of addressing the CIP funding gap.

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Table #27
Five Year Capital Plan

BUFFALO SEWER AUTHORITY						
FIVE YEAR CAPITAL PLAN						
2025-2026 TO 2029-2030						
ITEM	PROJECT TITLE:	BUDGET 2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	COLLECTION SYSTEM:					
1	Program Management	10,000,000	8,000,000	8,000,000	8,000,000	6,000,000
2	Delavan Trunk Sewer Improvements at Spillman Place	1,500,000	1,500,000	10,000,000	15,000,000	20,000,000
3	Scajaquada Creek & Black Rock Canal Smart Sewer Project	2,000,000	2,000,000	929,111		
4	Breckenridge St. CSO010 1	7,000,000	9,000,000	6,000,000	845,000	
5	Delavan Trunk Sewer Improvements at Florida Street	882,828				
6	Colorado St. ILS		7,000,000	8,652,000		
7	CSO-053 Various SPP Modifications	1,800,000	3,054,300			
8	Genesee & Kearns SPP341A Modification	3,000,000	5,545,400			
9	Sidney & Lark OLS	1,500,000	2,000,000	5,000,000	8,000,000	12,000,000
10	Edison Martha OLS	1,500,000	2,000,000	10,000,000	15,000,000	20,000,000
11	CSO014 1.1 SPP206A&B RTC	300,000	500,000	700,000	1,000,000	1,500,000
12	System 2 Schiller Park OLS	960,000	1,500,000	2,500,000	8,000,000	12,000,000
13	System 2 3 SPP339 Modification	850,000	1,700,000	3,400,000	1,700,000	
14	System 2 4 Schiller Park OLS SPP340 Modification	850,000	1,700,000	3,400,000	1,700,000	
15	SPP304 Modification	100,000	200,000	400,000	200,000	
16	SPP023 Modification		50,000	50,000	100,000	100,000
17	SPP296 Modification		50,000	50,000	100,000	100,000
18	SPP326 Modification		700,000	800,000	1,500,000	2,000,000
19	Erie Basin Marina OLS		2,000,000	3,000,000	5,000,000	8,000,000
20	SPP024 Modification		50,000	50,000	100,000	200,000
21	Collins Park OLS		500,000	1,000,000	1,200,000	1,400,000
22	SPP317 Modifications		100,000	100,000	200,000	300,000
23	Babcock PS Weir Modification		100,000	100,000	200,000	300,000
24	Military Road OLS		500,000	1,500,000	2,000,000	2,880,000
25	Northern Relief Sewer		500,000	1,000,000	1,500,000	2,000,000
26	SPP059 Modification			50,000	100,000	100,000
27	SPP 097 Modification			50,000	100,000	100,000
28	Clinton St OLS				2,000,000	3,800,000
29	SPP104 Modification				50,000	100,000
30	SPP051 Modification				100,000	
31	CSO064 1.1 ILS	200,000	300,000	300,000	1,000,000	
32	Delavan Drain Weir Raising & RTC					500,000
33	SPP 137 Modification	50,000	75,000	100,000	150,000	200,000
34	Hertel & Smith Backwater	200,000	150,000	1,500,000	1,500,000	
35	Fruit Belt	3,023,059				
36	Wet Weather	300,000	1,000,000	1,500,000	1,000,000	
37	Permeable Pavement	75,000	250,000	250,000		
38	Green Infrastructure Grant Program	500,000	500,000	500,000	500,000	
39	Water Quality Monitoring					
40	Syphon Resiliency	2,000,000				
41	Swan Trunk Cleaning	1,500,000				
42	Flood Mitigation	1,500,000				
43	Engineering Term Contracts	500,000	500,000	500,000		
44	Swan Trunk Lining/Repairs	500,000	500,000	500,000		
45	Scajaquada Creek	165,000	165,000	300,000	400,000	314,000
46	Black Rock Canal			300,000	400,000	500,000
47	Niagara River CSO011 1.1				400,000	582,000
48	Niagara River CSO055 3				1,000,000	1,500,000
49	Buffalo River CSO017 4				200,000	290,000
50	Buffalo River CSO026 4				500,000	750,000
51	Green Infrastructure Programmatic Support	1,000,000	713,364			
52	Eddie Dawson, Genesee, Lincoln & MLK Jr. Parks GI Retrofit	300,000	185,379			
53	Hennepin Park Green Infrastructure Retrofit FID #8	497,921				
54	Third-Party Verification for Environmental Impact Bond	150,000	200,000	150,000	120,450	
55	Raincheck 2.0 GI Opportunity Projects	18,000,000	18,000,000	18,000,000	18,000,000	
56	CSO053 12.2 Jefferson Ave GI	400,000	400,000	200,000	220,000	
57	CSO053 12.1 Jefferson Ave GI	100,000	100,000	100,000	60,000	

	TREATMENT PLANT:					
58	RWW/SWW Pump Station Improvement Project Phase 1	7,000,000	7,000,000	3,404,000		
59	RWW/SWW Pump Station Improvement Project Phase 2		7,000,000	7,000,000	3,617,000	
60	Waste Heat Boilers	2,277,290				
61	Ash Exhauster/Silo/Ancillary Ductwork	1,500,000				
62	Replace Gas Compressors/Building & Piping	300,000				
63	Engineering Term Contracts	1,000,000	1,000,000	1,000,000	1,000,000	
64	Digester Cleaning	200,000	350,000	250,000	200,000	
65	Replace AUH 7-14/Blower Building	500,000	5,000,000	3,500,000		
66	Facility Controls -Ovation Hardware Upgrade	1,200,000	800,000			
67	Blower Air Supply Line Evaluation & Replacement	1,000,000	1,000,000	800,000		
68	IWS Waste Hauler Facilities - Including South Buffalo Pump Station	1,300,000	1,300,000	1,000,000		
69	Seepage And Subsidence Phase 2	2,000,000	3,500,000	4,000,000	3,000,000	1,500,000
70	Duct Cleaning of all Building AHUs	150,000	400,000	200,000		
71	Treatment Plant Interiors Renovation	1,000,000	3,500,000	3,500,000	2,000,000	
72	Interior/Exterior Lighting	500,000	1,500,000	1,500,000	1,500,000	1,000,000
73	Protected Water Secondary Sand Filter System	150,000	400,000	200,000		
74	Fine Screen Room Rehab	2,000,000	3,500,000	4,500,000	2,000,000	
75	Incinerator #1/ WHRB #1 Upgrade	2,000,000	4,000,000	5,000,000	2,500,000	
76	SCRS Rehabilitation/Rewet/Holding Tank	1,000,000	2,000,000	3,000,000	2,000,000	1,000,000
77	Power System Survey and Implementation	5,000,000	10,000,000	15,000,000	10,000,000	5,000,000
78	Plant Wide Pipe Evaluation	200,000	300,000	450,000	300,000	250,000
79	Laboratory Rehabilitation	250,000	400,000	500,000	350,000	
80	Electrical Sub-Metering and Distribution Modifications	100,000	300,000	400,000	200,000	
81	Structural Phase 3-Megastructure Additional Stairways	100,000	300,000	400,000	200,000	
82	Truck Scale Repair/Additional Scales		250,000	400,000	500,000	350,000
83	Enclosed Bulk Oil Storage Area		50,000	80,000	70,000	50,000
84	Paving Phase 3 - Roads		450,000	700,000	900,000	700,000
85	Diversion Channel Rehab		250,000	400,000	500,000	350,000
86	Combined Heat and Power		3,000,000	5,000,000	7,000,000	5,000,000
87	Centrifuge #4 Installation		450,000	700,000	900,000	700,000
88	Digas Fleet Vehicles And Filling Station		800,000	1,400,000	1,800,000	1,000,000
89	Extension Of New Final Effluent Line		75,000	100,000	100,000	75,000
90	Pipe Removal and Replacement		50,000	80,000	70,000	50,000
91	Thickener Rehab		50,000	80,000	70,000	50,000
92	A-Side Thickener Repurpose		400,000	700,000	900,000	500,000
93	Paving Phase 4 - Landscape		200,000	350,000	450,000	200,000
94	Plant Air Compressor Cooling System		200,000	350,000	450,000	200,000
95	Administration Building Repair		150,000	240,000	210,000	150,000
96	South Buffalo Pump Station	7,000,000	9,000,000	5,000,000		
97	NFA Phase I	5,000,000	5,000,000	5,000,000	5,000,000	5,642,837
98	Primary System Engineering (NFA Phase II.A)	5,000,000	7,500,000	9,000,000	8,000,000	7,000,000
99	Primary System Rehabilitation (NFA Phase II.B)	7,000,000	13,000,000	15,000,000	15,000,000	12,000,000
100	Secondary Treatment Rehabilitation (NFA Phase III)	2,000,000	1,000,000	20,000,000	25,000,000	30,000,000
101	DCS Engineering Services	1,000,000				
102	Thickener Optimization			3,000,000		
103	Building Restoration			3,000,000		3,000,000
104	Shoreline Restoration			1,000,000		2,000,000
		\$120,931,098	\$168,713,443	\$218,115,111	\$194,932,450	\$175,283,837
	TOTAL	\$877,975,939				

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Factors Impacting Successful Implementation of Capital Projects

General Considerations as to Successful Implementation. In addition to financial capability considerations and the Authority's objective to avoid undue burdens upon the most vulnerable residents of the City, as one of the poorest cities in the nation, the successful and timely implementation of capital projects generally is adversely impacted by: (i) debt limits; (ii) adequate staffing to oversee projects; (iii) government contract bidding regulations; and (iv) permitting requirements.

Successful Implementation of the Authority LTCP. On January 7, 2021, the Authority submitted to the USEPA and the NYSDEC an update to its Financial Capability Analysis. In such update, the Authority demonstrates that an extension of the schedule for the implementation of the initiatives identified in the Authority LTCP will be required in order to relieve the residents of the Service Area of the unaffordable rates that currently are forecast by the Authority in order to achieve the current Authority LTCP implementation schedule. Therefore, as part of its submission to the USEPA and the NYSDEC, the Authority has requested that the USEPA Administrative Order be modified in order to extend the current March 18, 2034 Authority LTCP implementation completion date. Currently, the Authority anticipates that discussions among the Authority, the USEPA and the NYSDEC regarding this request will commence once the USEPA and the NYSDEC have completed their respective reviews of the updated Financial Capability Analysis, as submitted on January 7, 2021. The Authority is unable to project the response of the USEPA and the NYSDEC to its request that the USEPA Administrative Order be modified in order to extend the current March 18, 2034 Authority LTCP implementation completion date, including, without limitation, any alternative Authority LTCP implementation completion date that might be considered and approved for inclusion in any modification to the USEPA Administrative Order. See "FINANCIAL OPERATIONS OF THE AUTHORITY – Forecasted Capital Improvement Initiatives and Investments" and Appendix B hereto: "2024-2025 Annual Engineer's Certification Report" for a detailed discussion of the schedule for the implementation of the Authority LTCP.

Successful Implementation of the CIP. With respect to the successful implementation of the CIP, see "FINANCIAL OPERATIONS OF THE AUTHORITY – Forecasted Capital Improvement Initiatives and Investments" and Appendix B hereto: "2024-2025 Annual Engineer's Certification Report" for a discussion of the availability of sufficient funding for the CIP, the existence of a funding gap and options available to the Authority for purposes of addressing the CIP funding gap.

MWBE and SDVOB Initiatives

The Authority has implemented operational policies to improve opportunities for minority-owned businesses, women-owned businesses, service-disabled veteran-owned business, and small businesses to work with the Authority with respect to Authority projects.

In September, 2020, the Authority Board of Directors approved revised purchasing guidelines that, in accordance with State law, provide that the Authority may use a best value determination when awarding purchase contracts and service contracts. As part of this initiative, bids submitted by businesses that are certified as minority or woman-owned businesses ("M/WBEs") and/or are certified as service-disabled veteran-owned businesses ("SDVOBs") will be evaluated as if their bid price is 10-20% lower than their actual bid. The Authority focused upon M/WBEs and SDVOBs because there are existing State and county certification processes for these businesses that can be relied upon by the Authority. However, the Authority additionally is considering implementation of specific criteria for a business to qualify as a small business, and thereby establish a price preference for such small businesses. These initiatives would provide the Authority with opportunities to diversify the base of businesses with which it contracts and seek contracts that will provide the best value to the Authority, in addition to providing certain traditionally disadvantaged businesses with greater opportunities.

Further, the Authority is advocating State legislation that will provide greater opportunities for small businesses and “M/WBEs”. Among these efforts are (i) a proposal to provide greater flexibility in how construction contracts are awarded so that the Authority could consider a business’s status as a M/WBE or a small business, and (ii) a proposal to establish a program pursuant to which certain selected construction contracts could be designated for small businesses.

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The Outstanding Indebtedness of the Authority

Table #28
DEBT SERVICE SCHEDULE*
as of July 1, 2025

Bond Year Ending June 30	Principal	Interest	Total Debt Service
2026	\$ 3,626,231	\$ 2,514,852	\$ 6,141,083
2027	\$ 3,744,895	\$ 2,366,248	\$ 6,111,143
2028	\$ 3,868,544	\$ 2,198,008	\$ 6,066,552
2029	\$ 3,837,193	\$ 2,200,415	\$ 6,037,608
2030	\$ 3,975,842	\$ 2,026,868	\$ 6,002,710
2031	\$ 4,109,491	\$ 1,846,066	\$ 5,955,557
2032	\$ 6,024,704	\$ 1,894,753	\$ 7,919,457
2033	\$ 2,985,933	\$ 1,612,964	\$ 4,598,897
2034	\$ 2,928,565	\$ 1,466,918	\$ 4,395,483
2035	\$ 2,439,088	\$ 1,367,198	\$ 3,806,286
2036	\$ 3,219,618	\$ 1,259,293	\$ 4,478,911
2037	\$ 1,961,386	\$ 1,394,240	\$ 3,355,626
2038	\$ 2,030,035	\$ 1,318,827	\$ 3,348,862
2039	\$ 2,103,684	\$ 1,240,105	\$ 3,343,789
2040	\$ 2,182,333	\$ 1,159,033	\$ 3,341,366
2041	\$ 2,265,983	\$ 1,073,941	\$ 3,339,924
2042	\$ 2,269,632	\$ 1,064,984	\$ 3,334,616
2043	\$ 2,358,281	\$ 967,962	\$ 3,326,243
2044	\$ 3,051,930	\$ 866,691	\$ 3,918,621
2045	\$ 2,230,579	\$ 735,200	\$ 2,965,779
2046	\$ 2,329,228	\$ 638,450	\$ 2,967,678
2047	\$ 2,432,877	\$ 536,950	\$ 2,969,827
2048	\$ 2,541,526	\$ 430,450	\$ 2,971,976
2049	\$ 2,660,175	\$ 318,700	\$ 2,978,875
2050	\$ 2,778,825	\$ 201,200	\$ 2,980,025
2051	\$ 2,882,474	\$ 102,600	\$ 2,985,074
Total	<u>\$ 79,839,052</u>	<u>\$ 32,802,916</u>	<u>\$ 109,641,968</u>

Note: * This debt service schedule does not reflect the Series 2025A Bonds.

See “FINANCIAL OPERATIONS OF THE AUTHORITY – Forecasted Capital Improvement Initiatives and Investments.”

No Liability of the State of New York or the City of Buffalo with Respect to Debt Issued by the Authority

The bonds, notes and other obligations of the Authority are neither a debt of the State of New York nor a debt of the City of Buffalo, and neither the State nor the City is liable thereon.

An Overview of Applicable Statutory Debt Limits

The Authority Act establishes a debt limit that is applicable to the bonds, notes and other obligations of the Authority. The original debt limit established pursuant to the terms of the Authority Act upon its original enactment and the statutory establishment of the Authority was \$15,000,000. The Authority Act has been amended several times to increase the applicable debt limit to facilitate system expansion and improvements. The most recent amendment to the Authority Act occurred in 2023 to increase the debt limit to \$500,000,000.

An Overview of the Participation of the Authority in the Clean Water State Revolving Fund Programs of the New York State Environmental Facilities Corporation

The EFC is a public benefit corporation that provides financial and technical assistance to local government entities located throughout the State.

The Authority receives funding through the EFC’s Clean Water State Revolving Fund (the “CWSRF”), which provides interest-free and low-interest rate financing for wastewater and water quality improvement projects to local government entities throughout the State. A variety of point source, non-point source, and national estuary projects are eligible for financing from the EFC through its CWSRF, including construction or restoration of sewers and wastewater treatment facilities, stormwater management, landfill closures, as well as habitat restoration and protection projects.

The USEPA annually provides a grant to the State to capitalize the EFC’s CWSRF program. EFC uses this federal grant money, along with the required State match funds equal to 20% of the federal grant, to fund CWSRF-eligible projects for the purpose of preserving, protecting or improving water quality. As CWSRF borrowers repay their loans, repayments of principal and interest are recycled back into the CWSRF to finance new CWSRF-eligible projects and allow the CWSRF funds to “revolve” over time.

There are several different types of financings available to CWSRF applicants from the EFC. The EFC provides both short and long-term financings, at zero-interest or low-interest, to accommodate municipalities and other local governments of all population sizes with varying project and financial needs.

As a result of the participation of the Authority in the EFC’s CWSRF programs, \$34,331,649 in aggregate principal amount of Authority long-term indebtedness to the EFC is outstanding as of June 30, 2024. As of June 30, 2024 the Authority has \$8,682,641 of short-term indebtedness to the EFC that is outstanding. As of June 30, 2024, Authority also has \$45,600,000 in outstanding indebtedness that has been issued separate from the EFC’s CWSRF programs.

All of the Authority’s currently outstanding long-term indebtedness is an obligation of the Authority to the EFC through the CWSRF programs of the EFC, and represents seven (7) separate long-term loans that have been made by the EFC to the Authority during the period from 2003 through 2021. Such outstanding long-term indebtedness relates to various capital improvement projects of the Authority, including a grit collection system, various storm sewer improvement projects, primary digester cleaning and repair,

improvements to the Hamburg drain floatables control facility, improvements to CSO Basin 029, and Willert Park green infrastructure improvements.

In addition, the Authority has several current projects (as indicated below) in design, preparation for construction, or under construction that are listed on EFC's CWSRF Annual Utilization Plan and, therefore, financing for which through EFC is anticipated in the future.

Table #29
Authority Projects in Design, Preparation for Construction, or
Under Construction for Which EFC Financing is Anticipated

Project Description:	Project Number:	Project Cost:
Bird Island WWTP Secondary System Rehabilitation	C9-6602-28-00	\$71,980,727
Scajaquada Blackrock RTC	C9-6602-32-00	\$6,666,000
Bird Island WWTP Primary System Rehabilitation Phase 1	C9-6602-32-01	\$90,000,000
Bird Island WWTP Primary System Rehabilitation Phase 2	C9-6602-32-02	\$72,417,000
Jefferson Avenue RTC	C9-6602-32-03	\$105,445,000
Breckenridge CSO	C9-6602-32-04	\$21,518,000
Bird Island WWTP Primary System Rehabilitation Phase 3	C9-6602-32-05	\$158,162,000
Edison Martha Storage	C9-6602-32-06	\$86,055,000
Sidney Offline Storage	C9-6602-32-07	\$45,450,000
Sewer Patrol Points	C9-6602-32-08	\$32,793,000

Five Year Pro Forma Projections, Including Assumptions and Disclaimers

The Authority conducted a comprehensive rate review with the objective of increasing water equity and rate resilience by increasing the percentage of revenues from assessments and water use based sources. These rate adjustments will increase revenues, respectively, by \$5.0 million (6.4% increase) in fiscal year 2026, \$6.0 million (7.0% increase) in fiscal year 2027, \$7.0 million (8.0% increase) in fiscal year 2028, and \$6.0 million (7.0% increase) in fiscal year 2029.

Table #30
Consulting Engineer's Projected Pro Formas
Five Fiscal Years
(See Appendix A to Engineer's Certification Report for an
explanation of the notes in the parentheticals below)

Projected Debt Service Coverage						
	(1) 2024 (Actual)	(2) 2025	2026	2027	2028	2029
	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029
Operating Revenues (Note number in parenthesis)						
(3) Assessed sewer rents	19,640,080	24,957,600	29,947,600	32,642,884	35,580,744	38,783,010
(4) Water use sewer rents	24,445,837	24,446,760	24,925,000	27,168,250	29,613,393	32,278,598
(5) Industrial Waste	4,926,821	4,442,000	5,000,000	5,250,000	5,512,500	5,788,125
(6) Outside district connections	20,003,617	15,000,000	16,500,000	17,985,000	19,603,650	21,367,979
(7) Miscellaneous revenues	3,059,086	1,305,500	1,000,000	1,900,000	1,900,000	1,900,000
(8) State aid and Federal aid	10,491,039	-	-	-	-	-
(9) % new debt allocable to O/S districts	-	-	728,623	2,162,460	3,302,760	3,562,166
Total Operating Revenues	82,566,480	70,151,860	78,101,223	87,108,594	95,513,046	103,679,878
Nonoperating Revenues						
(10) Interest on Cash and Investments	5,876,888	4,600,000	2,500,200	2,200,000	1,900,000	1,900,000
(11) Interest on delinquent sewer rents	773,444	768,000	645,000	709,500	780,450	858,495
Total Revenues	89,216,812	75,519,860	81,246,423	90,018,094	98,193,496	106,438,373
EXPENDITURES						
(12) Salaries and wages	16,621,141	15,020,000	17,000,000	17,340,000	17,686,800	18,040,536
(13) Other employee benefits	10,199,630	11,640,000	12,000,000	12,240,000	12,484,800	12,734,496
(14) Professional services contracts	13,550,858	13,200,000	20,053,893	20,655,510	21,275,175	21,913,430
(15) Supplies and materials	6,232,140	11,001,000	13,944,025	14,362,346	14,793,216	15,237,013
(16) Other operating expenditures	8,191,385	6,275,200	2,220,577	3,735,360	3,702,067	3,702,000
(17) Capital Outlays	-	2,733,000	1,204,460	1,228,549	1,253,120	1,278,183
Total Operating Expenditures	54,795,155	59,869,200	66,422,955	69,561,765	71,195,178	72,905,658
Net Revenues Available for Debt Service	34,421,657	15,650,660	14,823,468	20,456,330	26,998,318	33,532,716
Nonoperating Expenditures						
Series J	417,781	409,801	396,354	398,147	384,362	385,577
Series K	281,725	278,535	271,495	267,351	262,953	258,301
Series L	521,963	513,424	504,574	500,297	495,483	490,143
Series M	494,093	492,688	486,022	483,668	475,627	472,045
Series N	1,599,340	1,581,570	1,566,848	1,545,427	1,527,224	1,507,313
Series O	218,948	222,597	226,231	229,895	233,544	237,193
2021 EIB	2,669,488	2,670,288	2,669,088	2,665,888	2,666,888	2,666,575
(18) 2024 EFC \$39M	-	-	-	2,100,000	2,100,000	2,100,000
Proposed 2026 EFC \$70M	-	-	-	-	3,800,000	3,800,000
(19) 2025 Bond Issue	-	-	2,428,744	2,442,313	2,442,313	3,307,313
Total Debt Service	6,203,338	6,168,903	8,549,356	10,632,986	14,388,394	15,224,460
(20) Debt Service Coverage	5.55	2.54	1.73	1.92	1.88	2.20
20% Debt Service Reserve	1,240,668	1,233,781	1,709,871	2,126,597	2,877,679	3,044,892
(21) Capital Contributions from Operations	10,670,400	20,507,711	28,252,754	7,101,304	4,190,482	6,067,936
(22) Capital Contributions from Reserves	-	-	6,000,000	6,000,000	6,000,000	6,000,000
Capital Contributions EIB debt proceeds	4,500,000	4,500,000	8,700,000	10,600,000	10,600,000	10,000,000
Capital Contributions 2024 EFC debt proceeds	-	-	-	39,000,000	-	-
Capital Contributions 2026 EFC debt proceeds	-	-	-	-	70,000,000	-
Capital Contributions 2025 Bond Issue	-	-	50,000,000	-	-	-
Total Capital Contributions (FY 25-29)	-	25,007,711	92,952,754	62,701,304	90,790,482	22,067,936

SECONDARY MARKET DISCLOSURE AND REPORTS

In order to assist the Underwriters in complying with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”), the Authority will undertake, in a written agreement for the benefit of the holders and beneficial owners of the Series 2025A Bonds (the “Continuing Disclosure Agreement”), to provide to the Municipal Securities Rulemaking Board (“MSRB”) as the sole nationally recognized securities repository through the MSRB’s Electronic Municipal Market Access system (“EMMA”) on an annual basis no later than 210 business days after the end of each respective fiscal year of the Authority, commencing with the fiscal year ending June 30, 2025, certain financial and operating data concerning the Authority of the type included in this Official Statement and as specified in the Continuing Disclosure Agreement. In addition, the Authority will undertake, for the benefit of the holders and beneficial owners of the Series 2025A Bonds, to provide notice to the MSRB through EMMA of certain events enumerated in the Rule, in a timely manner, but not more than 10 business days after the occurrence of such event. Any filing to be made under the Continuing Disclosure Agreement may be made solely by transmitting such filing to the MSRB through EMMA as provided at <http://emma.msrb.org>. See “APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT” for additional information regarding secondary market disclosure.

ENGINEERING REPORT

Attached here to as Appendix B is the 2024-2025 Annual Engineer’s Certification Report of Greeley and Hansen, the Authority’s consulting engineer (the “Consulting Engineer”), which Engineering Report sets forth the analysis of the Authority System by the Consulting Engineer and the opinions thereof, including, without limitation, the opinion thereof, as and to the extent set forth therein, that the Authority is in compliance with the Bond Resolution and the conditions precedent set forth therein with respect to the issuance of the Series 2025A Bonds.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Orchard Park, New York, has acted as registered Municipal Advisor to the Authority in connection with the offer and sale of the Series 2025A Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon government officials and other sources, who have access to relevant data, to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Authority to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and, therefore, will not participate in the underwriting of the Series 2025A Bonds.

ABSENCE OF MATERIAL LITIGATION

There is no litigation or controversy now pending (i) concerning the issuance, sale or delivery of the Series 2025A Bonds, (ii) in any way contesting or affecting the validity of the Authority Act, the Series 2025A Bonds or the proceedings of the Authority taken with respect to the issuance and sale thereof, including, without limitation, the approval by the Authority of the Bond Resolution, or (iii) the pledge by the Authority of the revenues and other monies pursuant to the terms of the Bond Resolution.

LEGALITY FOR INVESTMENT

The Authority Act provides that all public officers and bodies of the State, and all municipalities and municipal subdivisions thereof, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees and other fiduciaries in the State may properly and legally invest funds belonging to them or within their control in any bonds or notes, including, without limitation, the Series 2025A Bonds, issued pursuant to the Authority Act, and such bonds or notes shall be authorized security for any and all public deposits.

CERTAIN LEGAL MATTERS

Legal matters related to the authorization, issuance and delivery of the Series 2025A Bonds are subject to the receipt of the approving legal opinion of Barclay Damon LLP, Buffalo, New York, Bond Counsel to the Authority (“Bond Counsel”). The opinion of Bond Counsel will be delivered with the Series 2025A Bonds in substantially the form included in Appendix E to this Official Statement.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Barclay Damon LLP, Bond Counsel to the Authority, under existing law and assuming compliance with certain covenants described herein, and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Authority, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is further of the opinion that interest on the Series 2025A Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code; however, interest on the Series 2025A Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Series 2025A Bonds. The opinion of Bond Counsel speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (“IRS”). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Series 2025A Bonds from gross income for federal income tax purposes. See “Appendix E – Form of Approving Opinion of Bond Counsel.”

General

The Code imposes various requirements that must be met at and subsequent to the issuance and delivery of the Series 2025A Bonds in order that interest on the Series 2025A Bonds be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the use of proceeds of the Series 2025A Bonds and the facilities financed by such proceeds, restrictions on the investment of such proceeds and other amounts, the rebate of certain earnings in respect of such investments

to the United States, and required ownership by a governmental unit of the facilities financed by the Series 2025A Bonds. Failure to comply with such requirements may cause interest on the Series 2025A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of their issuance irrespective of the date on which such noncompliance occurs. The Authority and others have made certain representations, certifications of fact, and statements of reasonable expectations and the Authority has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2025A Bonds from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations. In the event of the inaccuracy or incompleteness of any such representation, certifications of fact or statements of reasonable expectations, or of the failure by the Authority to comply with any such covenants, the interest on the Series 2025A Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance and delivery of the Series 2025A Bonds, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of a Series 2025A Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of a Series 2025A Bond and such Beneficial Owner's other items of income, deduction or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025A Bonds.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the Series 2025A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2025A Bonds may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2025A Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Original Issue Discount

The excess of the principal amount of a maturity of a Series 2025A Bond over the issue price of such maturity of a Series 2025A Bond (a "Discount Bond") constitutes "original issue discount," the accrual of which, to the extent properly allocable to the Beneficial Owner thereof, constitutes "original issue discount" which is excluded from gross income for federal income tax purposes to the same extent as interest on such Discount Bond. For this purpose, the issue price of a maturity of Series 2025A Bonds is the first price at which a substantial amount of such maturity of Series 2025A Bonds is sold to the public. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Discount Bond and the basis of such Discount Bond acquired at such initial offering price by an initial purchaser of each Discount Bond will be increased by the amount of such accrued discount. Beneficial Owners of Discount Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Discount Bonds.

Bond Premium

The Series 2025A Bonds purchased, whether at original issuance or otherwise, at prices greater than the stated principal amount thereof are "Premium Bonds." Premium Bonds will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain

circumstances, the Beneficial Owner of Premium Bonds may realize taxable gain upon disposition of such Premium Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest that a Beneficial Owner of Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Beneficial Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of ownership of Premium Bonds.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Series 2025A Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series 2025A Bonds and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Series 2025A Bonds, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Series 2025A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2025A Bonds for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series 2025A Bonds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Series 2025A Bonds may occur. Prospective purchasers of the Series 2025A Bonds should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the Series 2025A Bonds for federal income tax purposes. It is not binding on the IRS or the courts.

Post Issuance Events

Bond Counsel's engagement with respect to the Series 2025A Bonds ends with the issuance of the Series 2025A Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of interest on the Series 2025A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025A Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding the foregoing matters.

RATING

Moody's Investors Service ("Moody's") has assigned a long-term debt rating of "Aa3" to the Series 2025A Bonds. This rating reflects only the view of Moody's, and an explanation thereof may be obtained from Moody's. Such rating is not a recommendation to buy, sell or hold the Series 2025A Bonds. There is no assurance that this rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating on the Series 2025A Bonds may have an adverse effect on the market price of such Series 2025A Bonds.

UNDERWRITING

The Series 2025A Bonds are being purchased by Samuel A. Ramirez & Co., Inc. (the "Senior Managing Underwriter") on behalf of itself and FHN Financial Capital Markets as Co-Managing Underwriter (collectively, the "Underwriters"). The purchase contract for the Series 2025A Bonds (the "Bond Purchase Agreement") sets forth the obligation of the Underwriters to purchase the Series 2025A Bonds at a price equal to \$_____ (which reflects the par amount of the Series 2025A Bonds plus/minus net original issue premium/discount of \$_____ and less an underwriting discount of \$_____) and is subject to certain terms and conditions, including, without limitation, the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2025A Bonds if any are purchased. The Underwriters may offer and sell the Series 2025A Bonds to certain dealers (including dealers depositing the Series 2025A Bonds into investment trusts) and others at prices different from the public offering prices stated on the inside cover page of this Official Statement. The public offering prices may be changed from time to time at the discretion of the Senior Managing Underwriter.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Authority for the fiscal year of the Authority ended June 30, 2024 (the "Audited Financial Statements"), included in Appendix A to this Official Statement, have been audited by Drescher & Malecki LLP, independent certified public accountants that have been engaged by the Authority (the "Auditor"), as stated in their report appearing in Appendix A to this Official Statement.

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MISCELLANEOUS

This Official Statement is distributed in connection with the sale and issuance of the Series 2025A Bonds, and may not be reproduced or used in whole or in part for any other purpose. This Official Statement has been duly authorized and approved by the Authority and duly executed and delivered on its behalf by the official signing below. Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The agreements of the Authority are fully set forth in the Bond Resolution in accordance with the Authority Act, and this Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2025A Bonds.

BUFFALO SEWER AUTHORITY

By: _____

DATED: _____, 2025

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BUFFALO
SEWER AUTHORITY

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

BUFFALO, NEW YORK

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**BUFFALO SEWER AUTHORITY
BUFFALO, NY**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2024**

PREPARED BY:

**ADMINISTRATIVE DEPARTMENT
CHARLES RILEY, EXECUTIVE SECRETARY AND
CHIEF FINANCIAL OFFICER**

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INTRODUCTORY SECTION

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September 27, 2024

To the Members of the Buffalo Sewer Authority Board and
Citizens of the City of Buffalo and Erie County:

The annual comprehensive financial report of the Buffalo Sewer Authority (the “Authority”) for the fiscal year ended June 30, 2024, is hereby submitted. This report consists of management’s representation concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”). Because the cost of internal control should not outweigh their benefits, the Authority’s framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Drescher & Malecki LLP, a firm of licensed certified public accountants, has audited the Authority’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority’s financial statements for the fiscal year ended June 30, 2024 are fairly stated. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority’s MD&A can be found immediately following the independent auditors' report.

Profile of the Authority

The Authority was created in 1935, by an Act of the State Legislature, as a public benefit corporation that is legally and financially independent of the City of Buffalo with a mission to protect public health and the environment from water pollution. The Authority is managed by a five-member board appointed by the Mayor of the City of Buffalo, subject to confirmation by the Common Council, and is regulated by the Public Authorities Law. The Authority’s powers include fixing and collecting rates, borrowing money and issuing negotiable bonds, and acquiring, holding and disposing of personal property for its corporate purpose.

The Authority operates the second largest Water Resource Recovery Facility in New York State and provides collection and treatment services for the City of Buffalo and several neighboring suburban communities. All activities and functions performed by the Authority are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity. The budgetary and fiscal operations of the Authority are comparable to that of a governmental rather than a proprietary unit and, therefore, the Board has opted to record such activity in a governmental fund type (General Fund) rather than in a proprietary fund type (Enterprise Fund).

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

Local Economic Condition and Outlook

The City of Buffalo is located on the western border of New York State and the eastern shore of Lake Erie. Buffalo is the second largest city in the State and serves as the seat of Erie County government. The City's boundaries cover 52.5 square miles, and the population is estimated at 274,678. The Peace Bridge, which connects downtown Buffalo with the Province of Ontario, serves as a major link between the United States and Canada.

The Buffalo-Niagara region has been in a constant struggle to rebuild its economic strength that existed prior to the diminishment of its manufacturing sector throughout the early 1980s. To promote economic advancement, many municipalities have been working relentlessly to pursue and attract high-tech, specialty manufacturing and service industries. Such economic diversification has allowed the area to manage national economic downturns. The 2020 US Census, revealed that the City of Buffalo exhibited a population increase to 278,349, growing nearly 7% from 2010, exhibiting its first such gain in 70 years. As the COVID-19 pandemic over this period presented challenges to the economic region, the City is in a positive position to meet and overcome the financial hurdles that have been presented.

Major Initiatives

The Authority laid the foundation for tackling one of Buffalo's public health concerns on March 18, 2014 with approval of its Combined Sewer Overflow Long Term Control Plan by the United States Environmental Protection Agency and NYS Department of Environmental Conservation. The Plan serves as a documented promise to address the City's stormwater challenge while simultaneously ensuring that Buffalo becomes more resilient in the face of a changing climate.

In continuance of the Authority's commitment to innovation, in fiscal year 2023 - 2024, over \$38M was invested in Green Infrastructure, Smart Sewers, and Facility enhancements to address stormwater throughout the collection system and renew the sewerage facilities. The Authority continues to be a national leader in the delivery of Green Infrastructure, managing over 1,100 acres of urban runoff, keeping nearly 1 billion gallons of stormwater out of the sewer system and improving the local waterways. In building on the foundational smart sewer innovation, the Authority expanded the use of in-system sensors and artificial intelligence to more precisely deliver its water quality commitment.

The Authority's critical focus on equity in the City of Buffalo is helping to facilitate strong partnerships, engage stakeholders and build trust for a shared success model. In March 2018, the Authority began participating with cross sector teams from Atlanta, Camden, Cleveland, Louisville, Milwaukee, and Pittsburgh as part of the US Water Alliance convened Water Equity Taskforce. As the City of Buffalo utility anchor, the Authority brings together local community partners to advance equitable water management and policies to serve the needs of our city's most vulnerable residents. In April 2019, the Authority released *An Equitable Water Future: Buffalo*, noting challenges and highlighting promising local practices and priority actions inclusive of green infrastructure. The Authority continues to infuse equity into policies, workforce, and capital investments.

The Authority has established a workforce development program that supports the development of local talent from underserved communities to maintain Green Infrastructure throughout the City of Buffalo. The success of this program resulted in a \$575,000 grant from U.S. Department of Labor in June 2023. The focus on equity has led the Authority to restructure sewer rates for the 2023-2024 fiscal year. The restructured rates include an Affordable Sewer Program that offers low-income residents discounted sewer rents.

In June 2021, the Authority issued 2021 Sewer System Environmental Impact Bonds (EIB) totaling \$49,160,000 at a premium of \$4,853,394. Related to the EIB, the Authority set a June 2028 target for its RainCheck program projects to achieve the "Outcome Threshold" of at least 200 acres of impervious surface area (such as asphalt roads) managed with the aim of minimizing the frequency and severity of combined sewer overflow (CSO) events within the City of Buffalo. The Authority continues its adaptive management practice of seeking the most efficient combination of green and gray stormwater infrastructure solutions to address the projected increase in annual rainfall events and intensity and be resilient in the face of climate change. The Authority's issuance represented the largest public Environmental Impact Bond for the United States municipal bond market. Buffalo Sewer received an A+ rating from S&P for this bond issuance.

Five Year Capital Plan

In accordance with the Supplemental Bond Resolution, adopted by the Authority on May 3, 1993, the authority has adopted a five-year capital plan as a part of the annual budget process. The five-year capital plan includes \$777,941,000 in expected capital project expenses. Funding for each capital project is based on the most cost-effective method available. A bond sale, lease purchase or the use of reserve funds for capital projects may be used to fund these projects. The capital plan for fiscal year 2024-2025 totals \$268,291,000. Of this amount, \$176 million is for Bird Island Treatment Facility rehabilitation projects and \$92.3 million is estimated for the installation of innovative green, smart, and gray sewer system infrastructure.

Awards and Acknowledgements

Awards—The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Buffalo Sewer Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.

In order to be awarded a Certificate of Achievement, the Authority published an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such annual comprehensive finance reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Buffalo Sewer Authority has received a Certificate of Achievement for the last thirty-seven consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements—In submitting this Annual Comprehensive Financial Report, I wish to express my thanks and appreciation to my staff who have diligently and faithfully contributed to the continued improvement of the Authority's accounting and reporting function. I would also like to thank our independent auditors, Drescher & Malecki LLP.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Oluwole A. McFoy', with a long horizontal stroke extending to the right.

Oluwole A. McFoy, P.E.
General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Buffalo Sewer Authority
New York**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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BUFFALO SEWER AUTHORITY
Officials
For the Year Ended June 30, 2024

Board Members

Herbert L. Bellamy, Chairman
Christopher Roosevelt, Vice Chairman
Eleanor C. Petrucci, Secretary

Professional Staff

Oluwole A. McFoy, P.E., General Manager
Adam Sassone, Secretary to the General Manager and Chief of Staff
Charles Riley, PMP, Executive Secretary and Chief Financial Officer
Paul Harris, PMP, Superintendent of Mechanical Maintenance
Alex Emmerson, Treatment Plant Superintendent
Joel Renzoni, Director of Sewer Maintenance
Rosaleen B. Nogle, P.E., Principal Sanitary Engineer
Gelea James, Director of Employee Relations
Cheryl Colston, General Counsel

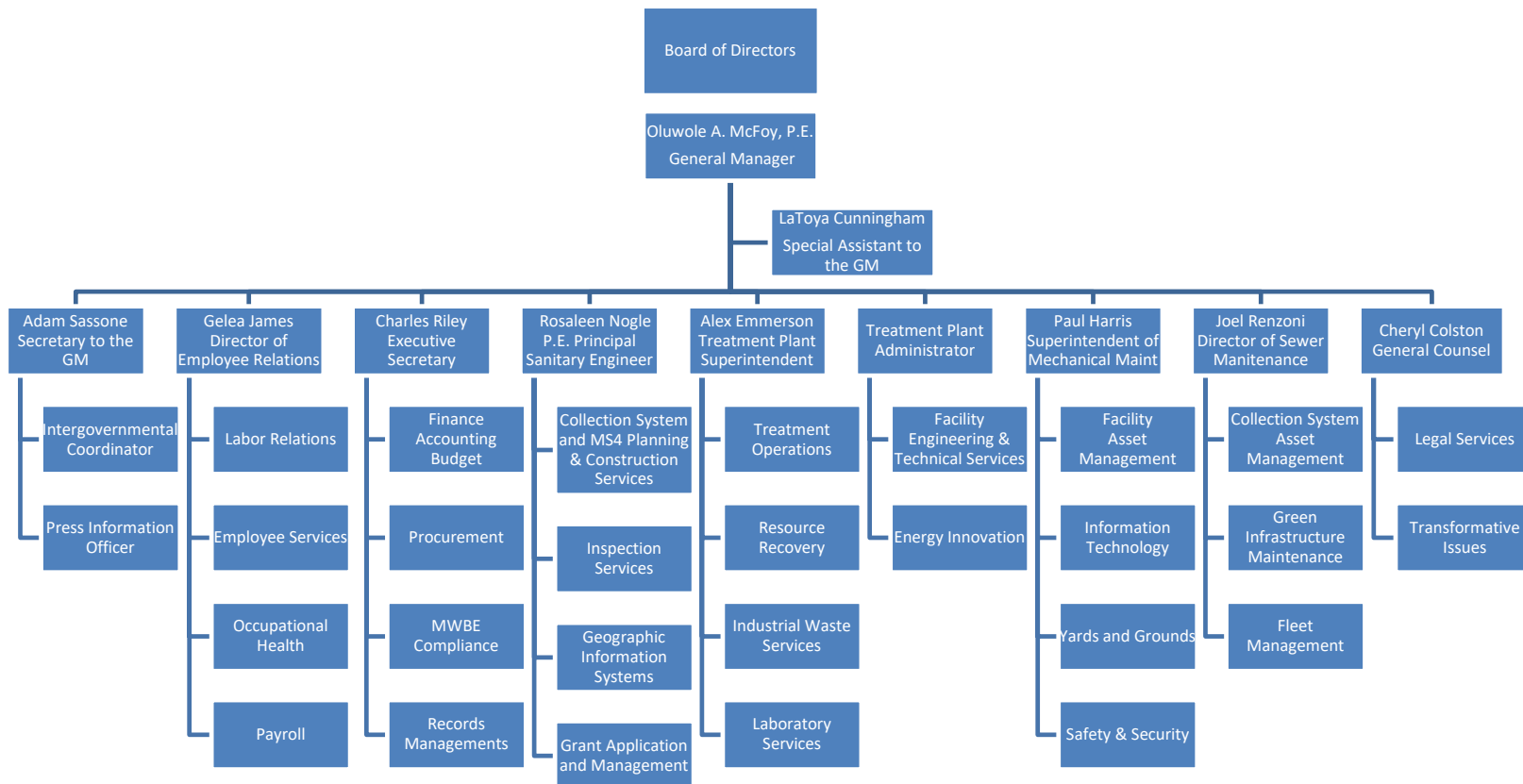
Address of the Authority

City Hall Room 1038
Buffalo, New York 14202

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Organizational Chart
June 30, 2024



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FINANCIAL SECTION

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DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT

The General Manager and Members
of the Buffalo Sewer Authority Board
Buffalo, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Buffalo Sewer Authority, New York (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2024, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Authority's Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section, as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Drescher & Malecki LLP

September 27, 2024

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BUFFALO SEWER AUTHORITY
Management's Discussion and Analysis
Year Ended June 30, 2024

As management of the Buffalo Sewer Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

Financial Highlights

- ◆ The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of June 30, 2024 by \$328,600,770 (net position). This consists of \$283,485,639 net investment in capital assets and unrestricted net position of \$45,115,131.
- ◆ The Authority's net position increased by \$25,213,677 for the year ended June 30, 2024.
- ◆ At the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$113,066,481, a decrease of \$9,791,233 in comparison with the prior year's fund balance of \$122,857,714.
- ◆ At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$10,000,000, or approximately 14.0 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Authority's discretion and constitutes approximately 24.2 percent of the General Fund's total fund balance of \$41,250,994 at June 30, 2024.
- ◆ The Authority's total bonded indebtedness decreased by \$3,408,948 as a result of scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a matter similar to private-sector business.

The *statement of net position* presents information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected charges and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Authority include general administration, wastewater treatment facilities, industrial waste, engineering, sewer maintenance and interest and fiscal charges. The Authority does not engage in any business-type activities.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be categorized as governmental funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, General Projects Fund, and Debt Service Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-52 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* concerning the Authority's net pension liability/(asset), the changes in the Authority's total other postemployment benefits ("OPEB") liability,

and the Authority's budgetary comparison for the General Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 53-57 of this report.

The Supplementary Information, as listed in the table of contents, can be found on pages 58-66 of this report.

Finally, the Statistical Section of this report can be found on pages 67-85.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$328,600,770 at June 30, 2024 as compared to \$303,387,093 at the close of the fiscal year ended June 30, 2023.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position

	June 30,	
	2024	2023
Current assets	\$ 145,124,612	\$ 139,336,722
Noncurrent assets	374,643,159	348,439,145
Total assets	519,767,771	487,775,867
Deferred outflows of resources	6,582,594	9,200,297
Current liabilities	24,561,078	12,521,714
Noncurrent liabilities	153,565,530	161,775,749
Total liabilities	178,126,608	174,297,463
Deferred inflows of resources	19,622,988	19,291,608
Net position:		
Net investment in capital assets	283,485,639	296,117,647
Unrestricted	45,115,131	7,269,446
Total net position	\$ 328,600,770	\$ 303,387,093

The largest portion of the Authority's net position, \$283,485,639, reflects its investment in capital assets (such as land, buildings, machinery and equipment, etc.), net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of the Authority's net position, \$45,115,131 is considered to be unrestricted. This portion of net position is not restricted for any project or other purpose.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2024 and June 30, 2023.

Table 2—Condensed Statement of Changes in Net Position

	Year Ended June 30,	
	2024	2023
Program revenues:		
Charges for services	\$ 69,789,799	\$ 57,120,476
Capital grants and contributions	17,822,402	9,639,826
General revenues	5,945,362	4,717,399
Total revenues	<u>93,557,563</u>	<u>71,477,701</u>
Program expenses	<u>68,343,886</u>	<u>62,590,350</u>
Change in net position	25,213,677	8,887,351
Net position—beginning	<u>303,387,093</u>	<u>294,499,742</u>
Net position—ending	<u>\$ 328,600,770</u>	<u>\$ 303,387,093</u>

Overall revenues for the year ended June 30, 2024, increased 30.9 percent from the prior year primarily due to an increase in charges for services and capital grants received compared to the prior year.

Total expenses for the year ended June 30, 2024, increased 9.2 percent from the prior year due to an increase within allocated employee benefits related to pensions and increased activity related to wastewater treatment facilities expenditures as well.

A summary of sources of revenues for the years ended June 30, 2024 and June 30, 2023 is presented below in Table 3.

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Charges for services	\$ 69,789,799	\$ 57,120,476	\$ 12,669,323	22.2
Capital grants and contributions	17,822,402	9,639,826	8,182,576	84.9
Unrestricted investment earnings	5,876,888	4,264,453	1,612,435	37.8
Miscellaneous	68,474	452,946	(384,472)	(84.9)
Total revenues	<u>\$ 93,557,563</u>	<u>\$ 71,477,701</u>	<u>\$ 22,079,862</u>	30.9

For the year ended June 30, 2024, the most significant source of revenues was charges for services, which accounted for \$69,789,799, or 74.6 percent of total revenues. The next largest source of revenue was capital grants and contributions of \$17,822,402, or 19.0 percent of total revenues. Similarly, for the year ended June 30, 2023, the most significant source of revenues was charges for services, which accounted for \$57,120,476, or 80.0 percent of total revenues. The next largest source of revenue was capital grants and contributions of \$9,639,826, or 13.5 percent of total revenues.

A summary of program expenses for the years ended June 30, 2024 and June 30, 2023 is presented below in Table 4.

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
General administration	\$ 2,652,735	\$ 2,503,727	\$ 149,008	6.0
Wastewater treatment facilities	52,241,081	48,369,983	3,871,098	8.0
Industrial waste	1,492,471	979,298	513,173	52.4
Engineering	1,754,036	1,527,438	226,598	14.8
Sewer maintenance	7,591,871	6,455,901	1,135,970	17.6
Interest and other fiscal charges	2,611,692	2,754,003	(142,311)	(5.2)
Total program expenses	<u>\$ 68,343,886</u>	<u>\$ 62,590,350</u>	<u>\$ 5,753,536</u>	9.2

For the year ended June 30, 2024, the Authority's most significant expense items were wastewater treatment facilities of \$52,241,081, or 76.4 percent of total expenses (primarily sewer, water, and sanitation services) and sewer maintenance costs of \$7,591,871, or 11.1 percent of total expenses. Similarly, for the year ended June 30, 2023, the Authority's most significant expense items were wastewater treatment facilities of \$48,369,983, or 77.3 percent of total expenses (primarily sewer, water, and sanitation services) and sewer maintenance costs of \$6,455,901, or 10.3 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the Authority itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Board.

At June 30, 2024, the Authority's governmental funds reported combined ending fund balances of \$113,066,481, a decrease of \$9,791,233 from the prior year. Approximately 8.8 percent of this amount, \$10,000,000, constitutes *unassigned fund balance*, which is available for spending at the Authority's discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *committed* to indicate that it is 1) not in spendable form, \$242,607, 2) restricted for particular purposes, \$12,237,489 or 3) committed for particular purposes \$90,586,385.

The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,000,000, while the total fund balance increased by \$7,860,516 to \$41,250,994. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 14.0 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 57.6 percent of that same amount.

As previously stated, the Authority's total fund balance in the General Fund increased by \$7,860,516 during the current year, which compares to an anticipated use (decrease) of \$10,492,055 of fund balance from funds re-appropriated by prior year's encumbrances. Normal operational efficiencies provided budgetary savings with regards to expenditures and helped to fund additional transfers to the General Projects Fund.

The General Projects Fund has a total fund balance of \$67,114,743, a decrease of \$17,669,604 from the prior year. During the year ended June 30, 2024, the Authority's General Fund transferred \$10,670,400 to the General Projects Fund to support ongoing capital projects. The Authority spent \$38,009,552 from the General Projects Fund for capital outlay. The restricted fund balance represents \$7,536,745 of unspent debt proceeds and the committed fund balance represents \$59,577,998 to fund future capital projects.

Fund balance in the Debt Service Fund at June 30, 2024 is \$4,700,744. All of the fund balance within the Debt Service Fund is restricted for future debt service payments.

General Fund Budgetary Highlights

The Authority adopts an annual appropriated budget for the General Fund. The adopted budget is allowed to be amended upward (increase) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Authority has appropriately committed an equal amount of fund balance at year-end for this purpose. A budgetary comparison schedule within the Required Supplementary Information section of this report has been provided to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended June 30, 2024 is presented in Table 5 below:

Table 5—General Fund Budget

	Budgeted Amounts		Budgetary	Variance with
	Original	Final	Actual	Final Budget
Revenues and other financing sources	\$ 69,750,000	\$ 69,750,000	\$ 79,529,409	\$ 9,779,409
Expenditures and other financing uses	80,242,055	95,500,894	78,169,569	17,331,325
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (10,492,055)</u>	<u>\$ (25,750,894)</u>	<u>\$ 1,359,840</u>	<u>\$ 27,110,734</u>

Original budget compared to final budget— During the fiscal year, budgeted appropriations increased through budget amendments by \$15,258,839. Appropriations were increased primarily in wastewater treatment facilities related to anticipated increases in utilities as well as increases related to employee benefits costs. Also, increases were noted within transfers out to support capital projects..

Final budget compared to budgetary actual results—Budgetary actual expenditures during the year were significantly lower than final budget as a result of savings in wastewater treatment facilities largely related to utility efficiencies and savings realized within sewer maintenance due to operational and personal services.

Capital Asset and Debt Administration

Capital Assets—The Authority’s investment in capital assets for its governmental activities as of June 30, 2024, amounted to \$374,643,159 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, building improvements, machinery and equipment, and sanitary and storm relief systems.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Authority’s capital asset policy.

Capital assets net of depreciation for the governmental activities at the years ended June 30, 2024 and 2023 are presented in Table 6 below.

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)

	June 30,	
	2024	2023
Land	\$ 10,586,171	\$ 10,586,171
Construction in progress	80,061,698	56,545,838
Buildings	127,889,046	133,759,095
Building improvements	3,540,885	3,843,816
Machinery & equipment	2,112,713	2,495,287
Sanitary & storm relief systems	150,452,646	141,208,938
Total	<u>\$ 374,643,159</u>	<u>\$ 348,439,145</u>

Additional information on the Authority’s capital assets can be found in Note 4 of this report.

Long-term liabilities— At June 30, 2024, the Authority had bonded debt outstanding of \$80,356,648, as compared to \$83,765,596 in the prior year. During the year ended June 30, 2024, the Authority made principal payments totaling \$3,408,948.

A summary of the Authority’s long-term liabilities at June 30, 2024 and June 30, 2023 is presented in Table 7 below.

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2024	2023
Bonds payable	\$ 80,356,648	\$ 83,765,596
Premium on bonds payable	4,368,054	4,529,834
Compensated absences	1,281,477	1,192,665
OPEB obligation	57,903,302	60,232,609
Judgments and claims	2,543,000	1,387,163
Net pension liability	7,113,049	10,667,882
Total	<u>\$ 153,565,530</u>	<u>\$ 161,775,749</u>

Additional information on the Authority’s long-term liabilities can be found in Note 10 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate, not seasonally adjusted, for the region at June 30, 2024 was 3.9 percent. This compares to New York State's average unemployment rate of 4.2 percent. These factors are considered in preparing the Authority's budget.

Considering the condition of the General Fund the Authority's overall financial position decreased during the fiscal year ended June 30, 2024. Total General Fund appropriations within the 2024-2025 adopted budget are \$74,400,000, an increase of 6.7 percent from the 2023-2024 adopted budget, and are projected to be funded solely by revenues. Consequently, the Authority did not designate any of the unassigned General Fund fund balance for spending in the subsequent year.

The Authority's five-year capital plan requires \$430 million of future appropriations. Management anticipates financing the aforementioned plan through the current designation, future contributions from operations and/or debt financing.

The Authority's primary source of revenues is derived from sewer rents. There are two types of sewer rents. Sewer rents based on assessed valuation of real estate and the other based on the use of water. All real property, both developed and undeveloped, must pay the sewer rent based on assessed valuation.

The levy of Sewer Rents based on assessed value will be \$24,900,000 for the 2024-2025 budget. This represents the amount of Sewer Rent that the Authority will collect from all real property in the City of Buffalo except those properties exempt by law. This amount, when spread over the total estimated assessment for sewer purposes from the Department of Assessment, will result in an annual sewer rent of \$1.98 for each for each \$1,000 of assessed valuation.

Sewer rents based on water use are billed as flat rate or metered accounts. Flat rate sewer rents continue to be charged based on property characteristics (i.e. number of stories, front footage, etc.). There will be no increases to those charges. The sewer rent meter charges will be assessed at a rate of \$11.42 per 1,000 cubic feet. All flat and meter accounts will continue to be assessed a capacity/drainage charge at a minimum of \$6.18 per month.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, ratepayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability. Questions concerning this report or requests for additional financial information should be directed toward the Buffalo Sewer Authority, General Manager, 1038 City Hall, Buffalo, New York 14202.

BASIC FINANCIAL STATEMENTS

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BUFFALO SEWER AUTHORITY
Statement of Net Position
June 30, 2024

	Primary Government Governmental Activities
ASSETS	
Cash, cash equivalents and investments	\$ 7,348,780
Designated cash, cash equivalents and investments	54,996,284
Restricted cash, cash equivalents and investments	58,347,521
Receivables (net of allowance for uncollectibles)	14,510,355
Intergovernmental receivables	9,679,065
Prepaid items	242,607
Capital assets not being depreciated	90,647,869
Capital assets, net of accumulated depreciation	283,995,290
Total assets	<u>519,767,771</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	5,760,082
Deferred outflows—relating to OPEB	822,512
Total deferred outflows of resources	<u>6,582,594</u>
LIABILITIES	
Accounts payable	11,674,929
Interest payable	329,709
Accrued liabilities	1,302,832
Intergovernmental payables	516,062
EFC note payable	8,682,641
Retainages payable	1,852,302
Unearned revenues	202,602
Noncurrent liabilities:	
Due within one year	3,870,601
Due within more than one year	149,694,929
Total liabilities	<u>178,126,607</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	4,287,474
Deferred inflows—relating to OPEB	15,335,514
Total deferred inflows of resources	<u>19,622,988</u>
NET POSITION	
Net investment in capital assets	283,485,639
Unrestricted	45,115,131
Total net position	<u><u>\$ 328,600,770</u></u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Primary Government Governmental Activities
Governmental activities:				
General administration	\$ 2,652,735	\$ 2,816,488	\$ -	\$ 163,753
Wastewater treatment facilities	52,241,081	55,465,888	-	3,224,807
Industrial waste	1,492,471	1,584,600	-	92,129
Engineering	1,754,036	1,862,311	-	108,275
Sewer maintenance	7,591,871	8,060,512	17,822,402	18,291,043
Interest and fiscal charges	2,611,692	-	-	(2,611,692)
Total primary government	<u>\$ 68,343,886</u>	<u>\$ 69,789,799</u>	<u>\$ 17,822,402</u>	<u>19,268,315</u>
General revenues:				
Unrestricted investment earnings				5,876,888
Miscellaneous				<u>68,474</u>
Total general revenues				<u>5,945,362</u>
Change in net position				25,213,677
Net position—beginning				<u>303,387,093</u>
Net position—ending				<u>\$ 328,600,770</u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Balance Sheet—Governmental Funds
June 30, 2024

	<u>General</u>	<u>General Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash, cash equivalents and investments	\$ 7,348,780	\$ -	\$ -	\$ 7,348,780
Designated cash, cash equivalents and investments	24,507,711	30,488,573	-	54,996,284
Restricted cash, cash equivalents and investments	202,602	53,444,175	4,700,744	58,347,521
Receivables (net of allowance for uncollectibles)	14,510,355	-	-	14,510,355
Intergovernmental receivables	-	9,679,065	-	9,679,065
Prepaid items	242,607	-	-	242,607
Total assets	<u>\$ 46,812,055</u>	<u>\$ 93,611,813</u>	<u>\$ 4,700,744</u>	<u>\$ 145,124,612</u>
LIABILITIES				
Accounts payable	\$ 3,539,565	\$ 8,135,364	\$ -	\$ 11,674,929
Accrued liabilities	1,302,832	-	-	1,302,832
Intergovernmental payables	516,062	-	-	516,062
EFC note payable	-	8,682,641	-	8,682,641
Unearned revenue	202,602	-	-	202,602
Total liabilities	<u>5,561,061</u>	<u>16,818,005</u>	<u>-</u>	<u>22,379,066</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—intergovernmental receivables	-	9,679,065	-	9,679,065
Total deferred inflows of resources	<u>-</u>	<u>9,679,065</u>	<u>-</u>	<u>9,679,065</u>
FUND BALANCES				
Nonspendable	242,607	-	-	242,607
Restricted	-	7,536,745	4,700,744	12,237,489
Committed	31,008,387	59,577,998	-	90,586,385
Unassigned	10,000,000	-	-	10,000,000
Total fund balances	<u>41,250,994</u>	<u>67,114,743</u>	<u>4,700,744</u>	<u>113,066,481</u>
Total liabilities and fund balances	<u>\$ 46,812,055</u>	<u>\$ 93,611,813</u>	<u>\$ 4,700,744</u>	<u>\$ 145,124,612</u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the statement of net position (page 19) are different because:

Total fund balances—governmental funds (page 21)		\$ 113,066,481
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$710,673,919 and the accumulated depreciation is \$336,030,760.		374,643,159
Revenues not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements, but are recognized on the accrual basis for government-wide statements.		9,679,065
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to employer contributions	\$ 516,062	
Deferred outflows related to experience, changes of assumptions, and changes in proportion of contributions	5,244,020	
Deferred inflows related to pensions	<u>(4,287,474)</u>	1,472,608
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 705,984	
Deferred outflows related to experience, changes of assumptions or other inputs	116,528	
Deferred inflows related to experience, changes of assumptions or other inputs	<u>(15,335,514)</u>	(14,513,002)
Net accrued interest expense for bonds and special program bonds not reported in the funds.		(329,709)
Retainages payable are not a current liability and, therefore, are not reported in the funds.		(1,852,302)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Bonds payable	\$ (80,356,648)	
Premium on bonds payable	(4,368,054)	
Compensated absences	(1,281,477)	
OPEB obligation	(57,903,302)	
Judgments and claims	(2,543,000)	
Net pension liability	<u>(7,113,049)</u>	(153,565,530)
Net position of governmental activities		<u>\$ 328,600,770</u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds
Year Ended June 30, 2024

	<u>General</u>	<u>General Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES				
Sewer rents—general consumers	\$ 69,016,355	\$ -	\$ -	\$ 69,016,355
Interest on delinquent sewer rents	773,444	-	-	773,444
Use of money and property	5,731,151	18,843	126,894	5,876,888
Miscellaneous	3,049,420	9,666	-	3,059,086
State aid	-	9,641,039	-	9,641,039
Federal aid	850,000	-	-	850,000
Total revenues	<u>79,420,370</u>	<u>9,669,548</u>	<u>126,894</u>	<u>89,216,812</u>
EXPENDITURES				
Current:				
General administration	1,950,787	-	-	1,950,787
Wastewater treatment facilities	30,193,647	-	-	30,193,647
Industrial waste	1,097,544	-	-	1,097,544
Engineering	1,289,895	-	-	1,289,895
Sewer maintenance	5,125,090	-	-	5,125,090
Miscellaneous	4,604,761	-	-	4,604,761
Employee benefits	10,533,431	-	-	10,533,431
Debt service:				
Principal	-	-	3,408,948	3,408,948
Interest and fiscal charges	-	-	2,794,390	2,794,390
Capital outlay	-	38,009,552	-	38,009,552
Total expenditures	<u>54,795,155</u>	<u>38,009,552</u>	<u>6,203,338</u>	<u>99,008,045</u>
Excess (deficiency) of revenues over expenditures	<u>24,625,215</u>	<u>(28,340,004)</u>	<u>(6,076,444)</u>	<u>(9,791,233)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	109,039	10,670,400	6,203,338	16,982,777
Transfers out	(16,873,738)	-	(109,039)	(16,982,777)
Total other financing sources (uses)	<u>(16,764,699)</u>	<u>10,670,400</u>	<u>6,094,299</u>	<u>-</u>
Net change in fund balances	7,860,516	(17,669,604)	17,855	(9,791,233)
Fund balances—beginning	<u>33,390,478</u>	<u>84,784,347</u>	<u>4,682,889</u>	<u>122,857,714</u>
Fund balances—ending	<u>\$ 41,250,994</u>	<u>\$ 67,114,743</u>	<u>\$ 4,700,744</u>	<u>\$ 113,066,481</u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2024

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Net change in fund balances—total governmental funds (page 23) \$ (9,791,233)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and capital disposals in the current period.

Capital asset additions, net	\$ 38,314,213	
Depreciation expense	<u>(12,110,199)</u>	26,204,014

Governmental funds recognize revenues only if collected within 60 days after the end of the fiscal year; however, the government-wide statements recognize revenue on a full accrual basis. 4,340,751

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Direct pension contributions	\$ 1,593,567	
Cost of benefits earned net of employee contributions	<u>(2,883,488)</u>	\$ (1,289,921)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census and changes in medical premiums that are different than expected healthcare cost trend rates and due to changes in assumptions and other inputs. These amounts are shown net of the current year's amortization. 1,895,671

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 20,918

Governmental funds report retained percentages expenditures on construction contracts when such retained percentage is paid. However, in the statement of activities, retained percentages on construction contracts are reported as expenses as they accrue. (821,909)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of bonds payable	3,408,948	
Amortization of premium on bonds payable	161,780	
Changes in compensated absences	(88,812)	
Changes in OPEB obligation	2,329,307	
Changes in judgments and claims	<u>(1,155,837)</u>	4,655,386

Change in net position of governmental activities \$ 25,213,677

The notes to the financial statements are an integral part of this statement.

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BUFFALO SEWER AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Buffalo Sewer Authority, New York (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by sewer rents and taxes, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The Authority reports no business-type activities or component units.

Reporting Entity

The Authority, a public benefit corporation, was created in 1935, by an Act of the State Legislature. The Authority is managed by a five-member board appointed by the Mayor of the City of Buffalo, New York (the “City”) subject to confirmation by the Common Council, and is regulated by the Public Authorities Law. It has such powers as to fix and collect rates, to borrow money and to issue negotiable bonds, to sue and be sued, and to acquire, hold and dispose of personal property for its corporate purpose. The bonds and other obligations of the Authority are not a debt of the City and are payable only from the funds of the Authority. The Authority is legally and financially independent of the City. There are no other entities covered in this report.

The Authority provides sewage collection, treatment and disposal services for the City and neighboring communities.

All activities and functions performed by the Authority are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The budgetary and fiscal operations of the Authority are comparable to that of a governmental rather than a proprietary unit and, therefore, the Board has opted to record such activity in a governmental fund type (General Fund) rather than in a proprietary fund type (Enterprise Fund).

Basis of Presentation –Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds even though the fiduciary funds,

when presented, are excluded from government-wide financial statements. The Authority presents no fiduciary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exception to this general rule are chargeback for services, such as printing and computer services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation –Fund Financial Statements

The fund financial statements provide information about the Authority's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Authority reports the following major governmental funds:

- ◆ *General Fund*—The General Fund constitutes the primary operating fund of the Authority and includes all operations not required to be recorded in other funds. The principal source of revenues for the General Fund is sewer rents.
- ◆ *General Projects Fund*—The General Projects Fund accounts for the acquisition and construction of major capital facilities and capital assets financed primarily with proceeds of both long and short-term debt and transfers from the General Fund.
- ◆ *Debt Service Fund*—The Debt Service Fund is used to maintain a debt service reserve required under the sewer system bond resolutions and related amendments. The Debt Service Fund also accounts for payments made for principal and interest on long-term general obligation debt of governmental funds. Investment earnings are considered revenues of the General Fund.

During the course of operations the Authority has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sewer rents and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash, Cash Equivalents and Investments—The Authority’s cash and cash equivalents consist of cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from date of acquisition. New York State law governs the Authority’s investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. It is the Authority’s policy to state investments at fair value when applicable. Temporary investments are carried at fair value and include Money Market Funds and Treasury Notes. Certain interest earned on investments in the Debt Service Fund is transferred to the General Fund in accordance with Authority policy.

Designated Cash, Cash Equivalents, and Investments—Designated cash, cash equivalents, and investments represents cash set aside by management for future capital projects and loss contingencies.

Restricted Cash, Cash Equivalents, and Investments—Restricted cash represents unspent proceeds of debt, unearned revenues, amounts to support restricted fund balance.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment and sanitary and storm relief systems, are reported in the government-wide financial statements. The Authority’s capitalization policy requires the Authority to record capital assets purchased or constructed having a useful life of two or more years and a cost in excess of \$10,000. Capital assets are reported in the government-wide financial statements at cost (or estimated historical cost). Donated capital assets are recorded at acquisition cost of the item at the date of its donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend to an asset’s useful life is not capitalized.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives as shown below:

	Estimated Useful Life (Years)
Land	n/a
Land improvements	20
Buildings	40
Building improvements	20
Machinery & equipment	3-10
Sanitary & storm relief system	20-50

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2024, the Authority has two items that qualify for reporting in this category. The first item, related to pension plans, is reported in the government-wide financial statements. This represents the effect of the net change in the Authority’s proportion of the collective net pension liability/(asset), the difference during the measurement period between the Authority’s contributions, its proportionate share of the total contribution to the pension system not include in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the Authority’s proportion of the collective OPEB liability and the difference during the measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2024, the Authority has three items that qualify for reporting in this category. The first item, reported only within the governmental fund financial statements represents unavailable revenues for intergovernmental receivables. This amount is deferred and recognized as an inflow of resources on the fund statements in the period that the amount becomes available. The second item represents the effect of the net change in the Authority’s proportion of the collective net pension liability/(asset) and the difference during the measurement periods between the Authority’s contributions, and its proportionate share of the total contributions to the pension systems not included in pension expense. The third item represents the effects of the change in the Authority’s proportion of the collective OPEB liability and

difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumption—Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Authority itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the Authority's highest level of decision-making authority. The Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the General Manager to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General revenues are those that cannot be associated directly with program activities.

The Authority raises revenues from sewer rents from a variety of sources including assessed valuation of real property, water use, industrial waste charges and sewer connection agreements with neighboring communities.

The City's Department of Assessment bills sewer rents based on assessed valuation for the Authority in the same manner as that used for billing of City property taxes.

The Authority contracts with an outside agency to act as the managers of the City's Division of Water. The agency bills sewer rents based on water use for the Authority as a separate item on each water bill. Such sewer rents are based on water consumption for metered accounts or a percent of water billings for unmetered accounts.

Agreements between neighboring communities and the Authority provide for charges based on the actual cost of receiving and treating sewage discharged into the Authority's facilities or based upon the rated capacity of the respective connections as apportioned to the total capacity of the Sewage Treatment Plant.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At June 30, 2024, the Authority reported \$202,602 of unearned revenues in the General Fund. The Authority has collected sewer rent money in advance, but has not performed the corresponding services and therefore recognizes a liability.

Compensated Absences—The Authority's two labor agreements provide for sick leave, vacations and miscellaneous other paid absences. Upon retirement certain eligible employees qualify for payment for unused vacation and fractional values of unused sick leave. Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

Pension Plan—The Authority is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the Authority provides health insurance coverage for certain retired employees, as disclosed in Note 7.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2024, the Authority implemented the remainder of GASB Statement No. 99, *Omnibus 2022*; and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The remaining portion of GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improves the consistency of authoritative literature by addressing practice issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. GASB Statement No. 100 improves financial reporting by enhancing accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statements No. 99 and 100 did not have a material impact on the Authority’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Authority has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025, and GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements No. 101, 102, and 103 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Authority follows these procedures in establishing most of the budgetary data reflected in the financial statements:

- ◆ In accordance with bond resolutions and related amendments, prior to the forty-fifth day before the beginning of the next fiscal year, the Authority files an adopted budget with the Trustee for the fiscal year to commence July 1. This budget includes appropriations, estimated revenues and amounts necessary for the payment of subordinated indebtedness incurred by the Authority.
- ◆ On or before July 1 of each fiscal year, the Authority adopts the annual budget for such fiscal year. The budget is adopted at the activity level.
- ◆ During the fiscal year, management can transfer appropriations within the activity level without the approval of the Authority Board. The Authority Board can legally amend the operating budget and is empowered to implement supplemental appropriations. Budget amendments beyond the activity level of control require Board approval.
- ◆ Formal annual budgetary accounts are employed as a management control device for the General Fund. This budget is adopted on a budgetary basis which takes into consideration encumbrances. The budgeted funds of the General Fund lapse at the end of the fiscal year. However, a five-year plan does exist for capital projects.
- ◆ The Authority’s legal level of budgetary control is at the activity level. Total expenditures for each department may not legally exceed the total appropriations at the activity level. Encumbrances outstanding at year end are accounted for by a commitment of fund balance. All encumbered appropriations lapse and revert to fund balance at the end of the fiscal year.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority has its own written investment policy in accordance with Title 7, Section 2925 of the Public Authorities Law. Monies in any fund held by a Trustee, or the Authority provide reasonable liquidity in the highest yield investment securities. Permissible investments include:

- ◆ Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee;
- ◆ Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Export-Import Bank of the United States; Federal Home Loan Banks; Federal Home Loan Mortgage Corporation, Federal Housing Administration; Federal National Mortgage Association; General Services Administration; Government National Mortgage Association; Small Business Administration; Student Loan Marketing Association; U.S. Department of Housing of Urban Development; U.S. Maritime Administration; the Washington Metropolitan Area Transit Authority; or the Resolution Funding Corporation.
- ◆ Direct obligations of any State of the U.S. or any subdivision or agency thereof whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s Investors Service and “A” or better by Standard and Poor’s Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase “A” or better by Moody’s Investors Service and “A” or better by Standard & Poor’s Corporation;
- ◆ Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that fully and timely payment of such deposit or similar obligation is enforceable against the principle office or any branch of such bank, which, at the time of purchase, has a short-term “Bank Deposit” rating of “P-1” by Moody’s Investor Service and a “Short-Term CD” rating of “A-1” or better by Standard & Poor’s Corporation;
- ◆ Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.
- ◆ Investments in money-market funds rated “AAAm” or “AAAM-G” by Standard & Poor’s Corporation;
- ◆ Repurchase agreements collateralized by Direct Obligations, GNMA’s, FNMA’s or FHLMC’s with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated “P-1” or “A3” or better by Moody’s Investors Service, and “A-1” or “A-” or better by Standard & Poor’s Corporation, provided a master repurchase agreement or specific written repurchase agreement governs the transaction;

- ♦ Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, “P-1” by Moody’s Investors Service and “A-1” or better by Standard and Poor’s Corporation.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The Authority has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash, cash equivalents, and investments at June 30, 2024 are shown below.

	Governmental Funds
Petty cash (uncollateralized)	\$ 2,250
Deposits	5,233,968
Investments	115,456,367
Total	<u>\$ 120,692,585</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2024 as follows:

	Bank Balance	Carrying Balance
FDIC insured	\$ 500,000	\$ 500,000
Uninsured:		
Collateral held by pledging bank's agent in the Authority's name	17,121,683	4,733,968
Total	<u>\$ 17,621,683</u>	<u>\$ 5,233,968</u>

Custodial Credit Risks—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2024, the Authority’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Authority’s name.

Other Cash and Cash Equivalents—Other cash and cash equivalents are held as money market investments at their amortized cost of \$52,220.

Designated Cash, Cash Equivalents, and Investments—The Authority reports amounts as designated cash, cash equivalents, and investments to support fund balances committed to capital projects and future loss contingencies. At June 30, 2024, the Authority reported \$24,507,711 and \$30,488,573 of designated cash, cash equivalents, and investments within the General Fund and General Projects Fund, respectively.

Restricted Cash, Cash Equivalents and Investments—At June 30, 2024, the Authority reported \$202,602 of restricted cash and cash equivalents in the General Fund to support unearned revenues, \$53,444,175 of restricted cash, cash equivalents and investments within the General Projects Fund and \$4,700,744 of restricted investments in the Debt Service Fund to support restricted fund balance.

Designated and Restricted Investments—All investments are reported using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- ◆ Level 1. Quotes prices for identical assets or liabilities in active markets to which the Authority has access at the measurement date.
- ◆ Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - ◆ Quoted prices for similar assets or liabilities in active markets;
 - ◆ Quoted prices for identical or similar assets in markets that are not active;
 - ◆ Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - ◆ Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- ◆ Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Authority has invested in U.S. Treasury Notes of \$4,700,744 at June 30, 2024, which are considered to be Level 1 investments. At June 30, 2024, the Authority reported \$26,822,875 of commercial paper within the General Fund which are considered to be Level 1 investments. At June 30, 2024, the Authority carries investments that are designated for internal purposes and restricted for debt for \$30,488,573 and \$53,444,175, respectively, within the General Projects Fund.

Credit Ratings—The aforementioned U.S. Treasury notes mature April 15, 2032, February 15, 2033, November 15, 2033, October 1, 2035 and May 1, 2044. All of these investments have an S&P credit rating of A-1+ and a Moody's credit rating of P-1.

Credit Risk—Investments—In compliance with State law, the Authority's investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts, and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint ventures or cooperative investment programs.

Concentration of Credit Risk—to promote competition on rates and service cost, and to limit the risk of institutional failure, the Authority's deposits and investments are placed within multiple institutions.

Interest Rate Risk—In the case of investments, this is the risk that potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. There is the prospect of a loss should those securities be sold prior to maturity. The Authority follows a policy to specifically identify the maturity for each individual investment and evaluate risk accordingly. There are no requirements limiting maturity of investments.

3. RECEIVABLES

Receivables—Primarily represents amounts due from customers and outside districts. A summary of receivables is shown below:

General Fund:			
Flat rate receivables	\$	3,162,296	
Allowance: flat rate receivables		<u>(2,877,738)</u>	\$ 284,558
Metered receivables		12,742,851	
Allowance: metered receivables		<u>(8,692,036)</u>	4,050,815
Industrial waste receivables		301,012	
Allowance: industrial waste receivables		<u>(59,079)</u>	241,933
Outside district receivables		9,526,509	
Allowance: outside district receivables		<u>(4,313)</u>	9,522,196
Other miscellaneous receivables			<u>410,853</u>
Total			<u>\$ 14,510,355</u>

Allowance for Receivables—As of June 30, 2024, the Authority records an allowance on flat rate, metered, industrial waste and outside district receivables. The Authority deems receivables not collected within 60 days of billing to be uncollectible. Specifically, for the flat rate and metered billings, the Authority treats July collections as 100 percent collectible. Further, collections in August are historically expected to be 19 percent and 50 percent for the flat rate and metered billings, respectively.

Intergovernmental Receivables—Represents amounts due from other local municipalities for chargebacks and claims for reimbursement of expenditures in administering various programs. At June 30, 2024, the Authority reported intergovernmental receivables, net of allowance, of \$9,679,065. This receivable is offset by a deferred inflow of resources as the timing requirements for recognizing this revenue have not yet been met.

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024
Capital assets, not being depreciated:				
Land	\$ 10,586,171	\$ -	\$ -	\$ 10,586,171
Construction in progress	56,545,838	38,072,428	14,556,568	80,061,698
Total capital assets, not being depreciated	67,132,009	38,072,428	14,556,568	90,647,869
Capital assets, being depreciated:				
Land improvements	455,703	-	-	455,703
Buildings	303,635,041	220,000	-	303,855,041
Building improvements	12,718,209	75,384	-	12,793,593
Machinery & equipment	32,923,350	166,401	-	33,089,751
Sanitary & storm relief systems	255,495,394	14,336,568	-	269,831,962
Total capital assets, being depreciated	605,227,697	14,798,353	-	620,026,050
Less accumulated depreciation for:				
Land improvements	455,703	-	-	455,703
Buildings	169,875,946	6,090,049	-	175,965,995
Building improvements	8,874,393	378,315	-	9,252,708
Machinery & equipment	30,428,063	548,975	-	30,977,038
Sanitary & storm relief systems	114,286,456	5,092,860	-	119,379,316
Total accumulated depreciation	323,920,561	12,110,199	-	336,030,760
Total capital assets, being depreciated, net	281,307,136	2,688,154	-	283,995,290
Governmental activities capital assets, net	<u>\$ 348,439,145</u>	<u>\$ 40,760,582</u>	<u>\$ 14,556,568</u>	<u>\$ 374,643,159</u>

Significant construction in progress expenditures are incurred as the Authority continues to make an effort to improve its infrastructure. Depreciation expense totaling \$12,110,199 is reported within the government-wide statements and has been allocated to wastewater treatment plant expenses of \$11,182,909 and sewer maintenance expenses of \$927,290.

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2024, were as follows:

	General Fund
Salary and other employee benefits	\$ 1,302,832
Total accrued liabilities	<u>\$ 1,302,832</u>

6. PENSION PLAN

The Authority participates in the New York State and Local Employee's Retirement System ("ERS") and the Public Employee's Group Life Insurance Plan (the "System"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Description and Benefits Provided

Employees' Retirement System ("ERS")—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provision of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance (the "System"), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. The report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS is noncontributory, except for employees who joined after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute three (3.0%) to three and one half (3.5%) percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—The net pension liability/(asset) was measured as of March 31, 2024 for ERS. The total pension liability/(asset) used to calculate The net pension liability/(asset) was determined by an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability/(asset) to the measurement date. The Authority's proportion of the net pension liability/(asset) was based on a projection of the Authority's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in a report provided to the Authority.

	ERS
Measurement date	March 31, 2024
Net pension liability/(asset)	\$ 7,113,049
Authority's portion of the Plan's total net pension liability/(asset)	0.0483091%

As of the March 31, 2024 measurement date, the Authority's portion of the Plan's total net pension liability/(asset) had decreased 0.0014385% from their portion of the Plan's total net pension liability/(asset) of 0.0497476% on the March 31, 2023 measurement date.

For the year ended June 30, 2024, the Authority recognized a pension expense of \$2,999,418 for ERS. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 2,291,107	\$ 193,954
Change of assumptions	2,689,284	-
Net difference between projected and actual earnings on pension plan investments	-	3,474,687
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	263,629	618,833
Authority contributions subsequent to the measurement date	516,062	-
Total	<u>\$ 5,760,082</u>	<u>\$ 4,287,474</u>

Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2025	\$ (1,393,419)
2026	1,274,626
2027	1,929,077
2028	(853,738)

Actuarial Assumptions—The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the actuarial assumption as shown below:

	ERS
Measurement date	March 31, 2024
Actuarial valuation date	April 1, 2023
Discount rate	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.90%
Cost-of-living adjustments	1.50%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021.

The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation for ERS are summarized below:

Measurement date	ERS	
	March 31, 2024	
	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:		
Domestic equities	32.0 %	4.0 %
International equities	15.0	6.7
Private equity	10.0	7.3
Real estate	9.0	4.6
Opportunistic portfolios	3.0	5.3
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.3
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liability/(asset) was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the Authority’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9% for ERS, as well as what the Authority’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	\$ 22,364,152	\$ 7,113,049	\$ (5,624,787)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of all of the employers participating in the state-wide System as of the valuation date was as follows:

	(Dollars in Thousands)
ERS	
Valuation date	April 1, 2023
Employers' System total pension liability	\$ 240,696,851
Plan fiduciary net position	225,972,801
Employers' System net pension liability	<u>\$ 14,724,050</u>
System fiduciary net position as a percentage of total pension liability	93.9%

Payables to the Pension Plan—Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$516,062.

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description and Benefits Provided—In addition to pension benefits, the Authority provides health care benefits for retirees, spouses, and their covered dependents at no cost to the retirees under a single-employer postemployment benefit plan. There is no separate, audit GAAP-basis postemployment benefit plan report available for the plan. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Authority provides one traditional indemnity plan option for its retirees under 65. In addition, the Authority provides two Medicare Supplement plan options for their Medicare eligible retirees over 65. Retirees who have alternate insurance and desire to waive medical insurance through the Authority will receive an in-lieu payment from the Authority each year. These payments total \$1,200, \$1,800, and \$2,400, to waive single coverage, two-person coverage, and family coverage, respectively. The General Fund of the Authority is typically used to liquidate the OPEB liability.

Employees Covered by Benefit Terms—At June 30, 2024, the following employees were covered by the benefit terms:

Active not eligible to retire	199
Actives eligible to retire	24
Retired and surviving spouses	213
Retiree spouses covered	<u>130</u>
Total	<u>566</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The Authority’s total OPEB liability of \$57,903,302 was measured as of April 1, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 30, 2024 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 3.78% for the year ending June 30, 2023 to 3.98% for the year ending June 30, 2024. The salary scale is 3.42% effective June 30, 2024. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used effective June 30, 2024 is 5.10%, while the ultimate healthcare cost trend rate is 3.86%. Mortality rates effective June 30, 2024 were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-weighted for General employees, without separate Contingent Survivor mortality, fully generational using scale MP-2021.

Changes in the Total OPEB Liability—The table below presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at June 30, 2023	\$ 60,232,609
Changes for the year:	
Service cost	1,901,984
Interest	2,241,650
Differences between expected and actual experience	(2,169,440)
Changes of assumptions or other inputs	(1,471,807)
Benefit payments	(2,831,694)
Net changes	(2,329,307)
Balance at June 30, 2024	<u>\$ 57,903,302</u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Total OPEB liability	\$ 65,993,012	\$ 57,903,302	\$ 51,329,152

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the OPEB liability of a 1% change in the initial (5.10%) and ultimate (3.86%) healthcare cost trend rates.

	1% Decrease (4.10%/2.86%)	Healthcare Cost Trend Rates (5.10%/3.86%)	1% Decrease (6.10%/4.86%)
Total OPEB liability	\$ 50,364,392	\$ 57,903,302	\$ 67,252,492

Funding Policy—Authorization for the Authority to pay all of retiree health insurance premiums was enacted by resolution of the Authority Board or through union contracts, which are ratified by the Authority Board. For an employee to be eligible for the Authority’s postemployment health plan they must have been employed by the Authority for a minimum of five consecutive years prior to retirement and qualify for retirement as a member of the New York State retirement system. All current retirees, receive full health care coverage with no contribution requirements for themselves, dependents, and spouses. Authority governmental activities contributed \$2,831,694 for the fiscal year ended June 30, 2024. While for the year ended June 30, 2024, the Authority’s governmental activities recognized OPEB expense of \$1,451,239. The Authority’s contributions to the OPEB plan are based on negotiated contracts with two bargaining units, as discussed in Note 13. Any amendments to the employer’s contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Authority reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table below presents the Authority’s deferred outflows and deferred inflows at June 30, 2024.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,528	\$ 7,772,832
Changes of assumptions	-	7,562,682
Benefit payments subsequent to the measurement date	705,984	-
Total	<u>\$ 822,512</u>	<u>\$ 15,335,514</u>

The Authority’s benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending June 30, 2025. The other amounts reported as deferred outflows of resources and deferred inflows of resource related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	
2025	\$ (3,797,962)
2026	(3,854,722)
2027	(3,854,722)
2028	(3,209,338)
2029	(502,242)

8. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; vehicle liability, injuries to employees; health insurance, unemployment insurance, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Authority purchases insurance for: commercial property coverage, commercial general liability coverage, commercial automotive coverage and commercial crime coverage. Property insurance is limited based on scheduled locations. The general liability insurance is limited to \$10 million per occurrence. Real Property and Personal Property Coverage is limited to \$500 million. Automobile insurance is limited to \$5 million per accident. Crime coverage is limited to \$1 million per occurrence with a \$2 million annual aggregate limit. Cyber liability coverage is limited to \$3 million per incident. There were no settlements that exceeded insurance coverage in each of the past three fiscal years.

Workers' Compensation—The Authority participates in a self-insured plan for risks associated with employee workers' compensation claims through a third party. The Authority accounts for this activity in the General Fund while the government-wide financial statements reflect the liability for the workers' compensation.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ("IBNR"). Claim liabilities are calculated with consideration of the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other benefit costs.

Claim activities for the current year and the prior year are shown below:

Year Ended June 30,	Beginning Balance	Claims and Changes in Estimates	Payments and Changes in Estimates	Ending Balance
2023	\$ 1,387,163	\$ 1,448,706	\$ (292,869)	\$ 2,543,000
2023	1,182,467	862,968	(658,272)	1,387,163

At June 30, 2024, \$2,000,000 of the General Fund fund balance was committed to loss contingencies for the purpose of funding the Authority's future claims liabilities.

9. SHORT TERM DEBT

Short term debt of the Authority represents a short term loan from the Environmental Facilities Corporation ("EFC"). During the year ended June 30, 2024, the Authority incurred eligible project expenditures that were subsequently reimbursed by the EFC. This amount is owed back to the EFC and the short-term debt for the fiscal year ended June 30, 2024 is shown below:

Description	Issue Date	Interest Rate	Principal Outstanding	Additions	Reductions	Principal Outstanding
			July 1, 2023			June 30, 2024
NYS EFC Series P	various	0.0%	\$ -	\$ 8,682,641	\$ -	\$ 8,682,641

10. LONG TERM LIABILITIES

In the government-wide financial statements, long-term debt and long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Authority's outstanding long-term liabilities include bonds payable, premium on bonds payable, compensated absences, total other postemployment benefits ("OPEB") obligation, judgments and claims and net pension liability. The bonds payable of the Authority are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Authority's long-term liabilities at June 30, 2024 follows:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year
Bonds payable	\$ 83,765,596	\$ -	\$ (3,408,948)	\$ 80,356,648	\$ 3,517,597
Premium on bonds payable	4,529,834	-	(161,780)	4,368,054	161,780
Compensated absences	1,192,665	88,812	-	1,281,477	64,074
OPEB obligation	60,232,609	4,143,634	(6,472,941)	57,903,302	-
Judgments and claims	1,387,163	1,448,706	(292,869)	2,543,000	127,150
Net pension liability*	10,667,882	-	(3,554,833)	7,113,049	-
Total	<u>\$ 161,775,749</u>	<u>\$ 5,681,152</u>	<u>\$ (13,891,371)</u>	<u>\$ 153,565,530</u>	<u>\$ 3,870,601</u>

(*Deductions to the net pension liability are shown net of additions.)

A default will have occurred if the payment of principal and interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the Authority of the amount due thereon. The Authority does not have any lines of credit.

Bonds Payable

Series J1—On July 2, 2014, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series J bonds with EFC Sewer System Revenue Bonds, Series J1 in the amount of \$5,353,126. Interest on the Series J1 bond ranges from 4.06%-4.63% and the bonds mature on November 15, 2033. As a result, \$5,353,126 of Series J Bonds were considered defeased and the liability for those bonds has been removed from the Authority's financial statements. The replacement bonds were issued for the same amount outstanding on the Series J Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$607,254.

Series K1—On July 2, 2014, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series K bonds with EFC Sewer System Revenue Bonds, Series K1 in the amount of \$3,614,143. Interest on the Series K1 bond ranges from 4.25%-5.15% and the bonds mature on February 15, 2033. As a result, \$3,614,143 of Series K Bonds were considered defeased and the liability for those bonds has been removed from the Authority's financial statements. The replacement bonds were issued for the same amount outstanding on the Series K Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$395,499.

Series L1—On August 20, 2015, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series L bonds with EFC Sewer System Revenue Bonds, Series L1 in the amount of \$7,094,679. Prior to issuing the replacement note, the Authority paid \$430,321 in Series L principal payments in the current year. Interest on the Series L1 bond ranges from 4.17-4.86% and the bonds mature on October 1, 3025. As a result, \$7,094,679 of Series L Bonds were considered defeased and the liability for those bonds has been removed from the Authority's financial statements. The replacement bonds were issued for the same amount outstanding on the Series L Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$680,873.

Series M—On July 2, 2014, the Authority refinanced short-term debt to a long-term note payable, Series M to support construction costs for a total amount of \$17,581,310. Of this amount, the portion converted from short-term debt of \$15,159,256, offset by a principal reduction in the form of grant revenue of \$9,031,991 was recorded in the year ended June 30, 2014 as the Authority had taken the legal steps to refinance the short-term EFC loans payable to long-term debt at June 30, 2014. In the year ended June 30, 2015, the additional liability, not previously recorded as short-term debt, of \$2,422,054 was recorded on the Authority's financial statements as a proceeds from issuance. Interest on the Series M bond ranges from 4.25-5.15 and the bonds mature on May 1, 2044.

Series N—On November 15, 2012, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series H bonds with EFC Sewer System Revenue Bonds, Series N in the amount of \$21,671,564. Prior to issuing the replacement note, the Authority paid \$658,436 in Series H principal payments in the current year. Interest on the Series N bond ranges from 3.85%-4.90% and the bonds mature on April 15, 2032. As a result, \$21,671,564 of Series H Bonds were considered defeased and the liability for those bonds has been removed from the Authority's financial statements. The replacement bonds were issued for the same amount outstanding on the Series H Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$772,721.

Series O—On January 28, 2021, the Authority refinanced its short-term EFC loan payable to long-term debt in the amount of \$7,936,860. Series O is interest free and matures on September 14, 2050.

Environmental Impact Bonds—On June 16, 2021, the Authority issued 2021 Sewer System Environmental Impact Bonds totaling \$49,160,000 at a premium of \$4,853,394. Related to the EIB, the Authority set a June 15, 2028 target for its RainCheck Projects to achieve the "Outcome Threshold" of at least 200 acres of impervious surface area (such as asphalt roads) managed with the aim of minimizing the frequency and severity of combined sewer overflow ("CSO") events within the City of Buffalo (the "City"). The RainCheck Projects consist of stormwater management infrastructure, such as tree planters, rain gardens, use of permeable pavement, and underground infiltration, which aim to reduce the flow of stormwater into the Authority's sewer collection system, thereby minimizing the frequency and severity of CSO events—the discharge of a mix of stormwater and untreated sewage—within the City. When the Authority meets the Outcome Threshold by June

15, 2028, subject to independent verification by a third-party engineering firm, it can call the EIB at par at seven years after issuance. The Authority is looking at Green and Gray infrastructure solutions to address the projected increase in annual rainfall events and adapt to the ongoing effects of climate change. The RainCheck Projects consist of stormwater management infrastructure to reduce the flow of stormwater into the Authority's sewer collection system; thereby minimizing the frequency and severity of CSO events. Currently, the Authority is achieving a greater than 91.3% capture rate of combined stormwater with an expected rate of 97.2% under its RainCheck Projects. The Authority's Bonds are the largest public Environmental Impact Bond ever issued in the municipal bond market. The issuance comprises three types of bond components. The first component is serial bonds totaling \$20,505,000 that carry interest rates ranging from 3.00-5.00 percent. The second component of the issuance is step coupon bonds totaling \$23,625,000 which carry an interest rate of 1.75 percent. The last component of the issuance is term bonds totaling \$5,030,000. The term bonds carry an interest rate of 4.00 percent. The final component of the bonds mature no later than June 15, 2051.

Rate Covenant—The Authority has covenanted that from time to time and as often as it shall appear necessary, the rates, charges, rents, sewer rents, fees and assessments established for the Sewer System will be adjusted whenever necessary to cause the revenues collected in each fiscal year from the Sewer System to be at least equal to the Minimum Revenue Requirement, which shall be equal to the sum of (i) the amount estimated to be required in the current fiscal year to pay operating expenses and to meet the debt service reserve requirement and the Renewal and Extension Requirement, plus (ii) 120% of debt service for such fiscal year.

The Sewer System Revenue Bond transactions of the Authority for the year ended June 30, 2024 is presented below:

Description	Interest Rate	Issue/ Maturity	Balance 7/1/2023	Additions	Payments	Balance 6/30/2024
Series J1	4.06-4.63	2014/2033	\$ 3,223,126	\$ -	\$ (245,000)	\$ 2,978,126
Series K1	4.25-5.15	2014/2033	2,284,142	-	(995,000)	1,289,142
Series L1	4.17-4.86	2015/2035	5,051,881	-	(270,000)	4,781,881
Series M	4.25-5.15	2014/2044	6,485,000	-	(165,000)	6,320,000
Series N	3.85-4.90	2012/2031	12,381,564	-	(285,000)	12,096,564
Series O	N/A	2021/2051	7,509,883	-	(1,230,000)	6,279,883
Environmental Impact Bonds	3.00-5.00	2021/2051	46,830,000	-	(218,948)	46,611,052
Total			<u>\$ 83,765,596</u>	<u>\$ -</u>	<u>\$ (3,408,948)</u>	<u>\$ 80,356,648</u>

Amortization of Bond Premium—On June 16, 2021, the Authority issued Environmental Impact Bonds and received a bond premium totaling \$4,853,394. The premium is being amortized on a straight-line annual basis over the life of the bonds with a maturity date of June 15, 2051. As of June 30, 2024, the Authority's total unamortized premium is \$4,368,054.

Compensated Absences—The Authority records the value of compensated absences in the government wide financial statements. The liability for compensated absences consists of unpaid accumulated annual sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The annual budgets of the operating funds provide for these benefits as they become due. At June 30, 2024, compensated absences amounted to \$1,281,477, of which \$64,074 is considered due within one year.

OPEB Liability—As explained in Note 7, the Authority provides health care benefits for retirees, spouses, and their covered dependents. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Authority's annual OPEB cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The total long-term OPEB liability is estimated to be \$57,903,302 at June 30, 2024.

Judgments and Claims—As explained in Note 8, judgments and claims represents workers' compensation and general liability claims incurred. The value of the liability within the government-wide statements at June 30, 2024 is \$2,543,000, with \$127,150 representing the estimated amount due within one year.

The maturity schedule of the Authority's indebtedness is presented below:

Year Ending June 30,	Bonds Payable	Premium on Bonds payable	Compensated Absences*	OPEB Obligation	Judgments and Claims*	Net Pension Liability	Total
2025	\$ 3,517,597	\$ 161,780	\$ 64,074	\$ -	\$ 127,150	\$ -	\$ 3,870,601
2026	3,626,231	161,780	-	-	-	-	3,788,011
2027	3,744,895	161,780	-	-	-	-	3,906,675
2028	3,868,544	161,780	-	-	-	-	4,030,324
2029	3,837,193	161,780	-	-	-	-	3,998,973
2030-2034	20,024,534	808,900	-	-	-	-	20,833,434
2035-2039	11,753,811	808,900	-	-	-	-	12,562,711
2040-2044	12,128,159	808,900	-	-	-	-	12,937,059
2045-2049	12,194,385	808,900	-	-	-	-	13,003,285
2050-2054	5,661,299	323,554	-	-	-	-	5,984,853
Thereafter	-	-	1,217,403	57,903,302	2,415,850	7,113,049	68,649,604
	<u>\$ 80,356,648</u>	<u>\$ 4,368,054</u>	<u>\$ 1,281,477</u>	<u>\$ 57,903,302</u>	<u>\$ 2,543,000</u>	<u>\$ 7,113,049</u>	<u>\$ 153,565,530</u>

The General Fund typically has been used to liquidate the liability for compensated absences, OPEB obligation, judgments and claims, and net pension liability.

*Payment of compensated absences and judgments and claims are dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management has estimated its current portion of such liabilities.

Interest requirements on bonds payable are shown on the following page.

<u>Year Ending June 30,</u>	<u>Interest</u>
2025	\$ 2,657,615
2026	2,514,853
2027	2,366,249
2028	2,198,008
2029	2,200,424
2030-2034	8,847,574
2035-2039	6,580,067
2040-2044	5,132,608
2045-2049	2,659,750
2050-2054	303,787
Total	<u>\$ 35,460,935</u>

Defeased Debt—The Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. In each instance, the principal amount of the replacement bonds was equivalent to the amount outstanding of the old bonds at the time of issuance. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. Principal balances of bonds outstanding at June 30, 2024 that are considered defeased are presented below:

Series H	\$ 12,045,000
Series J	2,953,126
Series K	2,119,142
Series L	4,766,881
Total	<u>\$ 21,884,149</u>

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ♦ **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construct or improvement of these assets reduce the balance in this category. The table below presents a reconciliation of capital assets (net of accumulated depreciation), net of total bonded indebtedness to net investments in capital assets.

Capital assets, net of accumulated depreciation	\$ 374,643,159
Less: Outstanding bonds payable issued for capital acquisition	(80,356,648)
Premium on bonds payable	(4,368,054)
General Projects Fund accounts payable	(8,135,364)
EFC note payable	(8,682,641)
Retainage payable	(1,852,302)
Add: Remaining debt reserve from issuance not used for capital asset acquisition	<u>12,237,489</u>
Net investment in capital assets	<u>\$ 283,485,639</u>

- ◆ ***Restricted Net Position***—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Authority did not report restricted net position at June 30, 2024.
- ◆ ***Unrestricted Net Position***—This category represents net position of the Authority not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by Authority at June 30, 2024 includes:

- ◆ ***Prepaid Items***—Representing the portion of fund balance, \$242,607 comprised of prepaid expenditures. This balance is nonspendable as the balance does not represent an available resource.

In the fund financial statements, restricted fund balance are amounts constrained to specific purposes (such as grants, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance amounts are approved by the Board that will be placed in legal reserves (and thereby restricted), but at the end of the fiscal year the dollar amount is unknown. As such, the General Manager is authorized by the Board to establish a funding plan with specific dollar amounts to be determined subsequent to the Authority's fiscal year end. The amounts must be approved by the majority vote of the Board prior to the release of the audited financial statements. Restrictions of the Authority at June 30, 2024 are presented below:

- ◆ ***Restricted for Debt Service***—Represents resources, \$4,700,744, that have been legally restricted for principal and interest payments that will be made in future periods.
- ◆ ***Restricted for Capital Projects***—Represents resources legally restricted for the financial resources to be used for acquisition, construction or renovation of major capital facilities or equipment. At June 30, 2024, the General Projects Fund reported \$7,536,745.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a resolution of the Authority's Board, which is considered a formal action of the Authority's highest level of decision-making authority. Fund balances are committed by the Chair of the Board and approved by the Board; however, at the end of the fiscal year the dollar amount is unknown. As such, with the exception of committed to encumbrances, the amounts are to be determined by the General Manager based upon the amounts available, the planned projects and other financing sources. Commitments of the Authority at June 30, 2024 are shown below:

- ◆ ***Committed to Encumbrances***—Represents resources to cover the amount of outstanding purchase orders or encumbrances related to unperformed (executory) contracts for goods and services. At June 30, 2024, the Authority has \$6,500,676 and \$59,577,998 of fund balance committed to encumbrances within its General Fund and General Projects Fund, respectively.
- ◆ ***Committed to Loss Contingencies***—Representing funds, \$4,000,000, accumulated for noninsured liability and casualty losses within the General Fund.

- ♦ **Committed to Capital Projects**—Representing funds set aside for the centrifuge project, incinerator rehabilitation, sewer relining and various other improvements. The Authority’s five-year capital plan requires future financing. Management anticipates financing the aforementioned plan through the current designation, future contributions from operations and/or debt financing. At June 30, 2024, the Authority has \$20,507,711 of fund balance committed to capital projects within its General Fund.

In the fund financial statements, assignments are amounts that are subject to a purpose constraint that represents an intended use established by the Board, or by their designated body or official. The Board has authorized the General Manager to make a determination of the assigned amounts of fund balance. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of June 30, 2024, the Authority did not report any assigned fund balance.

Unassigned fund balance represents General Fund amounts that are available for any purpose. The Authority’s target is to maintain an unassigned fund balance of not less than 15% of annual operating expenditures excluding transfers, for the fiscal year. The General Fund reports unassigned fund balance at June 30, 2024 of \$10,000,000.

If the Authority must use funds for emergency expenditures the Board shall authorize the Chair of the Board to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the Authority will use unassigned fund balance.

12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification or to comply with debt covenants, the release of debt reserves, the payment of debt, and to fund capital projects.

Fund	Transfers in:			Total
	General Fund	General Projects Fund	Debt Service Fund	
Transfers out:				
General Fund	\$ -	\$ 10,670,400	\$ 6,203,338	\$ 16,873,738
Debt Service Fund	109,039	-	-	109,039
Total	<u>\$ 109,039</u>	<u>\$ 10,670,400</u>	<u>\$ 6,203,338</u>	<u>\$ 16,982,777</u>

13. LABOR CONTRACTS

Authority employees are represented by two bargaining units. The Communication Workers of America and The Civil Service Employees Association contract have been negotiated through June 30, 2026.

14. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Authority considers encumbrances significant if they are in excess of \$400,000. As of June 30, 2024, the Authority reported significant encumbrances as shown below:

General Fund:	
Utilities	\$ 1,034,914
General Projects Fund:	
Sewer Maintenance	\$ 7,334,800
Sewer Maintenance	6,860,597
Sewer Maintenance	5,987,000
Consulting Services	4,835,434
Sewer Maintenance	4,814,712
Sewer Maintenance	3,166,678
Sewer Maintenance	2,155,984
Sewer Maintenance	1,671,266
Sewer Maintenance	1,230,000
Consulting Services	1,096,300
Sewer Maintenance	1,059,314
Sewer Maintenance	1,048,029
Sewer Maintenance	963,637
Sewer Maintenance	838,300
Consulting Services	720,450
Sewer Maintenance	635,894
Sewer Maintenance	625,582
Sewer Maintenance	497,854
Sewer Maintenance	458,009
Sewer Maintenance	457,798
Sewer Maintenance	437,653
Sewer Maintenance	411,124

15. CONTINGENCIES

Litigation—The Authority is involved in various litigation arising in the ordinary course of its operations. Based on consultation with its Law Department and Counsel, it is the opinion of the Authority that the settlement of such pending litigation, if any, is adequately provided for with amounts accumulated in the designation for loss contingencies.

Pollution Remediation Obligations—On March 18, 2014, the Authority's Long Term Control Plan to reduce the amount of sewage and storm-water run-off that flow from the City's combined sewer system was approved by the U.S. Environmental Protection Agency and the New York State Department of Environmental Conservation. The Authority has committed to investing \$380 million on these projects over 20 years. The Authority plans to fund these projects with committed fund balance and long-term financing, therefore, will record a liability when such financing is obtained.

Grants—In the normal course of operations, the Authority receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount of disallowance, if any, cannot be determined at this time, although the Authority expects any such amount to be immaterial.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2024, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

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BUFFALO SEWER AUTHORITY
Schedule of the Authority's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Authority's proportion of the net pension liability	0.0483091%	0.0497476%	0.0498620%	0.0435685%	0.0425097%	0.0399819%	0.0410190%	0.0363879%	0.0352092%	0.0335492%
Authority's proportionate share of the net pension liability (asset)	<u>\$ 7,113,049</u>	<u>\$ 10,667,882</u>	<u>\$ (4,076,013)</u>	<u>\$ 43,383</u>	<u>\$ 11,256,816</u>	<u>\$ 2,832,840</u>	<u>\$ 1,323,865</u>	<u>\$ 3,419,086</u>	<u>\$ 5,651,170</u>	<u>\$ 1,133,375</u>
Authority's covered payroll	15,205,971	13,838,412	14,313,134	13,240,783	12,306,995	11,621,785	11,083,532	11,382,495	10,139,681	9,405,983
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	46.8%	77.1%	-28.5%	0.3%	91.5%	24.4%	11.9%	30.0%	55.7%	12.0%
Plan fiduciary net position as a percentage of the total net pension liability	93.9%	103.7%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

BUFFALO SEWER AUTHORITY
Schedule of the Authority's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,593,567	\$ 1,469,544	\$ 1,904,359	\$ 1,644,235	\$ 1,571,827	\$ 1,534,250	\$ 1,607,903	\$ 1,536,673	\$ 1,589,974	\$ 1,743,330
Contributions in relation to the contractually required contribution	(1,593,567)	(1,469,544)	(1,904,359)	(1,644,235)	(1,571,827)	(1,534,250)	(1,607,903)	(1,536,673)	(1,589,974)	(1,743,330)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	15,866,643	13,958,898	13,758,449	13,373,649	\$ 12,654,706	\$ 11,734,497	\$ 11,548,410	\$ 11,255,586	\$ 10,255,506	\$ 6,857,982
Contributions as a percentage of employee payroll	10.0%	10.5%	13.8%	12.3%	12.4%	13.1%	13.9%	13.7%	15.5%	25.4%

BUFFALO SEWER AUTHORITY
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years*

	Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 1,901,984	\$ 2,377,456	\$ 3,099,523	\$ 1,378,998	\$ 1,512,328	\$ 1,473,888	\$ 1,462,603	\$ 1,390,270
Interest	2,241,650	2,172,761	2,026,527	1,983,057	2,876,990	3,236,846	3,205,497	2,640,860
Difference between expected and actual experience	(2,169,440)	(9,123,449)	(6,750,689)	5,995,452	(18,829,962)	(17,231,443)	1,170,482	9,438,760
Changes of assumptions	(1,471,807)	(9,592,693)	(7,095,871)	1,645,174	13,821,608	9,346,819	2,772,815	(4,841,128)
Benefit payments	(2,831,694)	(3,055,757)	(3,410,870)	(2,919,069)	(2,894,460)	(3,314,543)	(3,177,531)	(2,966,529)
Net changes in total OPEB liability	(2,329,307)	(17,221,682)	(12,131,380)	8,083,612	(3,513,496)	(6,488,433)	5,433,866	5,662,233
Total OPEB liability—beginning	60,232,609	77,454,291	89,585,671	81,502,059	85,015,555	91,503,988	86,070,122	80,407,889
Total OPEB liability—ending	\$ 57,903,302	\$ 60,232,609	\$ 77,454,291	\$ 89,585,671	\$ 81,502,059	\$ 85,015,555	\$ 91,503,988	\$ 86,070,122
Plan fiduciary net position								
Contributions—employer	\$ 2,831,694	\$ 3,055,757	\$ 3,410,870	\$ 2,919,069	\$ 2,894,460	\$ 3,314,543	\$ 3,177,531	\$ 2,966,529
Benefit payments	(2,831,694)	(3,055,757)	(3,410,870)	(2,919,069)	(2,894,460)	(3,314,543)	(3,177,531)	(2,966,529)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's total OPEB liability—ending	\$ 57,903,302	\$ 60,232,609	\$ 77,454,291	\$ 89,585,671	\$ 81,502,059	\$ 85,015,555	\$ 91,503,988	\$ 86,070,122
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 13,126,107	\$ 12,678,554	\$ 12,702,484	\$ 12,280,050	\$ 12,403,132	\$ 12,016,210	\$ 7,681,522	\$ 7,681,522
Authority's OPEB liability as a percentage of covered employee payroll	441.13%	475.07%	609.76%	729.52%	657.11%	707.51%	1191.22%	1120.48%

*Information prior to the year ended June 30, 2017 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

BUFFALO SEWER AUTHORITY
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Budgetary	Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Sewer rents—general consumers	\$ 61,587,600	\$ 61,587,600	\$ 69,016,355	\$ 7,428,755
Interest on delinquent sewer rents	711,000	711,000	773,444	62,444
Interest on investments	2,760,000	2,760,000	5,731,151	2,971,151
Miscellaneous	1,691,400	1,691,400	3,049,420	1,358,020
Federal aid	3,000,000	3,000,000	850,000	(2,150,000)
Total revenues	<u>69,750,000</u>	<u>69,750,000</u>	<u>79,420,370</u>	<u>9,670,370</u>
EXPENDITURES				
Current:				
General administration	2,314,820	2,569,046	2,232,025	337,021
Wastewater treatment facilities	38,161,478	42,885,828	33,451,280	9,434,548
Industrial waste	1,058,200	1,507,609	1,240,860	266,749
Engineering	1,681,524	1,744,148	1,386,804	357,344
Sewer maintenance	7,621,707	8,542,399	6,584,796	1,957,603
Miscellaneous	7,700,855	5,259,249	4,604,761	654,488
Employee benefits	13,659,464	14,278,208	11,795,305	2,482,903
Total expenditures	<u>72,198,048</u>	<u>76,786,487</u>	<u>61,295,831</u>	<u>15,490,656</u>
Excess (deficiency) of revenues over expenditures	<u>(2,448,048)</u>	<u>(7,036,487)</u>	<u>18,124,539</u>	<u>25,161,026</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	109,039	109,039
Transfers out	(8,044,007)	(18,714,407)	(16,873,738)	1,840,669
Total other financing sources (uses)	<u>(8,044,007)</u>	<u>(18,714,407)</u>	<u>(16,764,699)</u>	<u>1,949,708</u>
Net change in fund balances*	(10,492,055)	(25,750,894)	1,359,840	27,110,734
Fund balances—beginning	<u>33,390,478</u>	<u>33,390,478</u>	<u>33,390,478</u>	<u>-</u>
Fund balances—ending	<u>\$ 22,898,423</u>	<u>\$ 7,639,584</u>	<u>\$ 34,750,318</u>	<u>\$ 27,110,734</u>

* The net change in fund balance was included as a re-appropriation of prior year encumbrances.

The notes to the Required Supplementary Information are an integral part of this schedule.

BUFFALO SEWER AUTHORITY
Notes to the Required Supplementary Information
Year Ended June 30, 2024

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date with a rate of 3.98% for the year ended June 30, 2024, a change from 3.78% for the year ended June 30, 2023. Mortality rates effective June 30, 2024 were updated to rates based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-weighted for General employees, without separate Contingent Survivor mortality, fully generational using scale MP-2021. Finally, the healthcare cost trend rate effective June 30, 2024 is 5.10%, while the ultimate healthcare cost trend rate is 3.86%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Basis of Accounting—An annual budget is adopted on a basis of consistent with generally accepted accounting principles for the General Fund. The General Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Debt Service Fund as it is maintained based on debt schedules.

The appropriated budget is prepared by fund, function, department, and object. The Authority's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e. purchase orders, contracts, and commitments). Encumbrance accounting utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. Under this method, encumbrances outstanding at year-end are reported as commitments of fund balances since they do not constitute expenditures or liabilities. A reconciliation of General Fund fund balance on the GAAP basis to the non-GAAP budgetary basis is shown below.

General Fund fund balance—GAAP basis	\$ 41,250,994
Less: Encumbrances	<u>(6,500,676)</u>
General Fund fund balance—Non-GAAP budgetary basis	<u><u>\$ 34,750,318</u></u>

SUPPLEMENTARY INFORMATION

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BUFFALO SEWER AUTHORITY
Schedule of Revenues and Other Financing Sources—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
SEWER RENTS—GENERAL CONSUMERS				
Assessed sewer rent	\$ 19,852,600	\$ 19,852,600	\$ 19,640,080	\$ (212,520)
Water sewer rent	24,460,000	24,460,000	24,445,837	(14,163)
Industrial waste	3,525,000	3,525,000	4,926,821	1,401,821
Connection privileges outside city	13,750,000	13,750,000	20,003,617	6,253,617
Total sewer rents—general consumers	<u>61,587,600</u>	<u>61,587,600</u>	<u>69,016,355</u>	<u>7,428,755</u>
INTEREST ON DELINQUENT SEWER RENTS				
Interest and penalties on delinquent assessed sewer rent	170,000	170,000	189,858	19,858
Interest and penalties on delinquent sewer rents	541,000	541,000	583,586	42,586
Total interest on delinquent sewer rents	<u>711,000</u>	<u>711,000</u>	<u>773,444</u>	<u>62,444</u>
INTEREST ON INVESTMENTS	<u>2,760,000</u>	<u>2,760,000</u>	<u>5,731,151</u>	<u>2,971,151</u>
MISCELLANEOUS	<u>1,691,400</u>	<u>1,691,400</u>	<u>3,049,420</u>	<u>1,358,020</u>
FEDERAL AID	<u>3,000,000</u>	<u>3,000,000</u>	<u>850,000</u>	<u>(2,150,000)</u>
TOTAL REVENUES	<u>69,750,000</u>	<u>69,750,000</u>	<u>79,420,370</u>	<u>9,670,370</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	109,039	109,039
Total other financing sources	<u>-</u>	<u>-</u>	<u>109,039</u>	<u>109,039</u>
TOTAL REVENUES AND AND OTHER FINANCING SOURCES	<u>\$ 69,750,000</u>	<u>\$ 69,750,000</u>	<u>\$ 79,529,409</u>	<u>\$ 9,779,409</u>

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
GENERAL ADMINISTRATION				
Authority Board Members:				
Personal services - Executive	\$ 13,500	\$ 13,500	\$ 8,468	\$ 5,032
Operating expenditures	17,000	35,861	27,770	8,091
Total Authority Board Members	<u>30,500</u>	<u>49,361</u>	<u>36,238</u>	<u>13,123</u>
Administrative Offices:				
Personal services - Executive	695,582	696,125	673,465	22,660
Personal services - Clerical	807,293	889,926	830,955	58,971
Operating expenditures	<u>555,600</u>	<u>933,634</u>	<u>691,367</u>	<u>242,267</u>
Total Administrative Offices	<u>2,058,475</u>	<u>2,519,685</u>	<u>2,195,787</u>	<u>323,898</u>
GENERAL ADMINISTRATION TOTAL	<u>2,088,975</u>	<u>2,569,046</u>	<u>2,232,025</u>	<u>337,021</u>
WASTEWATER TREATMENT FACILITIES				
Plant Administration:				
Personal services - Executive	517,414	604,366	600,188	4,178
Personal services - Clerical	709,947	711,674	665,477	46,197
Personal services - Supervision	879,728	932,415	916,283	16,132
Operating expenditures	<u>2,426,481</u>	<u>3,038,014</u>	<u>2,309,212</u>	<u>728,802</u>
Total Plant Administration	<u>4,533,570</u>	<u>5,286,469</u>	<u>4,491,160</u>	<u>795,309</u>
Raw Wastewater Pump Station:				
Personal services - Operators	112,620	279,023	278,708	315
Operating expenditures	<u>80,000</u>	<u>146,713</u>	<u>91,958</u>	<u>54,755</u>
Total Raw Wastewater Pump Station	<u>192,620</u>	<u>425,736</u>	<u>370,666</u>	<u>55,070</u>
Screen Room:				
Operating expenditures	<u>164,600</u>	<u>75,264</u>	<u>29,392</u>	<u>45,872</u>
Total Screen Room	<u>164,600</u>	<u>75,264</u>	<u>29,392</u>	<u>45,872</u>
Grit Room:				
Personal services - Operators	241,043	268,462	196,126	72,336
Operating expenditures	<u>248,700</u>	<u>278,961</u>	<u>256,781</u>	<u>22,180</u>
Total Grit Room	<u>489,743</u>	<u>547,423</u>	<u>452,907</u>	<u>94,516</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
Primary Sedimentation:				
Personal services - Operators	101,210	101,210	4,002	97,208
Operating expenditures	<u>56,200</u>	<u>57,838</u>	<u>27,917</u>	<u>29,921</u>
Total Primary Sedimentation	<u>157,410</u>	<u>159,048</u>	<u>31,919</u>	<u>127,129</u>
Secondary Control:				
Personal services - Operators	203,024	277,601	276,741	860
Operating expenditures	<u>53,800</u>	<u>41,941</u>	<u>25,559</u>	<u>16,382</u>
Total Secondary Control	<u>256,824</u>	<u>319,542</u>	<u>302,300</u>	<u>17,242</u>
Primary Control:				
Personal services - Operators	81,906	81,906	4,031	77,875
Operating expenditures	<u>93,300</u>	<u>90,135</u>	<u>86,532</u>	<u>3,603</u>
Total Primary Control	<u>175,206</u>	<u>172,041</u>	<u>90,563</u>	<u>81,478</u>
Gas Compressor Building:				
Operating expenditures	<u>151,250</u>	<u>280,061</u>	<u>161,016</u>	<u>119,045</u>
Settled Wastewater Pump Station:				
Personal services - Operators	93,910	108,077	106,901	1,176
Operating expenditures	<u>1,000</u>	<u>14,320</u>	<u>10,890</u>	<u>3,430</u>
Total Settled Wastewater Pump Station	<u>94,910</u>	<u>122,397</u>	<u>117,791</u>	<u>4,606</u>
Aeration:				
Personal services - Operators	414,366	509,808	507,178	2,630
Operating expenditures	<u>306,875</u>	<u>627,769</u>	<u>480,359</u>	<u>147,410</u>
Total Aeration	<u>721,241</u>	<u>1,137,577</u>	<u>987,537</u>	<u>150,040</u>
Blower Building:				
Operating expenditures	<u>3,574,040</u>	<u>6,352,389</u>	<u>4,743,501</u>	<u>1,608,888</u>
Total Blower Building	<u>3,574,040</u>	<u>6,352,389</u>	<u>4,743,501</u>	<u>1,608,888</u>
Chemical Handling Building:				
Operating expenditures	<u>51,800</u>	<u>49,111</u>	<u>36,818</u>	<u>12,293</u>
Total Chemical Handling Building	<u>51,800</u>	<u>49,111</u>	<u>36,818</u>	<u>12,293</u>
Final Effluent Building:				
Personal services - Operators	192,636	238,494	212,517	25,977
Operating expenditures	<u>2,671,140</u>	<u>2,316,291</u>	<u>2,089,441</u>	<u>226,850</u>
Total Final Effluent Building	<u>2,863,776</u>	<u>2,554,785</u>	<u>2,301,958</u>	<u>252,827</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
Thickener Area:				
Operating expenditures	<u>582,800</u>	<u>633,388</u>	<u>522,822</u>	<u>110,566</u>
Total Thickener Area	<u>582,800</u>	<u>633,388</u>	<u>522,822</u>	<u>110,566</u>
Filter Feed Area:				
Operating expenditures	<u>27,000</u>	<u>40,000</u>	<u>39,850</u>	<u>150</u>
Total Filter Feed Area	<u>27,000</u>	<u>40,000</u>	<u>39,850</u>	<u>150</u>
Sludge Disposal:				
Personal services - Operators	615,545	769,529	767,218	2,311
Operating expenditures	<u>1,889,560</u>	<u>3,306,151</u>	<u>2,101,778</u>	<u>1,204,373</u>
Total Sludge Disposal	<u>2,505,105</u>	<u>4,075,680</u>	<u>2,868,996</u>	<u>1,206,684</u>
Centrifuge:				
Operating expenditures	<u>142,000</u>	<u>441,083</u>	<u>312,125</u>	<u>128,958</u>
Incineration:				
Personal services - Supervision	167,008	253,647	252,402	1,245
Personal services - Operators	738,107	851,890	844,964	6,926
Operating expenditures	<u>3,531,228</u>	<u>4,918,517</u>	<u>3,886,215</u>	<u>1,032,302</u>
Total Incineration	<u>4,436,343</u>	<u>6,024,054</u>	<u>4,983,581</u>	<u>1,040,473</u>
Hamburg Drain Float:				
Operating expenditures	<u>92,905</u>	<u>78,092</u>	<u>49,646</u>	<u>28,446</u>
South Buffalo:				
Operating expenditures	<u>159,651</u>	<u>184,839</u>	<u>154,917</u>	<u>29,922</u>
Hamburg Street:				
Operating expenditures	<u>79,615</u>	<u>85,664</u>	<u>61,986</u>	<u>23,678</u>
Amherst Quarry:				
Operating expenditures	<u>43,200</u>	<u>47,903</u>	<u>29,051</u>	<u>18,852</u>
Babcock Street:				
Operating expenditures	<u>10,000</u>	<u>22,530</u>	<u>15,280</u>	<u>7,250</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
Kelly Island (S):				
Operating expenditures	<u>18,950</u>	<u>14,873</u>	<u>7,945</u>	<u>6,928</u>
Kelly Island (F):				
Operating expenditures	<u>5,000</u>	<u>15,503</u>	<u>5,434</u>	<u>10,069</u>
Kelly Island (X):				
Operating expenditures	<u>126,500</u>	<u>5,910</u>	<u>4,652</u>	<u>1,258</u>
Waterfront Village:				
Operating expenditures	<u>17,600</u>	<u>19,481</u>	<u>2,297</u>	<u>17,184</u>
Tifft Street:				
Operating expenditures	<u>1,450</u>	<u>2,314</u>	<u>1,437</u>	<u>877</u>
Niagara Metering:				
Operating expenditures	<u>14,368</u>	<u>8,558</u>	<u>3,846</u>	<u>4,712</u>
Walden Heights				
Operating expenditures	<u>14,000</u>	<u>18,837</u>	<u>16,477</u>	<u>2,360</u>
Laboratory:				
Personal Services - Technical	445,904	457,435	446,081	11,354
Personal services - Operators	106,347	106,347	100,359	5,988
Operating expenditures	<u>69,950</u>	<u>138,203</u>	<u>76,841</u>	<u>61,362</u>
Total Laboratory	<u>622,201</u>	<u>701,985</u>	<u>623,281</u>	<u>78,704</u>
Maintenance:				
Personal services - Supervision	253,794	415,868	415,775	93
Personal services - Operators	335,427	372,043	362,106	9,937
Personal services - Repair Mechanics	1,112,128	1,171,913	1,130,473	41,440
Operating expenditures	<u>5,706,085</u>	<u>9,231,999</u>	<u>6,003,290</u>	<u>3,228,709</u>
Total Maintenance	<u>7,407,434</u>	<u>11,191,823</u>	<u>7,911,644</u>	<u>3,280,179</u>
Yards and Grounds:				
Personal services - Supervision	147,242	160,992	153,686	7,306
Personal services - Operators	1,430,425	1,545,061	1,506,535	38,526
Operating expenditures	<u>56,800</u>	<u>85,415</u>	<u>58,264</u>	<u>27,151</u>
Total Yards and Grounds	<u>1,634,467</u>	<u>1,791,468</u>	<u>1,718,485</u>	<u>72,983</u>
WASTEWATER TREATMENT FACILITIES TOTAL	<u>31,367,579</u>	<u>42,885,828</u>	<u>33,451,280</u>	<u>9,434,548</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
INDUSTRIAL WASTE				
Industrial Waste Section:				
Personal services - Clerical	56,633	68,511	66,576	1,935
Personal services - Tech and Professional	85,892	85,902	33,326	52,576
Personal services - Operators	427,434	526,256	521,534	4,722
Operating expenditures	<u>285,064</u>	<u>826,940</u>	<u>619,424</u>	<u>207,516</u>
Total Industrial Waste Section	<u>855,023</u>	<u>1,507,609</u>	<u>1,240,860</u>	<u>266,749</u>
INDUSTRIAL WASTE TOTAL	<u>855,023</u>	<u>1,507,609</u>	<u>1,240,860</u>	<u>266,749</u>
ENGINEERING				
Engineering Department:				
Personal services - Operators	1,133,554	1,174,381	979,799	194,582
Operating expenditures	<u>509,979</u>	<u>569,767</u>	<u>407,005</u>	<u>162,762</u>
Total Engineering Department	<u>1,643,533</u>	<u>1,744,148</u>	<u>1,386,804</u>	<u>357,344</u>
ENGINEERING TOTAL	<u>1,643,533</u>	<u>1,744,148</u>	<u>1,386,804</u>	<u>357,344</u>
SEWER MAINTENANCE DEPARTMENT				
Sewer Maintenance Office:				
Personal services - Clerical	168,121	177,203	161,125	16,078
Personal services - Supervision	292,215	348,343	340,180	8,163
Operating expenditures	<u>364,750</u>	<u>349,893</u>	<u>200,142</u>	<u>149,751</u>
Total Sewer Maintenance Office	<u>825,086</u>	<u>875,439</u>	<u>701,447</u>	<u>173,992</u>
Sewer - Repairs:				
Personal services - Supervision	204,403	249,104	245,735	3,369
Personal services - Operators	113,663	113,663	13,790	99,873
Personal services - Repair Mechanics	914,900	946,652	927,039	19,613
Operating expenditures	<u>625,000</u>	<u>941,423</u>	<u>661,086</u>	<u>280,337</u>
Total Sewer - Repairs	<u>1,857,966</u>	<u>2,250,842</u>	<u>1,847,650</u>	<u>403,192</u>
Sewer - Cleaning:				
Personal services - Supervision	415,359	515,178	510,225	4,953
Personal services - Operators	1,125,855	1,128,415	766,766	361,649
Operating expenditures	<u>80,000</u>	<u>102,095</u>	<u>54,342</u>	<u>47,753</u>
Total Sewer - Cleaning	<u>1,621,214</u>	<u>1,745,688</u>	<u>1,331,333</u>	<u>414,355</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
SWRI:				
Operating expenditures	66,500	43,164	25,470	17,694
Total SWRI	66,500	43,164	25,470	17,694
Automotive Equipment Service - Garage:				
Personal services - Repairman	237,408	239,839	143,160	96,679
Operating expenditures	1,834,800	3,387,427	2,535,736	851,691
Total Auto Equipment Service - Garage	2,072,208	3,627,266	2,678,896	948,370
SEWER MAINTENANCE				
DEPARTMENT TOTAL	6,442,974	8,542,399	6,584,796	1,957,603
MISCELLANEOUS				
Financial and Accounting Services				
City of Buffalo services	7,400,761	4,913,155	4,412,531	500,624
Fiscal agent expense	190,000	190,000	83,808	106,192
Sewer rent adjustment fund	30,000	50,000	33,512	16,488
Judgments, claims, and other	50,000	106,094	74,910	31,184
MISCELLANEOUS TOTAL	7,670,761	5,259,249	4,604,761	654,488
EMPLOYEE BENEFITS				
Hospital and surgical insurance - retirees	7,256,448	9,831,761	7,363,383	2,468,378
Hospital and surgical insurance - active	2,100	398,813	394,780	4,033
Group life insurance	30,000	34,977	30,693	4,284
Group dental insurance	150,000	117,075	117,075	-
Payments in lieu of health insurance	60,000	48,600	48,600	-
Health and welfare plan	70,000	98,178	90,424	7,754
Social security	1,250,000	1,272,509	1,272,509	-
State retirement system	2,000,000	1,711,821	1,711,821	-
Unemployment insurance	20,000	26,309	26,309	-
Workers' compensation and death awards	700,000	659,263	659,263	-
Plan Administration	15,000	15,408	16,954	(1,546)
Reserve pay for unused sick leave	83,600	63,494	63,494	-
EMPLOYEE BENEFITS TOTAL	11,637,148	14,278,208	11,795,305	2,482,903

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2024

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
TOTAL OPERATING EXPENDITURES	<u>61,705,993</u>	<u>76,786,487</u>	<u>61,295,831</u>	<u>15,490,656</u>
OPERATING TRANSFERS				
Transfers to construction	-	10,670,400	10,670,400	-
Transfers to debt service fund	<u>8,044,007</u>	<u>8,044,007</u>	<u>6,203,338</u>	<u>1,840,669</u>
TOTAL OPERATING TRANSFERS	<u>8,044,007</u>	<u>18,714,407</u>	<u>16,873,738</u>	<u>1,840,669</u>
TOTAL EXPENDITURES AND OPERATING TRANSFERS	<u>\$ 69,750,000</u>	<u>\$ 95,500,894</u>	<u>\$ 78,169,569</u>	<u>\$ 17,331,325</u>

(concluded)

BUFFALO SEWER AUTHORITY
Schedule of Sewer Rents Receivable—General Fund
June 30, 2024

	<u>Sewer Rents Receivable</u>	<u>Allowance for Uncollectible Receivables</u>	<u>Net Sewer Rents Receivable</u>
SEWER RENTS:			
Based on assessed value:			
General consumers - current and prior years	\$ 875,876	\$ 639,980	\$ 235,896
Other miscellaneous	5,634	4,313	1,321
Based on water consumption:			
Flat rate	3,162,296	2,877,738	284,558
Metered rates:			
Monthly	719,324	86,738	632,586
Quarterly - District W-E-S	12,007,312	8,609,611	3,397,701
Miscellaneous - current year	16,215	-	16,215
Outside connection privileges	9,526,509	-	9,526,509
Industrial waste treatment surcharge	301,012	59,079	241,933
Late payment penalties	<u>10,190,424</u>	<u>10,016,788</u>	<u>173,636</u>
 TOTAL	 <u>\$ 36,804,602</u>	 <u>\$ 22,294,247</u>	 <u>\$ 14,510,355</u>

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STATISTICAL SECTION

(UNAUDITED)

This part of the Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents	Page
Financial Trends	67
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	
Revenue Capacity	75
<i>These schedules contain information to help the reader assess the Authority's most significant local revenue source, the charges for services.</i>	
Debt Capacity	80
<i>These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	82
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	
Operating Information	84
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</i>	

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BUFFALO SEWER AUTHORITY
Table I—Net Position by Component—Governmental Activities
Last Ten Fiscal Years
(Unaudited)

	June 30,									
	2015 ¹	2016	2017 ²	2018	2019	2020	2021	2022	2023	2024
Net position:										
Net investment in										
capital assets	\$ 229,110,179	\$ 243,612,081	\$ 261,619,145	\$ 274,422,109	\$ 285,382,764	\$ 290,093,932	\$ 298,463,105	\$ 304,597,516	\$ 296,117,647	\$ 283,485,639
Unrestricted	<u>83,207,601</u>	<u>78,427,311</u>	<u>(39,108)</u>	<u>(3,055,941)</u>	<u>(4,575,968)</u>	<u>(4,801,258)</u>	<u>(5,795,699)</u>	<u>(10,097,774)</u>	<u>7,269,446</u>	<u>45,115,131</u>
Total net position	<u>\$ 312,317,780</u>	<u>\$ 322,039,392</u>	<u>\$ 261,580,037</u>	<u>\$ 271,366,168</u>	<u>\$ 280,806,796</u>	<u>\$ 285,292,674</u>	<u>\$ 292,667,406</u>	<u>\$ 294,499,742</u>	<u>\$ 303,387,093</u>	<u>\$ 328,600,770</u>

Note: ¹ During the year ended June 30, 2015, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transactions for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of July 1, 2014 was restated.

² During the year ended June 30, 2017, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, net position as of July 1, 2016 was restated.

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table II—Changes in Net Position—Governmental Activities
Last Ten Fiscal Years
(Unaudited)

	Year ended June 30,									
	2015 ¹	2016	2017 ²	2018	2019	2020	2021	2022	2023	2024
Program revenues:										
Charges for services	\$ 57,473,938	\$ 54,155,310	\$ 57,883,355	\$ 57,280,969	\$ 54,353,821	\$ 51,083,531	\$ 59,681,672	\$ 56,746,834	\$ 57,120,476	\$ 69,789,799
Capital grants and contributions	2,439,183	636,523	1,340,322	2,793,871	1,535,958	2,153,231	5,304,600	1,664,714	9,639,826	17,822,402
Total program revenues	59,913,121	54,791,833	59,223,677	60,074,840	55,889,779	53,236,762	64,986,272	58,411,548	66,760,302	87,612,201
Program expenses:										
Operating expenses	44,831,768	44,955,404	48,085,232	51,218,181	47,095,007	49,265,878	55,299,452	54,156,691	59,836,347	65,732,194
Non-operating expenses	1,988,447	2,195,071	1,866,564	1,812,468	1,732,411	1,654,444	2,681,091	2,857,953	2,754,003	2,611,692
Total program expenses	46,820,215	47,150,475	49,951,796	53,030,649	48,827,418	50,920,322	57,980,543	57,014,644	62,590,350	68,343,886
Total net program revenue	13,092,906	7,641,358	9,271,881	7,044,191	7,062,361	2,316,440	7,005,729	1,396,904	4,169,952	19,268,315
General revenues:										
Unrestricted investment earnings	259,373	343,483	809,462	2,455,992	2,297,237	2,070,426	367,760	410,703	4,264,453	5,876,888
Unallocated revenues	1,657,804	1,736,771	1,915,830	285,948	81,030	99,012	1,243	24,729	452,946	68,474
Total general revenues	1,917,177	2,080,254	2,725,292	2,741,940	2,378,267	2,169,438	369,003	435,432	4,717,399	5,945,362
Change in net position	15,010,083	9,721,612	11,997,173	9,786,131	9,440,628	4,485,878	7,374,732	1,832,336	8,887,351	25,213,677
Governmental activities, beginning of year	298,377,509	312,317,780	322,039,392	261,580,037	271,366,168	280,806,796	285,292,674	292,667,406	294,499,742	303,387,093
Restatement ^{1,2}	(1,069,812)	-	(72,456,528)	-	-	-	-	-	-	-
Governmental activities, end of year	\$ 312,317,780	\$ 322,039,392	\$ 261,580,037	\$ 271,366,168	\$ 280,806,796	\$ 285,292,674	\$ 292,667,406	\$ 294,499,742	\$ 303,387,093	\$ 328,600,770

Note: ¹ During the year ended June 30, 2015, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transactions for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

² During the year ended June 30, 2017, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table III—Program Revenues—Charges for Services
and Capital Grants and Contributions by Source
Last Ten Fiscal Years
(Unaudited)

Program Revenues—Charges for Services									
Year Ended June 30,	Total Charges for Services	Assessed Sewer Rent	Water Sewer Rent	Industrial Waste	Connection Privileges O/S City	Interest and Penalties		Capital Grants and Contributions	
						Delinquent Assessed Sewer Rent	Sewer Rent		
2015	\$ 57,473,938	\$ 12,254,685	\$ 27,065,019	\$ 2,081,615	\$ 14,993,203	\$ 210,573	\$ 868,843	\$ 2,439,183	
2016	54,155,310	12,247,660	27,177,999	2,425,996	11,049,188	281,832	972,635	636,523	
2017	57,883,355	12,108,674	26,993,253	1,944,290	15,708,267	197,398	931,473	1,340,322	
2018	57,280,969	12,217,483	27,173,917	3,030,640	13,832,219	211,588	815,122	2,793,871	
2019	54,353,821	12,178,851	27,081,589	3,699,578	10,367,269	207,607	818,927	1,535,958	
2020	51,083,531	12,157,349	25,477,782	4,039,805	8,576,622	155,361	676,612	2,153,231	
2021	59,681,672	12,127,418	24,704,647	3,561,369	18,827,354	157,948	302,936	5,304,600	
2022	56,746,834	12,052,518	24,716,758	4,505,575	14,874,382	147,996	449,605	1,664,714	
2023	57,120,476	12,106,289	26,044,993	5,133,775	12,665,958	502,969	666,492	9,639,826	
2024	69,789,799	19,640,080	24,445,837	4,926,821	20,003,617	189,858	583,586	17,822,402	

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table IV—Operating Expenses
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Total	General Administration	Wastewater Treatment Facilities	Industrial Waste	Engineering	Sewer Maintenance
2015	\$ 44,831,768	\$ 2,376,046	\$ 34,608,043	\$ 766,238	\$ 1,918,665	\$ 5,162,776
2016	44,955,404	2,532,347	34,482,810	777,510	2,123,261	5,039,476
2017	48,085,232	2,472,798	37,671,328	921,260	1,521,624	5,498,222
2018	51,218,181	2,460,476	39,600,755	909,582	1,738,925	6,508,443
2019	47,095,007	2,524,153	37,456,299	793,948	1,481,299	4,839,308
2020	49,265,878	2,809,113	39,206,343	941,024	1,638,798	4,670,600
2021	55,299,452	2,525,271	43,093,375	1,146,814	1,555,927	6,978,065
2022	54,156,691	2,388,226	42,880,940	1,069,875	1,667,180	6,150,470
2023	59,836,347	2,503,727	48,369,983	979,298	1,527,438	6,455,901
2024	65,732,194	2,652,735	52,241,081	1,492,471	1,754,036	7,591,871

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table V—General Revenues and Expenses
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	General Revenues		Total Nonoperating Revenues	Nonoperating Expenses
	Interest Revenue	Other Revenue		Interest and Fiscal Charges
2015	\$ 259,373	\$ 1,657,804	\$ 1,917,177	\$ (1,988,447)
2016	343,483	1,736,771	2,080,254	(2,195,071)
2017	809,462	1,915,830	2,725,292	(1,866,564)
2018	2,455,992	285,948	2,741,940	(1,812,468)
2019	2,297,237	81,030	2,378,267	(1,732,411)
2020	2,070,426	99,012	2,169,438	(1,654,444)
2021	367,760	1,243	369,003	(2,681,091)
2022	410,703	24,729	435,432	(2,857,953)
2023	4,264,453	452,946	4,717,399	(2,754,003)
2024	5,876,888	68,474	5,945,362	(2,611,692)

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table VI—Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund										
Nonspendable	\$ 130,520	\$ 130,385	\$ 130,324	\$ 131,906	\$ 145,671	\$ 179,925	\$ 197,423	\$ 210,285	\$ 228,023	\$ 242,607
Committed	27,334,782	24,377,931	27,034,826	25,383,363	24,530,527	21,547,824	26,582,067	22,431,078	23,162,455	31,008,387
Unassigned	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Total General Fund	<u>\$ 37,465,302</u>	<u>\$ 34,508,316</u>	<u>\$ 37,165,150</u>	<u>\$ 35,515,269</u>	<u>\$ 34,676,198</u>	<u>\$ 31,727,749</u>	<u>\$ 36,779,490</u>	<u>\$ 32,641,363</u>	<u>\$ 33,390,478</u>	<u>\$ 41,250,994</u>
All other governmental funds:										
Restricted	\$ 6,837,330	\$ 4,735,110	\$ 4,515,791	\$ 4,329,611	\$ 7,373,081	\$ 4,352,946	\$ 57,695,313	\$ 57,944,412	\$ 29,564,231	\$ 12,237,489
Committed	<u>57,401,759</u>	<u>56,887,459</u>	<u>51,307,341</u>	<u>53,827,377</u>	<u>42,882,543</u>	<u>40,221,872</u>	<u>46,837,018</u>	<u>44,602,572</u>	<u>59,903,005</u>	<u>59,577,998</u>
Total all other governmental funds	<u>\$ 64,239,089</u>	<u>\$ 61,622,569</u>	<u>\$ 55,823,132</u>	<u>\$ 58,156,988</u>	<u>\$ 50,255,624</u>	<u>\$ 44,574,818</u>	<u>\$ 104,532,331</u>	<u>\$ 102,546,984</u>	<u>\$ 89,467,236</u>	<u>\$ 71,815,487</u>

Source: Buffalo Sewer Authority Annual Financial Statements

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BUFFALO SEWER AUTHORITY
Table VII—Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Sewer rents—general consumers	\$ 56,394,522	\$ 52,900,843	\$ 56,754,484	\$ 56,254,259	\$ 53,327,287	\$ 50,251,558	\$ 59,220,788	\$ 56,149,233	\$ 55,951,015	\$ 69,016,355
Interest on delinquent sewer rents	1,079,416	1,254,467	1,128,871	1,026,710	1,026,534	831,973	460,884	597,601	1,169,461	773,444
Use of money and property	259,373	343,483	809,462	2,455,992	2,297,237	2,070,426	367,760	410,703	4,264,453	5,876,888
Miscellaneous	1,657,804	1,736,771	2,384,830	1,486,448	1,259,938	1,852,243	1,001,110	1,286,125	1,427,067	3,059,086
State aid	2,439,183	255,616	128,554	265,565	-	-	-	-	3,327,391	9,641,039
Federal aid	-	380,907	742,768	1,327,806	357,050	400,000	4,304,733	403,318	-	850,000
Total revenues	61,830,298	56,872,087	61,948,969	62,816,780	58,268,046	55,406,200	65,355,275	58,846,980	66,139,387	89,216,812
EXPENDITURES										
Current:										
General administration	1,148,367	1,246,161	1,420,367	1,457,672	1,729,238	1,944,811	1,678,422	1,728,515	1,824,940	1,950,787
Wastewater treatment facilities	17,015,818	16,698,109	16,607,884	17,882,344	18,743,263	19,781,028	21,680,194	23,179,049	27,151,593	30,193,647
Industrial waste	428,252	426,198	529,169	538,868	543,915	651,492	762,230	774,338	713,800	1,097,544
Engineering	888,776	1,145,216	874,016	1,030,200	1,014,803	1,134,576	1,034,147	1,206,647	1,113,334	1,289,895
Sewer maintenance	2,918,739	4,135,460	3,103,108	4,194,931	3,787,045	3,778,964	4,532,469	4,751,684	3,934,133	5,125,090
Miscellaneous	4,500,706	4,138,690	4,990,868	4,208,439	4,104,067	4,026,708	4,384,880	4,102,332	5,197,275	4,604,761
Employee benefits	8,601,974	8,564,882	9,128,640	9,325,229	9,318,973	9,850,818	10,300,069	10,025,523	10,092,292	10,533,431
Debt service:										
Principal	1,580,000	2,032,438	1,640,000	1,680,000	1,725,000	1,770,000	1,810,000	3,226,649	3,310,298	3,408,948
Interest and fiscal charges	1,966,969	2,212,115	1,867,989	1,805,638	1,739,476	1,670,332	2,634,715	3,038,300	2,936,011	2,794,390
Capital outlay	10,372,920	21,846,324	24,929,531	20,009,484	24,302,701	19,426,726	13,479,119	12,937,417	22,196,344	38,009,552
Total expenditures	49,422,521	62,445,593	65,091,572	62,132,805	67,008,481	64,035,455	62,296,245	64,970,454	78,470,020	99,008,045
Excess (deficiency) of revenues over expenditures	12,407,777	(5,573,506)	(3,142,603)	683,975	(8,740,435)	(8,629,255)	3,059,030	(6,123,474)	(12,330,633)	(9,791,233)

(continued)

BUFFALO SEWER AUTHORITY
Table VII—Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

(concluded)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OTHER FINANCING SOURCES (USES)										
Transfers in	28,448,228	24,194,609	21,597,825	23,809,426	19,599,200	16,825,027	12,282,014	17,192,066	11,665,967	16,982,777
Transfers out	(28,448,228)	(24,194,609)	(21,597,825)	(23,809,426)	(19,599,200)	(16,825,027)	(12,282,014)	(17,192,066)	(11,665,967)	(16,982,777)
Issuance of long-term debt	2,422,054	-	-	-	-	-	57,096,860	-	-	-
Issuance of refunding bonds	8,967,268	7,094,679	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(8,967,268)	(7,094,679)	-	-	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-	4,853,394	-	-	-
Total other financing sources (uses)	2,422,054	-	-	-	-	-	61,950,254	-	-	-
Net change in fund balances	<u>\$ 14,829,831</u>	<u>\$ (5,573,506)</u>	<u>\$ (3,142,603)</u>	<u>\$ 683,975</u>	<u>\$ (8,740,435)</u>	<u>\$ (8,629,255)</u>	<u>\$ 65,009,284</u>	<u>\$ (6,123,474)</u>	<u>\$ (12,330,633)</u>	<u>\$ (9,791,233)</u>
Debt service as a percentage of noncapital expenditures	9.54%	10.97%	8.93%	8.48%	8.33%	7.87%	9.25%	12.37%	11.04%	10.22%

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table VIII—Wastewater Treated
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Gallons of Wastewater Treated¹</u>
2015	44,129
2016	41,829
2017	45,625
2018	47,925
2019	49,786
2020	52,265
2021	43,472
2022	50,735
2023	47,450
2024	42,749

Note: ¹ In millions

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table IX—Sewer Tap Sales
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Sewer Taps Sold</u>
2015	89
2016	70
2017	80
2018	78
2019	61
2020	90
2021	113
2022	61
2023	87
2024	76

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table X—Number of Sewer Customers by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Customers	
	Residential	Commercial
2015	104,327	684
2016	104,920	760
2017	105,148	992
2018	105,633	1,072
2019	107,278	1,081
2020	107,689	1,177
2021	107,945	1,182
2022	108,051	1,295
2023	108,155	1,306
2024	108,269	1,326

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table XI—Combined, Authority, County and City Property Tax and
Sewer Rent Rates (Per \$1,000 of Assessed Valuation)
Last Ten Fiscal Years
(Unaudited)

		Buffalo Sewer Authority	City of Buffalo Exclusive of Buffalo Sewer Authority	Erie County¹	Total
2015	H	\$ 1.72	\$ 17.86	\$ 5.45	\$ 25.03
	NH	1.72	27.54	5.45	34.71
2016	H	1.66	17.87	5.95	25.48
	NH	1.66	26.99	5.95	34.60
2017	H	1.65	17.88	5.95	25.48
	NH	1.65	27.01	5.95	34.61
2018	H	1.63	17.88	6.46	25.97
	NH	1.63	26.76	6.46	34.85
2019	H	1.62	18.49	7.13	27.24
	NH	1.62	28.22	7.13	36.97
2020	H	1.64	18.47	7.33	27.44
	NH	1.64	29.49	7.33	38.46
2021	H	0.95	9.99	7.60	18.54
	NH	0.95	16.75	7.60	25.30
2022	H	0.95	9.88	5.04	15.87
	NH	0.95	17.21	5.04	23.20
2023	H	0.95	10.27	5.03	16.25
	NH	0.95	18.17	5.03	24.15
2024	H	1.57	10.73	5.20	17.50
	NH	1.57	18.72	5.20	25.49

Notes: ¹ For the calendar year beginning during Authority's fiscal year.
H Homestead
NH Non-homestead

Sources: City of Buffalo, Division of Accounting
County of Erie, Division of Real Property Tax
Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table XII—Principal Customers
Years Ended June 30, 2024 and June 30, 2015
(Unaudited)

Year Ended June 30, 2024:						
Customer	Type of Business	Sewer Rent on Assessed Valuation	Sewer Rent on Water Use	Industrial Waste Surcharge	Total Sewer Rent	Percentage of Total Sewer Rents (General Consumers)
BMHA	Municipal Housing	\$ 241,812	\$ 608,682	\$ -	\$ 850,494	1.23%
Galbani (Sorrento-Lactalis)	Consumer Foods	12,551	261,698	261,412	535,661	0.78%
National Grid	Utility	327,162	10,709	-	337,871	0.49%
Veterans Administration	Hospital	-	288,045	-	288,045	0.42%
Aurubis Buffalo Inc.	Copper Mill	10,576.00	263,468	-	274,044	0.40%
ECMC	Hospital	-	223,584	-	223,584	0.32%
Douglas Development	Real Estate	143,990	65,733	-	209,723	0.30%
Buffalo Board of Education	School District	-	180,594	-	180,594	0.26%
Buffalo Board of Education	School District	-	163,645	279	163,924	0.24%
Gold Wynn	Real Estate	69,986	78,712	-	148,698	0.22%
Year Ended June 30, 2015:						
Customer	Type of Business	Sewer Rent on Assessed Valuation	Sewer Rent on Water Use	Industrial Waste Surcharge	Total Sewer Rent	Percentage of Total Sewer Rents (General Consumers)
BMHA	Municipal Housing	\$ 179,699	\$ 1,284,005	\$ -	\$ 1,463,704	2.60%
Aurubis Buffalo Inc.	Copper Mill	11,210	1,308,923	-	1,320,133	2.34%
ECMC	Hospital	-	857,069	-	857,069	1.52%
Sorrento	Consumer Foods	5,864	362,594	304,477	672,935	1.19%
Buffalo Board of Education	School District	-	579,548	-	579,548	1.03%
Roswell	Hospital	-	520,655	-	520,655	0.92%
Kaleida Health	Hospital	2,714	344,778	-	347,492	0.62%
Tyson/Russer Foods	Consumer Foods	8,623	308,715	24,596	341,934	0.61%
Veterans Administration	Hospital	-	341,580	-	341,580	0.61%
Buffalo State College	University	-	320,932	-	320,932	0.57%

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table XIII—Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Revenue Bonds²	EFC Loan	Total Amount	Percentage of Personal Income	Debt per Capita¹
2015	\$ 43,863,151	\$ -	\$ 43,863,151	0.08%	\$ 170
2016	41,830,713	-	41,830,713	0.08%	162
2017	40,190,713	-	40,190,713	0.07%	156
2018	38,510,713	-	38,510,713	0.07%	149
2019	36,785,713	8,702,196	45,487,909	0.08%	177
2020	35,015,713	12,321,063	47,336,776	0.08%	185
2021	95,155,937	-	95,155,937	0.14%	342
2022	91,767,508	-	91,767,508	0.14%	332
2023	88,295,430	-	88,295,430	0.13%	319
2024	84,724,702	8,682,641	93,407,343	n/a	340

Note: ¹ Based on most recent census data for Buffalo, New York
² Revenue bonds are presented net of related premiums.

Sources: Buffalo Sewer Authority Annual Financial Statements
U.S. Bureau of the Census
US Bureau of Economic Analysis

BUFFALO SEWER AUTHORITY
Table XIV—Sewer Revenue Bond Coverage
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Total Revenues	Direct Operating Expenditures ¹	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2015	\$ 61,830,298	\$ 35,502,632	\$ 26,327,666	\$ 1,580,000	\$ 1,966,969	\$ 3,546,969	7.42
2016	56,872,087	36,354,716	20,517,371	2,032,438	2,212,115	4,244,553	4.83
2017	61,948,969	36,654,052	25,294,917	1,640,000	1,867,989	3,507,989	7.21
2018	62,816,780	38,637,683	24,179,097	1,680,000	1,805,638	3,485,638	6.94
2019	58,268,046	39,241,304	19,026,742	1,725,000	1,739,476	3,464,476	5.49
2020	55,406,200	41,168,397	14,237,803	1,770,000	1,670,332	3,440,332	4.14
2021	65,355,275	44,372,411	20,982,864	1,810,000	2,634,715	4,444,715	4.72
2022	58,846,980	45,768,088	13,078,892	3,226,649	3,038,300	6,264,949	2.09
2023	71,477,701	50,027,367	21,450,334	3,310,298	2,936,011	6,246,309	3.43
2024	93,557,563	54,795,155	38,762,408	3,408,948	2,794,390	6,203,338	6.25

Note: ¹ Direct operating expenditures exclude all debt service requirements, capital outlay and other financing uses.

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table XV—Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

	Population		Buffalo/Niagara Region		Buffalo, NY	New York State
	Buffalo²	Erie County²	Per Capita Income³	Labor Force¹	Unemployment Rate¹	Unemployment Rate⁴
2015	258,699	922,835	\$ 45,769	560,431	5.3%	5.5%
2016	258,066	922,578	46,511	555,468	4.4%	4.7%
2017	256,902	921,046	48,314	550,420	5.1%	4.5%
2018	258,612	925,528	50,261	557,200	4.4%	4.5%
2019	256,304	919,719	53,489	543,100	3.7%	4.0%
2020	255,284	918,702	55,777	554,133	13.7%	15.7%
2021	278,349	954,236	56,808	543,537	5.7%	7.7%
2022	276,807	950,683	56,414	551,322	3.6%	4.4%
2023	276,486	950,312	61,106	558,768	3.2%	3.9%
2024	274,678	946,147	n/a	547,302	3.9%	4.2%

Sources: ¹ US Department of Labor - Bureau of Labor Statistics, at June 30 of year shown
² US Bureau of the Census
³ US Bureau of Economic Analysis
⁴ NYS Department of Labor – Labor Statistics, at June 30 of year shown

BUFFALO SEWER AUTHORITY
Table XVI—Principal Employers in the Buffalo Metropolitan Area
Years Ended June 30, 2024 and June 30, 2015
(Unaudited)

Employer	2024 ¹			2015 ²		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
State of New York	23,497	1	4.32%	15,085	1	2.81%
Federal Executive Board	9,725	2	1.79%	10,000	2	1.86%
Kaleida Health	8,689	3	1.60%	10,000	3	1.86%
M&T Bank	8,000	4	1.47%	6,500	6	1.21%
Catholic Health	7,345	5	1.35%	6,575	5	1.22%
University at Buffalo	6,368	6	1.17%	6,790	4	1.26%
Tops Friendly Markets	5,300	7	0.98%	5,772	7	1.07%
Buffalo City School District	5,163	8	0.95%	4,949	8	0.92%
Walmart	5,100	9	0.94%	n/a	n/a	n/a
Erie County	4,561	10	0.84%	4,203	9	0.78%
Seneca Gaming Corp.	n/a			4,000	10	0.74%

Sources: ¹ From the "Business First Book of Lists 2023-2024," Western New York's weekly business newspaper
 ² From the "Business First Book of Lists 2015," Western New York's weekly business newspaper

BUFFALO SEWER AUTHORITY
Table XVII—Number of Employees by Identifiable Activity
Last Ten Fiscal Years
(Unaudited)

Year Ended	Full-time Equivalent Employees					Total
	Administration	Treatment Plant	Industrial Waste	Engineering	Sewer Maintenance	
June 30,						
2015	16	113	4	13	44	190
2016	21	124	6	10	46	207
2017	21	117	6	11	43	198
2018	23	125	6	10	39	203
2019	21	114	8	11	37	191
2020	21	125	8	10	47	211
2021	15	137	8	12	55	227
2022	17	130	7	10	53	217
2023	15	128	8	11	61	223
2024	18	131	8	11	65	233

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table XVIII—Operating and Capital Indicators
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Miles of Sewers	Number of Treatment Plants	Treatment Capacity (MGD)	Annual Engineering Maximum Plant Capacity¹	Amount Treated Annually¹	Unused Capacity¹	Percentage of Capacity Utilized
2015	850	1	600	219,000	44,129	174,871	20.2%
2016	850	1	600	219,000	41,829	177,171	19.1%
2017	850	1	600	219,000	45,625	173,375	20.8%
2018	850	1	600	219,000	47,925	171,075	21.9%
2019	850	1	600	219,000	49,786	169,214	22.7%
2020	850	1	600	219,000	52,265	166,735	23.9%
2021	850	1	600	219,000	43,472	175,528	19.9%
2022	850	1	600	219,000	50,735	168,265	23.2%
2023	850	1	600	219,000	47,450	171,550	21.7%
2024	850	1	600	219,000	42,749	176,251	19.5%

Note: ¹ Millions of gallons

Source: Buffalo Sewer Authority's Accounting Department

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BUFFALO

SEWER AUTHORITY

2024-2025 Annual Engineer's Certification Report

Buffalo Sewer Authority

▶ June 30, 2025



Prepared By:

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RAFTELIS

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APPENDIX F: Submission for BSA's CSO Annual Report for 2023

List of Abbreviations

Abbreviation	Definition
AO	Administrative Order
BMP	Best Management Practice
BSA	Buffalo Sewer Authority
CCT	Chlorine Contact Tank
CCTV	Closed Circuit Television
CIP	Capital Improvement Program
CSO	Combined Sewer Overflow
CSS	Combined Sewer System
CWA	Clean Water Act
DAFT	Dissolved Air Flotation Thickeners
EIB	Environmental Impact Bond
ERC	Emergency Repair Crew
FCA	Financial Capability Assessment
FE	Final Effluent
FST	Final Settling Tank
FY	Fiscal Year
FYE	Fiscal Year Ending
GI	Green Infrastructure
HP	Horsepower
ILS	In-Line Storage
LTCP	Long Term Control Plan
MG	Million Gallons
MGD	Million Gallons per Day
NFA	No Feasible Alternatives
NMC	Nine Minimum Controls
NYSDEC	New York State Department of Environmental Conservation
OLS	Off-Line Storage
O&M	Operations & Maintenance
RAS	Return Activated Sludge

RPM	Rotations per Minute
RTC	Real Time Control
RWW	Raw Wastewater
RWWPS	Raw Wastewater Pump Station
SCRS	Sludge Cake Receiving Station
SIU	Significant Industrial User
SPDES	State Pollutant Discharge Elimination System
SPP	Sewer Patrol Point
SWWPS	Settled Wastewater Pump Station
USEPA	US Environmental Protection Agency
WAS	Waste Activated Sludge
WW	Wastewater
WWT	Wastewater Treatment
WWTF	Wastewater Treatment Facility
WWOP	Wet Weather Operating Plan

SECTION 1 INTRODUCTION

1.1 Purpose of Annual Engineer's Certification Report

The purpose of this report is to summarize the condition of the facilities owned and operated by Buffalo Sewer Authority (BSA) and present an engineering opinion regarding the ability of the BSA facilities to provide ongoing safe and adequate sewer collection infrastructure and wastewater treatment to customers. The assessment will include findings regarding:

- i. the physical inspection of BSA facilities;
- ii. discussions with key personnel;
- iii. compliance with regulatory requirements;
- iv. rate review;
- v. system suitability certification
- vi. adequacy of finances (including debt capacity); and
- vii. review of BSA's Five-Year Capital Plan.

This report satisfies BSA's general trustee requirements, and requirements set forth in BSA's Environmental Impact Bond (EIB) resolution (EIB issued in 2021).

1.2 BSA Background

As the City of Buffalo (the City) developed and expanded, a sewer system was built to collect and carry combined sewage to the Buffalo River, Scajaquada Creek, Black Rock Canal, and the Niagara River. BSA was created in 1935 to address the increase in sewage from the City's growth which threatened the health of receiving water bodies, downstream communities, and the surrounding environment.

Currently, BSA's collection system is comprised of approximately 850 miles of sewer lines with 93% as combined sewer systems (CSS), conveying both sanitary and storm water flows. The collection system includes 52 combined sewer overflow (CSO) outfall relief points to prevent public and private infrastructure damage during wet weather events exceeding the capacity of the combined sewer collection and treatment system (see **Appendix C**). BSA has been investing in facilities for several years to reduce the annual volume and occurrences of CSO discharge into the nearby water bodies. BSA's collection system utilizes pump stations to collect and convey wastewater to the Bird Island Wastewater Treatment Facility (WWTF), which subsequently provides secondary treatment.

In addition to providing wastewater service within the City of Buffalo, BSA also conveys and treats wastewater from tributary outside separate sewer communities as shown in **Figure 1-1**. BSA has wholesale agreements with the outside communities and does not own, operate, or maintain the wastewater collection systems within these communities. Each outside community is charged by BSA for their share of costs allocable to the treatment of their flows to the WWTF, applicable operations and maintenance costs (O&M), and number of industrial user permittees.

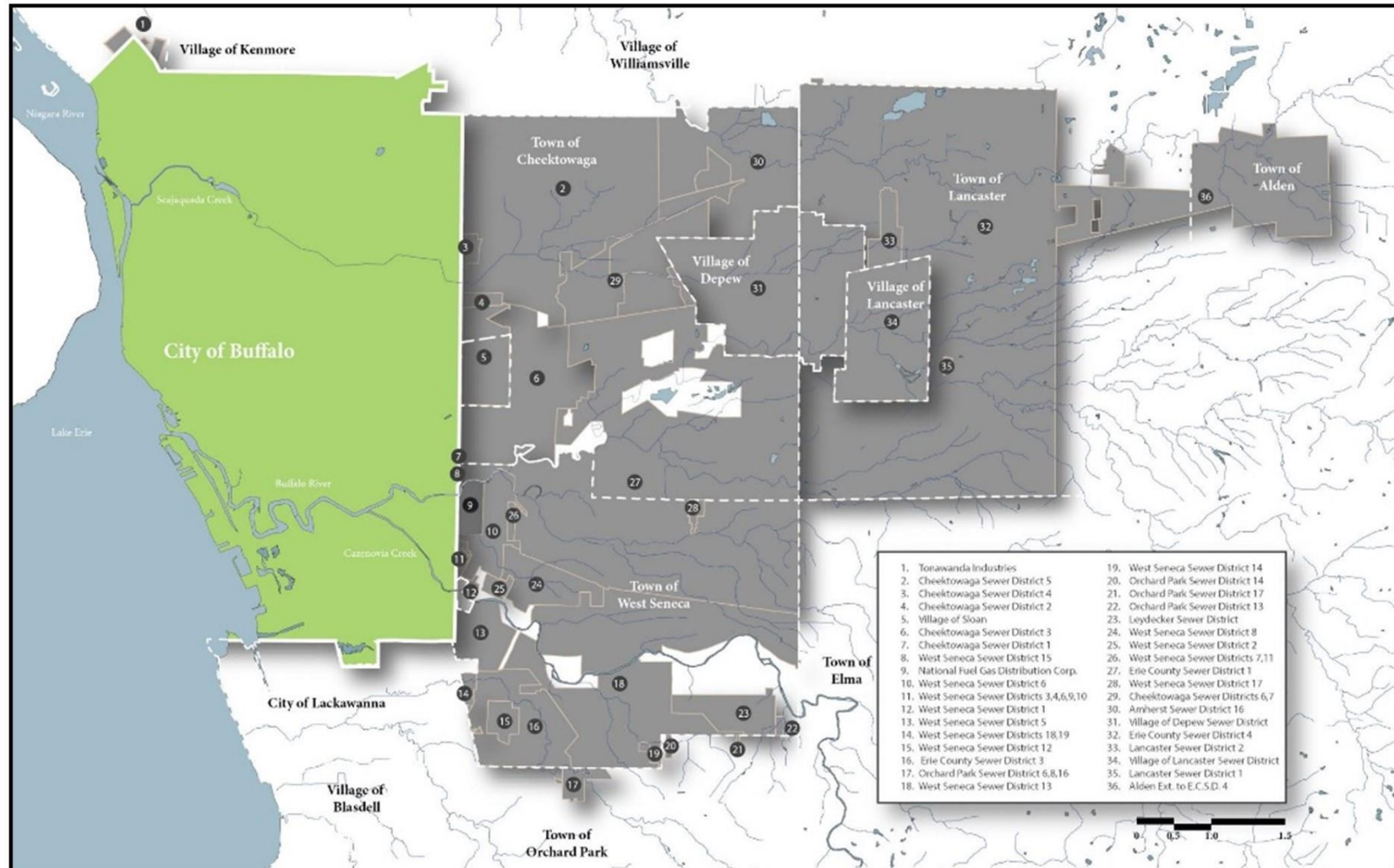


Figure 1-1: BSA Service Area

SECTION 2 ORGANIZATION, MANAGEMENT, AND STAFFING

As the owner of the second largest WWTF in New York State and a collection system that includes components dating back to the 1800's, a diverse staff of laborers, operators, chemists, maintenance personnel, supervisors and management are required to work collectively to maintain and operate the BSA collection and treatment system to ensure the protection of public health and the environment. BSA's Annual Comprehensive Financial Report for the Year Ended June 30, 2024 indicated 231 employees in 2024. BSA continues to proactively address impending retirements through the hiring and training of entry level personnel to help to backfill positions. As specific needs in each department continue to be identified given upcoming capital projects, BSA plans to fill vacant positions through a mix of promotion from within and recruiting of new personnel from outside. This section summarizes the BSA organizational structure and how personnel work together to achieve BSA's objectives.

2.1 Management

BSA is governed by a board of directors consisting of five members appointed by the Mayor of Buffalo, subject to confirmation by the City Council. Each member of the BSA Board is also required to be a resident of the City. As of May 2025, the five current members are:

- Herbert L. Bellamy, Chairman
- Christopher Roosevelt, Vice Chairperson
- Dr. Thomas E. Caulfield
- Patrick Sole, Jr.
- Hope Young-Watkins

An organizational chart depicting the BSA hierarchy is provided in **Figure 2-1**. The Chief Executive Officer and General Manager for BSA is responsible for general supervision and direction of the business affairs of BSA. In addition, the following positions support the General Manager and the organization as a whole:

- The Secretary to the General Manager and Chief of Staff oversees BSA's business and external affairs, serves as the intergovernmental coordinator and press information officer, and reviews organizational operating procedures, directs strategic initiatives, supports interdepartmental functions, and assists with labor relations and performance management. As of May 2025, this position is vacant.
- The Executive Secretary and Chief Financial Officer for BSA (**Charles Riley, PMP**) is responsible for overall financial management and policies, including accounting operations, procurement, budgeting, investment and debt management, and financial risk analysis.
- The Director of Employee Relations' (**Gelea James**) responsibilities include direct management of human resource systems including labor relations, employee services, environmental health and safety, and performance management.
- The General Counsel (**Cheryl Colston**) on staff is an internal counsel for minor legal matters. The Corporation Counsel of the City of Buffalo provides advice and counsel on legal and policy issues pertaining to BSA's contracts and language on bids, insurance, and overall business matters in the City of Buffalo. BSA works with external counsel on more complex matters under a counsel agreement.

As of the end of the 2024 fiscal year, there were 15 employees working in general administration functions for BSA.

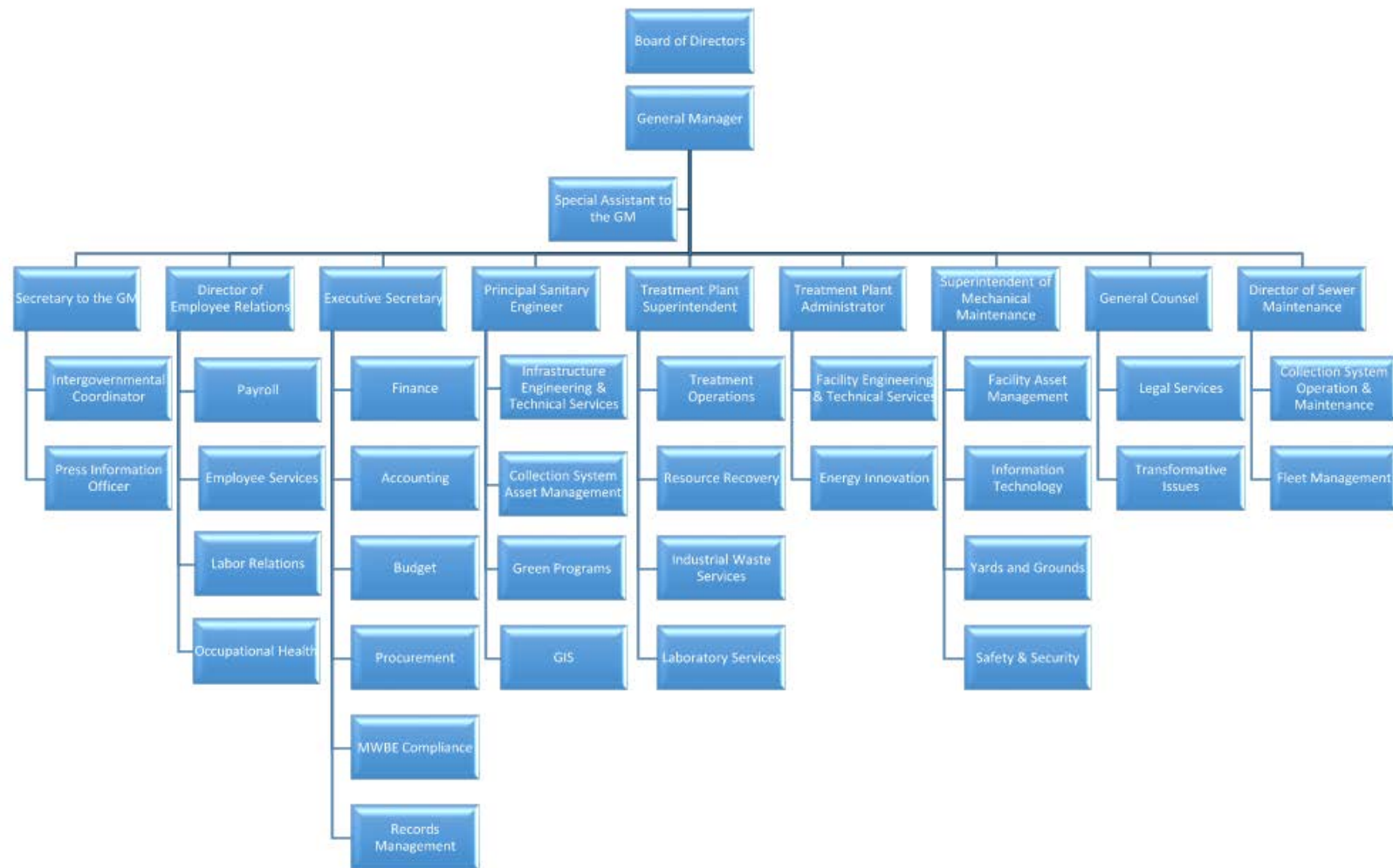


Figure 2-1: BSA Organization Chart

2.2 Engineering Department

The Principal Sanitary Engineer (**Rosaleen Nogle, PE**), reporting directly to the General Manager, oversees the Infrastructure Engineering, Collection System Maintenance Contracts, and Green Programs groups. The Principal Sanitary Engineer is also responsible for daily management of the Infrastructure Engineering, Geographic Information Systems (GIS) and Green Program technical staff along with the Sewer Construction Inspectors.

The Principal Sanitary Engineer serves as the lead engineer for the collection system's Capital Improvement Program (CIP) and is responsible for planning, design, and construction of the system's components. The GIS technicians, under the direction of the Principal Sanitary Engineer, are responsible for GIS maintenance and record utilization and assistance with equity-informed green infrastructure (GI), climate change, and resiliency planning. The Principal Sanitary Engineer also oversees the permit review program and green infrastructure design and construction initiatives. Additionally, this position oversees collection system asset management and works with the Director of Sewer Maintenance to carry out such activities.

The Infrastructure Engineering and Technical Services Group currently consists of 11 staff members and is generally responsible for:

- CIP / construction project implementation.
- Plan reviews for new development.
- Stormwater Pollution Prevention Plan (SWPPP) reviews and inspection.
- Sewer Patrol Point inspection (SPP) and record keeping.
- Municipal Separate Storm Sewer System (MS4) program implementation and reporting.
- Plan room maintenance and assistance with record drawing requests.
- Management of utility locate requests.
- Green infrastructure program development.
- Regulatory reporting for collection systems.
- Grant and loan management for both collection system and WWTF projects.
- BSA webpage development and maintenance.

2.3 Sewer Maintenance Department

The Director of Sewer Maintenance (**Joel Renzoni**), with support from the Assistant Maintenance Superintendent, supervises 59 department employees in the construction or repair of sewers, manholes, and receivers, as well as Green Infrastructure maintenance. Additionally, they are responsible for Fleet Management; planning and directing the preventative maintenance operations for the department, including sewer televising and cleaning; and responding to any collection system-related complaints received via the Mayor's 311 hotline. The Director of Sewer Maintenance is also supported by the Secretary to the General Manager and Principal Sanitary Engineer, both located in City Hall.

On a typical workday, the Sewer Maintenance Department currently staffs the following crews and vehicles:

- Three Emergency Repair Crews (ERCs), each comprised of five employees.
- Three combination cleaners
- Three closed circuit television (CCTV) inspection vehicles
- Three receiver cleaning trucks
- One clam truck

The Sewer Maintenance Building is located on Bird Island. The building houses all collection system crews, vehicles, equipment, and materials, as well as the Fleet Management motor equipment repair shop and warehouse. All supervisors, administrative staff, and field personnel work out of this building.

2.4 Treatment Facility Operations

The Bird Island WWTF is led by the Treatment Plant Administrator and Treatment Plant Superintendent, who both report directly to the General Manager and work collectively to ensure the facility is meeting its New York State Department of Environmental Conservation (NYSDEC) State Discharge Pollutant Elimination System (SPDES) permit and complying with additional regulatory requirements.

The Treatment Plant Administrator, as Chief Wastewater Treatment Facility Engineer, serves as the lead engineer for the Wastewater Treatment Facility's Capital Improvement Program and is responsible for facility planning, design, and construction at the Bird Island Wastewater Treatment Facility (WWTF), in addition to energy innovation. The Treatment Plant Administrator is supported by the WWTF Capital Projects Manager (**Timothy Blake**).

The Treatment Plant Superintendent (**Alexander Emmerson**) oversees daily operations and personnel at the WWTF and is responsible for ensuring the facility is meeting permitting requirements. This position requires a licensed Class IV operator who is responsible for treatment facility operations, resource recovery, laboratory services, and industrial waste services, which manages BSA's Environmental Protection Agency (EPA) approved industrial pretreatment program. The Industrial Waste Section administers local, state, and federal regulations that govern the discharge from businesses and industries into BSA's wastewater treatment system.

In addition to the Treatment Plant Superintendent, there are five shift supervisors, two assistant shift supervisors, and 34 operators. In the Boiler Room, there are 13 operators, plus two supervisors.

2.5 Mechanical Maintenance

The Superintendent of Mechanical Maintenance (**Paul Harris, PMP**) supervises 65 department employees and is responsible for facility asset management of the WWTF and all associated outlying pumping stations, and oversees all safety & security, yards & grounds, stock & inventory, general WWTF operation and maintenance issues, three major in-plant maintenance contracts (Equipment, Electrical and Mechanical), a newly developed turnkey motor maintenance service program and the overall BSA workforce development program.

2.6 Staffing Needs

Consistent with the rest of the nation, the BSA is experiencing extensive workforce gaps due to the increasing number of employees reaching retirement age, along with a limited pipeline of skilled trades available within the area. This has created a significant challenge for BSA due to lost skills and reduced workforce capacity. To combat this, BSA has worked with Erie Community College to develop an extensive Millwright and Instrument Technician training program, aimed at supporting the development of needed skills for our relatively young workforce.

In addition, BSA created a workforce development program to promote equity within the City of Buffalo, provide wrap around services, job skills readiness training and on the job training. This program provides a new pipeline of entry level laborers trained in green infrastructure maintenance, which will now include advanced specialty training academies to help to address skills gaps in other department areas such as stationary engineering.

SECTION 3 SEWER SYSTEM AND WASTEWATER INFRASTRUCTURE

3.1 Service Area

BSA's wastewater service area covers approximately 110 square miles including the City of Buffalo and parts of the towns of Alden, Cheektowaga, Elma, Lancaster, Tonawanda, and West Seneca; the Villages of Depew, Lancaster and Sloan; and Erie County Sewer District Numbers 1 and 4. Overall, the collection system serves a population of approximately 550,000 residents in 11 Western New York municipalities.

There are seven (7) satellite systems connected to BSA's collection system. The satellite systems are inspected and maintained as outlined in their respective intermunicipal agreements (IMA). These satellite systems include:

- Erie County Sewer District #1
- Erie County Sewer District #4
- Town of Cheektowaga
- Village of Sloan
- West Seneca Town Sewer Districts #1, 2, 3, 4, 9 and 10
- West Seneca Town Sewer Districts #5, 13, and 14
- West Seneca Town Sewer District #15

As of 2023, there are approximately 108,155 residential connections as well as 1,306 commercial, industrial, and governmental connections to BSA's collection system. The BSA has pretreatment permits with 52 of the industrial users, who are labeled as Significant Industrial Users, or SIUs as per EPA classification.

3.2 Collection System

BSA's collection system is comprised of both combined and separate sewers and appurtenances, including manholes, drop inlets, siphons, and sewer patrol points (SPPs); outlying stations, including real-time control structures, pumping stations, gates, and additional facilities; and GI. Descriptions of the collection system components are provided in the sections below.

3.2.1 Gray Infrastructure

A total of 93% of the collection system owned by BSA is a combined sanitary and stormwater system, but the City has separate sanitary and storm sewers as well. The collection system includes:

- Approximately 850 miles of gravity sewers (790 miles of which are combined sewers)
- 52 CSOs
- 21,300 manholes
- 240+ Sewer Patrol Points (SPPs, otherwise known as regulators)

The SPPs were designed as part of the original CSS and typically consist of a two-tiered chamber separated by a regulating weir. During dry weather conditions, the SPP conveys flow along one invert to the Bird Island WWTF; however, in wet weather, the weir is overtopped, and excess flow is diverted through a secondary invert to either under-capacity parts of the collection system or directly to receiving water bodies to prevent basement flooding and protect the WWTF.

Gravity sewers and drains range in size from 6-inch to 33-feet in diameter. **Table 3-1** provides a list of pipe material present in the BSA collection system, categorized by age and length. As shown in this table, the construction of BSA's collection system began in the 1840s and the system expanded as the service area grew between the 1840s and 1910, when approximately 60% of the current system was installed. Approximately 83% of the pipe within the collection system was installed before 1941, which further underscores the agedness of BSA's buried infrastructure.

Table 3-1: Pipe Material, Age, and Length

Pipe Material	Length of Pipe Installed (LF)									Percentage of Collection System
	1841-1860	1861-1880	1881-1900	1901-1920	1921-1940	1941-1980	1981-2018	Unknown Year	TOTAL	
Brick	73,416	93,253	378,367	63,786	32,268	14,989	1,021	83,833	740,933	16.0%
Segmented Block			857	16,288	35,208	174	751	1,848	55,128	1.2%
Vitrified Tile (VTP)	779	37,628	1,111,373	620,669	537,000	115,424	14,900	194,440	2,632,213	56.9%
Asbestos Cement (AC)		33			429	25,905	8,313	2,341	37,020	0.8%
Concrete		25	2,980	1,223	69,122	24,710	74	11,166	109,299	2.4%
Precast Concrete Pipe			205		104,341	18,236	1,628	15,770	140,180	3.0%
Reinforced Concrete (RCP)	351	1,692	4,608	2,672	120,905	282,633	91,190	79,573	583,624	12.6%
Polyvinyl Chloride (PVC)	31	623	1,202	103	663	3,325	133,047	35,418	174,411	3.8%
Cast Iron (CI)	32		4,838	1,526	528	2,902	41	2,590	12,457	0.3%
Ductile Iron (DI)		544	129			2,003	1,714	5,346	9,736	0.2%
Corrugated Metal (CMP)					910	2,998	1,254	1,072	6,233	0.1%
Gunite Rehabilitation	411	2,399	3,589	1,586	2,395	38	2,349	167	12,934	0.3%
High-Density Polyethylene (HDPE)							8,194	12	8,206	0.2%
Other / Unknown	154	5,708	8,195	7,647	10,133	12,585	17,749	41,666	103,837	2.2%
TOTAL	75,175	141,904	1,516,344	715,500	913,902	505,922	282,225	475,241	4,626,212	100%
Percentage of Collection System	1.6%	3.1%	32.8%	15.5%	19.8%	10.9%	6.1%	10.3%	100%	
Source: Buffalo Sewer GIS Data (GIS Main Length tabulated to determine totals)										

Flow is conveyed through the collection system network to the Bird Island WWTF for treatment via two reinforced concrete intercepting sewers built in the 1930s: the North Interceptor and the South Interceptor. Major trunk sewers that are tributary to the North Interceptor are the Hertel Avenue sewers, Bird Avenue sewer, and the Scajaquada Tunnel Interceptor. The Babcock Street sewer, Swan Trunk sewer, Hamburg Street Pump Station, South Buffalo Pump Station, and the Kelly Island Pump Stations are all tributaries to the South Interceptor (see Section 3.3.2 for additional information on BSA's pumping stations).

As reported in BSA's Annual CSO Report, the annual CSO volume discharged in 2023 is 2,922 million gallons (MG) in a total of 49 overflow events. All CSO flow volumes and event frequencies reported to the NYSDEC represent the predicted CSOs only (excluding stormwater and stream inflows) utilizing the combined system model from BSA's approved Long-Term Control Plan (LTCP).

3.2.2 Real-Time Control Structures

Recommendations in BSA's 2014 LTCP report include using GI, optimizing SPPs, and in-line storage (ILS) and utilizing Real-Time Control (RTC) as methods to potentially reduce CSOs from the BSA CSS. It is estimated that approximately 97% of wet weather flows will be captured upon completion of the LTCP.

The BSA intends to construct at least 16 RTC sites throughout their collection system, as indicated in the 2014 LTCP. The ILS RTC sites consist of two gates in parallel, located within a structure in an existing sewer

with flow sensors positioned in manholes both upstream and downstream of the gates. When wet weather occurs and the flow level begins to rise, the gates close so that flow is stored within the upstream sewer segment, rather than overflowing through a CSO. Once the wet weather event has ended and the flow levels begin to subside, the gates are slowly opened to direct the upstream stored flow to the WWTF. ILS sites are typically located within large sewers with minimal slope selected to maximize the storage volume available upstream of the ILS without creating issues upstream, such as basement backups and flooding in low areas. In addition to the ILS sites, BSA has also implemented one RTC (Smith Street) that functions to divert wet weather flow, using off-line valves, to an adjacent trunk sewer with available capacity in wet weather. The BSA is currently constructing the Mill Race RTC, which will be a diversion ILS structure that will operate similarly to the Smith Street RTC.

Table 3-2 summarizes the RTC structures in operation and lists the approximate dates that each RTC was placed into operation.

Table 3-2: Summary of RTC Structures

Name of RTC	Type of RTC	Placed into Operation
Bird Avenue RTC	ILS	2014
Lang Avenue RTC	ILS	2014
Smith Street (CSO No. 026) RTC	ILS; diversion type	2017
Hazelwood Avenue RTC	ILS	2018
North Bailey RTC	ILS	2018
Hertel at Deer RTC	ILS	2019
Babcock Pump Station RTC	ILS; pump station wet well level control	2021
Smith at Eagle RTC	ILS	2022
Broadway at Oak RTC	ILS	2023

The Mill Race RTC is currently under construction, with construction expected to be completed in 2024. In addition, the following RTC sites are in design or in the bid phase:

- Gates Circle at Delaware Avenue – to be retrofitted into a smart sewer control center to reduce CSO activations. The new Gates Circle RTC site will include a retrofit of a chamber known as SPP332, at the intersection of Gates Circle and Delaware Avenue. The proposed design involves coring through the existing weir in the chamber and installing a modulating gate operated by control logic determining when to send flow west to the Scajaquada Tunnel instead of north to SP 180 via the Bird Avenue Trunk. Installing level sensors at the Niagara Metering Station at Niagara Street and Lafayette Avenue and a new flow meter and new and existing level sensors directly upstream and downstream of SPP 332 will provide the information necessary for the RTC site to determine where to send flow during storm events.
- Bailey Avenue at East Amherst Street Diversion – to be retrofitted into a smart sewer control center to reduce CSO activations. The Amherst RTC site will operate in conjunction with new level sensors to be installed at both the Quarry Pump Station as well as the existing Sewer Patrol Point (SPP) 338 located at Bailey Avenue and Kerns Avenue.

BSA is currently implementing ongoing RTC optimization and oversight. Additionally, to extract the maximum value of storage, conveyance, and treatment assets, a globally coordinated Real-Time Control Coordination System (RTC-CS) is required. BSA is currently executing a system-wide RTC-CS to aid in providing a comprehensive understanding of system behavior and operation characteristics, provide recommendations to inform proactive maintenance, and generate information that empowers informed decisions and globally coordinated RTC automation. This system consists of approximately 30 level sensors, 10 rain gauges within the City of Buffalo (plus 7 flowmeters outside of the City, operated and maintained at Erie County locations), and 70 flow meters within the collection system that are tied with the level sensors and flow meters at the RTC sites so that the RTC sites can adjust automatically to respond to changing water levels with the collection system.

A flow diagram that depicts how the currently identified RTC sites will ultimately interact with each other is provided in **Figure 3-1**.

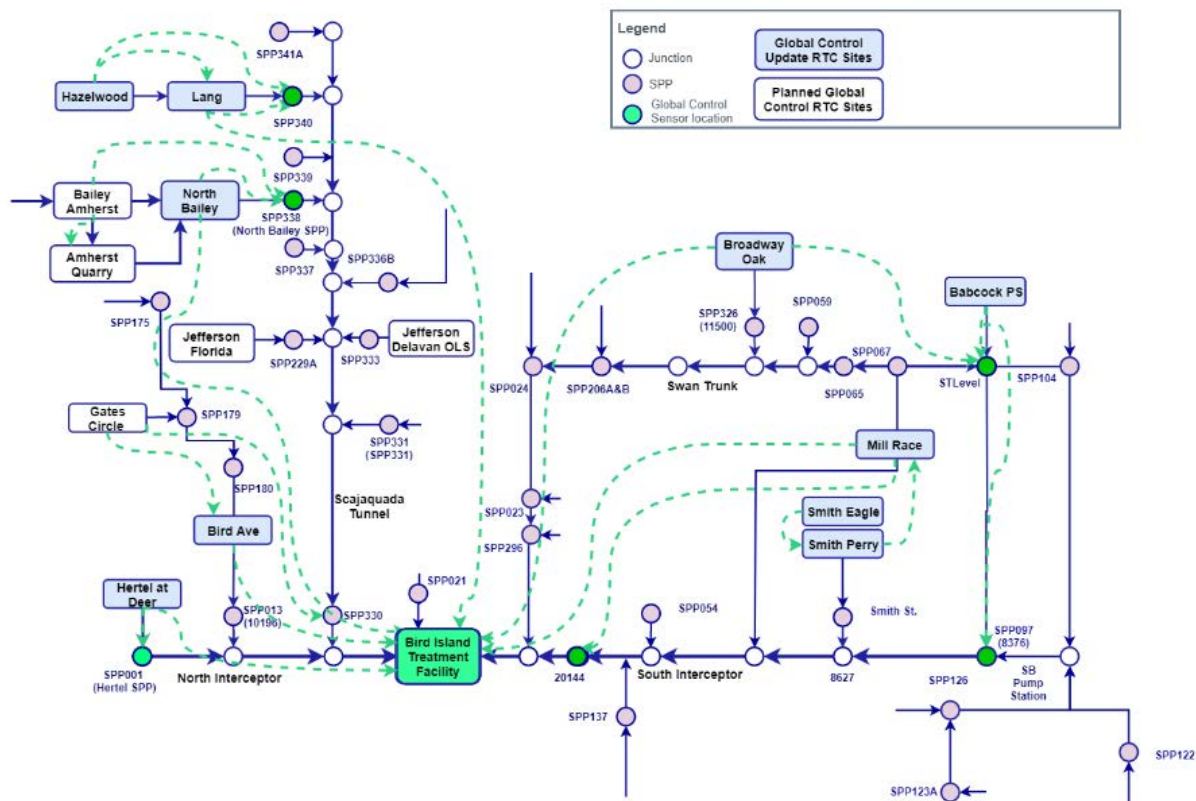


Figure 3-1: Ultimate Configuration and Interrelationships Between Collection System Sensors and RTC Sites

3.3 Offline Storage

In addition to the ILS RTC structures, the BSA is currently designing several off-line storage (OLS) structures, which are essentially large tanks that will store combined sewer flows during wet weather and return the flow to the collection system for subsequent conveyance to the WWTF once overall flows in the system return to normal levels. The locations of these OLS structures in design are:

- CSO053_1.4 3.26 MG Sidney OLS - To reduce flows at SPP336B, the Sidney Street OLS would store flow diverted from the sewer along Humboldt Parkway in a 3.26 MG tank at the corner of Sidney Street and Lark Street. The storage would dewater via gravity once sufficient capacity in the Scajaquada Tunnel Interceptor became available.

- CSO053_5.2 Edison Martha OLS – to address CSO-053 overflows, the proposed Martha and Edison OLS project would store flow diverted from the Edison Avenue trunk sewer in a 2.61 MG tank at the northwest corner of Edison Avenue and Kensington Expressway. The storage would dewater via gravity when there is available capacity in the Edison Avenue trunk sewer.
- Delavan Trunk Sewer Improvements at Spillman (SPP-333) (OLS) – Construction of a below grade storage tank underneath an existing parking lot to retain flow during wet weather events.

3.3.1 SPP Modifications and Construction or Modification of Underflow Pipes

The BSA is also designing modifications to SPPs and underflow pipes to reduce overflows during wet weather events.

- Breckenridge Street CSO Control Project – rerouting of flow from the 36-in brick sewer along Breckenridge directly northward to the Scajaquada Tunnel, starting at the intersection of Breckenridge Street and West Avenue to the intersection of Lafayette and West Avenues.
- Colorado Ave - CSO053_2.5 SPP337 Modification - SPP337 is located near the intersection of Scajaquada Street and Colorado Avenue and would be modified by incorporating an additional 30-in diameter underflow pipe. This modification would reduce overflows at CSO-053.
- Humboldt Parkway - CSO053_13 SPP165B Modification - SPP165B is located at the intersection of East Delavan Avenue and Humboldt Parkway. Under this project, the SPP165B underflow orifice would be upsized to 24-in and underflow pipe to 36-in. The overflow weir would also be raised to 54.81 ft (City datum) to reduce overflows at CSO-053.
- Genesee Street - CSO053_8 SPP341A Modification - SPP341A is located on Genesee Street east of Kerns Avenue. For this project, SPP341A would be modified by incorporating an additional 18-in diameter underflow pipe and raising the overflow weir to 55.60 ft (City datum), reducing overflows at CSO-053.
- Michigan Ave - CSO053_14 SPP175, 176, and 177 Modifications - Under this project, multiple SPP weirs along Michigan Avenue would be modified to reduce overflows at CSO-053:
 - SPP175 weir at Dodge Street and Michigan Ave would be raised to 56.10 ft (City datum).
 - SPP176 weir at Michigan Avenue and Riley Street would be raised to 52.85 ft (City datum)
 - SPP177 weir at Michigan Avenue and Glenwood Avenue would also be raised to 52.85 ft (City datum).
- South Bailey CSO053_3.1 SPP338 Modification - SPP338 is located south of the intersection of Scajaquada Street and Bailey Avenue. At this location, the SPP338 underflow orifice would be enlarged. The overflow weir would be raised to 55.24 ft (City datum), and its length increased to 30 ft. This project would reduce overflows at CSO-053.
- CSO053_1.5 SPP336B Modification - SPP336B is located in the Kensington Expressway, north of Hamlin Road. For this project, the underflow orifice plate at SPP336B would be removed, reducing overflows at CSO-053.
- Bailey Avenue at Minnesota Avenue Weir Repair – repair of a failing weir within a regulator structure at Bailey Avenue and Minnesota Street to make use of essential storage capacity necessary for wet weather flow management.
- Delavan Trunk Sewer Improvements at Florida Street (SPP 229A CSO-053_10)”. The Project consists of modifications to the existing sewer system on Florida Street, including general, temporary sewage bypass system, civil, demolition, concrete, site/civil, mechanical, exterior improvements, water service line replacement and other work.

3.3.2 Pumping Stations, Gates, and Additional Outlying Stations

The BSA collection system contains the following pumping stations to convey flow through the sewer network to the WWTF:

- South Buffalo Pump Station
- Hamburg Pump Station
- East Amherst St Pump Station / Amherst Quarry
- Babcock Pump Station
- Walden Heights
- Waterfront Village
- Tifft Farms
- Kelly Island Pump Stations
 - Ohio-Ganson Pump Station KX
 - Fuhrmann Pump Station KF
 - Skyway Pump Station KS

In addition to the pumping stations, BSA also has various additional outlying stations that provide a specific function within the collection system. These facilities are:

- The Hamburg Drain Screening Facility was constructed to address the aesthetic concerns of the Hamburg Drain CSO outlet at the terminus of the Erie Canal. Utilizing automatic bar screens, the facility captures floatables from the Drain prior to its outlet at Canalside.
- The Amherst Quarry is a detention tank used during rain events. The pumps used to empty the tank (East Amherst Street Pumping Station) are on a ten-hour timer that will allow the tank to be pumped down to a safe zone once wet weather has subsided.
- The Niagara Street Metering Station, once used to monitor flows along the Scajaquada Tunnel, has not been operational for decades. BSA has discussed potentially rehabilitating or repurposing this facility in the future.

BSA's collection system was also designed with the following several inline gates:

- 25 backwater gates – These gates are installed within the combined sewers to prevent flow from adjacent waterbodies from entering the sewer network.
- 30 geisel gates (air-release flap type gates) - Gates installed along the Delavan Drain and Albany Tunnel for air pressure relief.
- 12 sluice gates – these gates are located along the Scajaquada Tunnel with one in the area of West Delevan and Elmwood Avenues.
- 2 slide gates – also known as the Harbor Gates, these gates are located across the Black Rock Canal from the WWTF Fine Screen Building and provide a means to isolate each of the two influent lines to the WWTF for inspection and/or maintenance.

3.3.3 Green Infrastructure

Green infrastructure (GI) is also a part of the LTCP solution to minimize CSOs from BSA's combined sewer system. Since 2014, BSA has implemented various GI practices to manage approximately 66 acres of impervious area within the street right-of-way, and in 2015 BSA officially launched its GI program known as Rain Check. The first phase of the program, Rain Check 1.0, focused primarily on green streets, green parking lots, demolitions and vacant lot restoration, and rain barrels and downspout disconnection. As part of Rain Check 1.0, over 2,000 rain barrels were installed and maintained by BSA. The results and lessons learned from the Rain Check 1.0 GI work were documented in a report issued in Spring 2018 and available at:

https://raincheckbuffalo.org/app/uploads/2018/05/Buffalo_Sewer_Authority_RainCheck1.0_Spring2018_SinglesReduced.pdf.

A second phase of work, Rain Check 2.0, outlined a plan for how Buffalo can move forward with GI work to achieve the LTCP goals, building on the lessons learned during the first generation of GI projects

undertaken. The recommendations of Rain Check 2.0 (available at: https://raincheckbuffalo.org/app/uploads/2019/05/190515-RC2-OpportunityReport_sml.pdf) included:

1. New developments must meet strict stormwater requirements,
2. New investments in the public sector should consider GI, and
3. Targeted privately-owned properties should be encouraged to add GI.

Over the next four to five years, BSA will engage with engineering, urban planning, and landscape architecture firms to design and implement GI to manage at least 200 acres of impervious area within the street right-of-way and on public land, predominantly throughout the six priority CSO basins consistent with the framework plan outlined in the Rain Check 2.0 Opportunity Report. BSA has allocated \$55 million toward this effort, which will work directly towards BSA's LTCP commitment and increase the speed of GI implementation within public spaces.

A summary of the GI projects completed within the City of Buffalo to date is provided in **Table 3-3**. Not all projects have been directly implemented by BSA, but this list includes both BSA GI projects as well as sites that BSA monitors for performance. In addition, several GI projects are in the evaluation and planning stages for implementation, including permeable pavement application, the Green Streets private GI program and potential green roofs at the Central Library and Buffalo Convention Center. Again, as GI projects are implemented, some will be owned, maintained, and monitored by the BSA, but others will only be monitored by the BSA.

Table 3-3: Previously Completed GI Projects

Location	Project Type	Project Timeframe	Impervious Area Reduced (ac)	Est. Change in Runoff in 0.9" rainfall event (gal)
Windsor Avenue	Green Streets; Rain Gardens	2011-2012	1.8	19,397
William Street	Green Streets; Rain Gardens	2017-2018	1.3	284,357
Water Worx Stormwater Educational Program	Educational	2017	N/A	N/A
Traditional Demolitions of Vacant Properties	Demolition, De-paving	2001-2017	514.3	14,356,650
Downspout Disconnects/ Rain Barrel Installation Program	Downspout Disconnections; Rain Barrels	2015-2017	N/A	172,920
Pratt Willert Community Center	Green Parking Lots, Rain Gardens	2017	<0.1	5,984
Pearl Street	Green Streets	2015-2016	0.3	3,999
Parkdale Avenue	Green Streets; Rain Gardens	2011-2012	1	12,433
Ohio Street	Green Streets	2013-2014	3.2	70,824

Location	Project Type	Project Timeframe	Impervious Area Reduced (ac)	Est. Change in Runoff in 0.9" rainfall event (gal)
North Buffalo Ice Rink*	Green Parking Lots	2010	0.7	112,208
Kenmore Avenue	Green Streets	2016	0.5	188,285
JFK Community Center	Green Parking Lots, Rain Gardens	2017	<0.1	8,079
Green Post-Demolition Initiative	Demolition, De-paving, green treatment	2015-2017	13.3	293,511
Genesee Street	Green Streets; Rain Gardens	2016-2017	<0.1	59,762
Clarendon Place	Green Streets	2011-2012	0.2	159,335
Claremont Avenue	Green Streets	2011-2012	1.3	136,894
Broderick Park*	Green Parking Lots	2013-2014	1	124,326
Ardmore Place*	Green Streets	2013	0.7	11,973
1401 Fillmore Avenue	Green Parking Lots	2012-2013	0.5	3,576
1384 Fillmore Avenue	Green Parking Lots	2012-2013	0.4	2,910
Richardson Olmsted Campus	Rain Gardens	2013	Unknown	Unknown
Buffalo Niagara Medical Campus	Green Parking Lots, Rain Gardens	2014	Unknown	Unknown
McKinley High School	Green Roofs, Rain Gardens	2011-2012	Unknown	Unknown
Elmwood Avenue	Green Streets; Rain Gardens	2011-2012	1.6	3,838
Carlton Street	Green Streets	2013-2014	0.9	199,550
Northland Avenue	Green Streets; Rain Gardens	2017-2018	0.5	144,464
Niagara Street	Green Streets; Rain Gardens	2014-2024	2.1	619,934

* Denotes projects that BSA does not own, but monitors for performance

Source: raincheckbuffalo.org

Some future GI projects on public property are proposed to be financed by BSA's EIB. EIBs take the form of a municipal bond issuance in which purchasers receive principal repayment and interest as is the case with a traditional bond issuance. However, EIBs also include unique features, such as use of proceeds for environmentally beneficial projects, outcome evaluation and disclosure, and an outcomes-based mechanism for determining financing costs. BSA's primary objective in utilizing the proceeds from the EIB

is to manage the equivalent of 0.9 inches of rainfall generated from 200 acres of impervious area with GI or new green space, predominantly within the six priority CSO basins. The goal is to have this work completed by June 2028 as that signifies the end of the first redemption date listed in EIB, after which the interest rate will increase. This effort contributes directly towards BSA's LTCP commitment and increases the timeframes for GI implementation within public spaces.

The BSA EIB will finance capital costs of GI projects in public rights of way. **Table 3-4** notes the allocation of EIB proceeds for each project (including construction as well as design and engineering costs).

Table 3-4: Allocation of EIB Proceeds

Component	Allocations of Proceeds of Series 2021 Bonds to the Cost of Each Component (in \$million)
CSO Basins 14 and 28	\$5
CSO Basins 26, 27, and 33	\$23
CSO Basin 53	\$19
City of Buffalo Major Projects	\$5
Third-Party Evaluation and Reporting	\$1
Total	\$53

The net proceeds of the Series 2021 Bonds remaining after payment of issuance costs and the deposit to the Series Debt Reserve Fund will be used by BSA to pay the costs of the planning, design, construction, and monitoring of the GI projects to the extent that funds are available. Such amounts will be tracked and disbursed for such purposes and, pending disbursement, will be invested in accordance with the terms of the Bond Resolution.

3.4 Bird Island Wastewater Treatment Facility

The Bird Island WWTF was originally placed into service in 1938 as a primary treatment facility with secondary treatment facilities constructed during the late 1970s in response to the Clean Water Act (CWA) and placed into service in 1981. The overall process including primary and secondary treatment is shown in **Figure 3-2**.

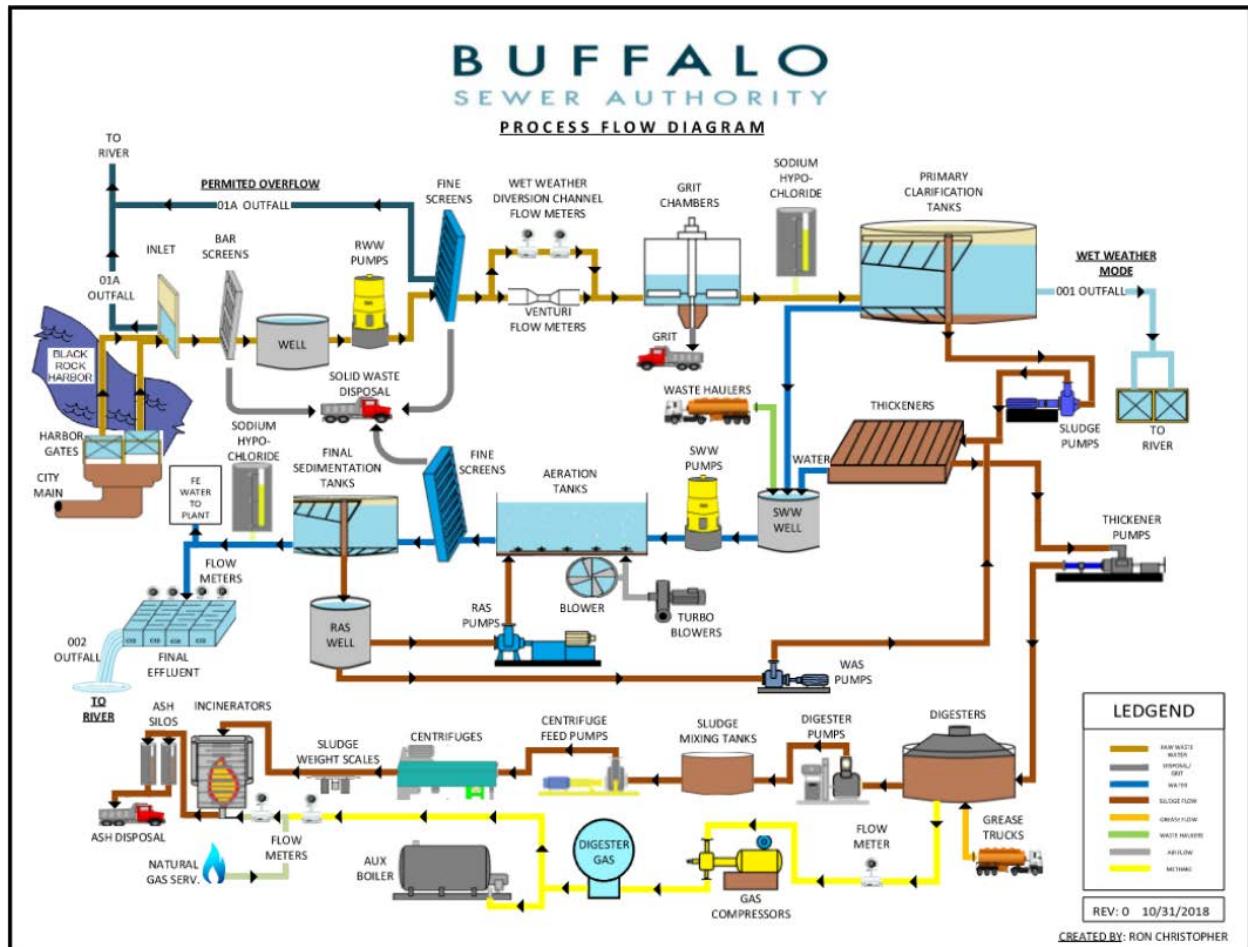


Figure 3-2: Bird Island WWTF Process Flow Diagram

3.4.1 Hydraulic Capacity and Operational Modes

The WWTF, which provides primary and secondary treatment, disinfection, and solids handling was designed and is permitted for a 12-month rolling average flow of 180 MGD. Currently, the plant treats an annual average of 130 MGD.

The facility was designed such that normally, all flow conveyed to the WWTF receives primary and secondary treatment and then is disinfected and discharged through Outfall 002 as shown in **Figure 3-3**.

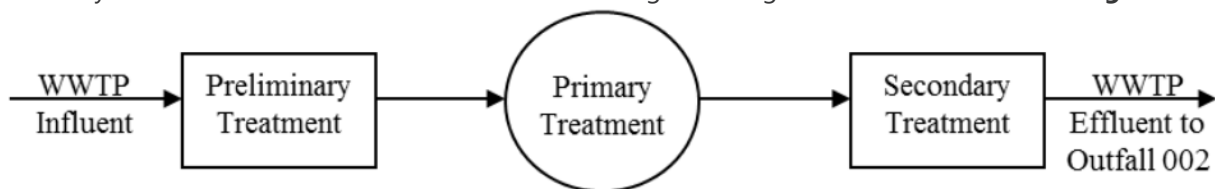


Figure 3-3: Normal Mode of Operation

However, the treatment capacity of the primary treatment process (160 MGD) is less than the capacity of the secondary treatment process (320 MGD). In primary bypass mode, influent WWTF flows exceeding the capacity of the primary system (160 MGD) bypass the primary clarifiers, as shown in **Figure 3-4**, and are conveyed along with primary effluent to the secondary treatment process. All flow receives secondary treatment and disinfection and is discharged through Outfall 002.

When wet weather influent flows exceed the capacity of the secondary treatment process (320 MGD), the plant operates in "partial treatment mode". In partial treatment mode (**Figure 3-5**), all flow receives preliminary treatment, and most of the plant influent flow is conveyed directly to secondary treatment, disinfected, and discharged through Outfall 002. Plant flows exceeding the secondary treatment capacity are conveyed to the primary clarifiers operating "in parallel" to secondary treatment. This excess flow undergoes primary settling and disinfection and is discharged through Outfall 001. In this mode, the primary clarifiers also function as chlorine contact tanks (CCTs) for flows not receiving secondary treatment.

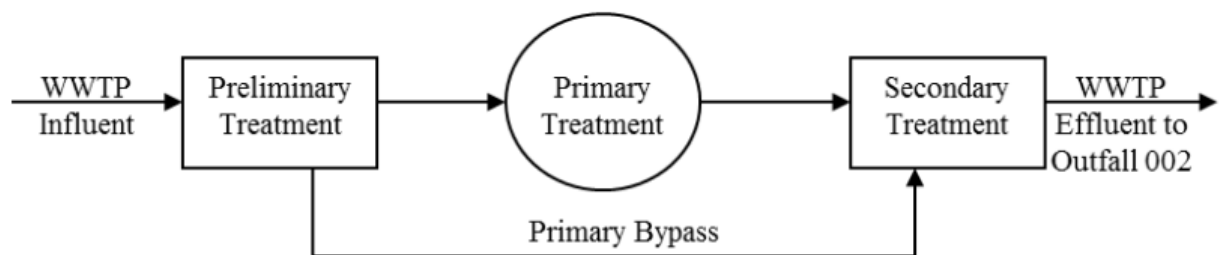


Figure 3-4: BSA WWTF - Primary Bypass Mode of Operation

Partial treatment mode was designed to maximize treatment of wet weather flows at the WWTF. BSA historically has not been able to maintain flows greater than approximately 250 – 280 MGD to the secondary system, even though the current secondary treatment capacity is 320 MGD. This difference was due to a bottleneck at the primary bypass chamber. However, improvements to the primary bypass chamber as well as the addition of two final settling tanks (FSTs) and modifications to the existing FSTs will allow up to 400 MGD to be conveyed to, and treated by, the secondary treatment process.

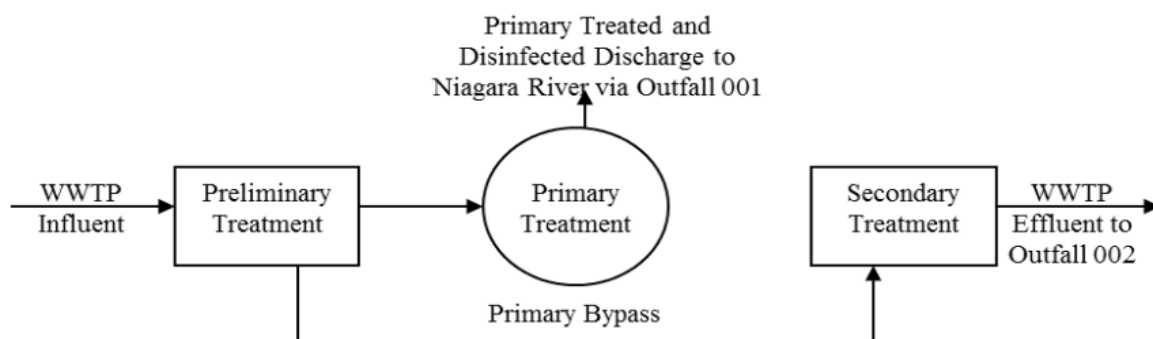


Figure 3-5: BSA WWTF – Partial Treatment Mode of Operation

The LTCP includes a No Feasible Alternatives (NFA) analysis for the WWTF upgrades, per the request of regulatory agencies. The NFA analysis incorporates significant treatment plant upgrades to expand BSA's WWTF capacity. It ensures that the WWTF is providing adequate primary treatment for flows exceeding 160 MGD while in partial treatment mode.

BSA's 2020 Financial Capability Assessment (FCA) Update identified the Bird Island WWTF project costs to achieve the primary and secondary treatment capacities to be approximately \$145M (\$60M for primary treatment upgrades and \$95M for secondary treatment upgrades). BSA has awarded construction contracts both for the primary treatment renovation (Phase 2) and preparation work in advance of the secondary treatment improvements (Phase 1). The secondary system expansion (Phase 3) is currently in design phase. Due to inflation, rising material costs, and local labor shortages, the NFA construction costs are anticipated to be higher present day – contingencies will be included in financing requests to NYSEFC.

3.4.2 Liquid Stream Treatment Processes

As noted previously, the WWTF receives combined sewer flow from the City of Buffalo, as well as all or a portion of nine tributary communities; these tributary communities are sanitary systems, albeit with infiltration/inflow (I/I) issues. Discharge from the WWTF is sent to the Niagara River through the main WWTF outfall from the secondary system (Outfall 002) and primary treatment outfall (Outfall 001) only under wet weather flow conditions. Additionally, the WWTF is equipped with Outfall 01A upstream of the plant headworks designed and operated as an emergency bypass to protect the treatment facility and collection system during extreme flow exceeding the plant capacity and/or equipment or process failure.

Table 3-5 summarizes the major liquid stream treatment process components.

Table 3-5: Liquid Stream Treatment Process Components

Equipment	Quantity	Purpose
Harbor Sluice Gates (motor-actuated)	2	Provide means of isolating one of the two influent siphons for inspection and/or maintenance.
Plant-Side Sluice Gates (motor-actuated)	3	Provide means of isolating one of the two influent siphons for inspection and/or maintenance.
Coarse Bar Racks (manually cleaned)	2	Remove larger solids from the influent flow and protect the Raw Wastewater Pumps.
Raw Wastewater Pumps	6	Convey plant influent flow to the fine screens.
Fine Bar Screens (mechanically cleaned)	6	Remove coarse solids from the influent wastewater.
Grit Tanks (Vortex Type)	8	Remove inorganic matters such as sand, cinders, and smaller debris.
Primary Settling Tanks	4	Remove organic and inorganic settleable solids.
Primary Effluent Sodium Hypochlorite System	1	Provide disinfection of primary effluent when plant in operating in partial treatment mode.
Settled Wastewater Pumps	5	Conveys primary effluent to the activated sludge system.
Ferric Chloride System	1	Provide ferric chloride addition to secondary influent for phosphorus removal
Aeration Tanks (Four passes per tank)	16	Provide biological contact time for the removal of carbon and nitrogen
Aeration Blowers (turbo)	5	Provide air to activated sludge process.
Aeration Blowers (centrifugal)	2	Provide air to activated sludge process.

Final Clarifiers	16	Remove biological sludge from the flow.
Chlorine Contact Tanks	4	Provide sufficient contact time for sodium hypochlorite disinfection.
Final Effluent Sodium Hypochlorite System	1	Provide disinfection of plant final effluent flows.

3.4.2.1 Preliminary and Primary Treatment

After passing through the manual coarse bar racks, raw wastewater enters the WWTF Raw Wastewater Pump Station (RWWPS) east and west wet wells. The RWWPS consists of six (6) wastewater pumps that pull from two wet wells, resulting in a configuration of three pumps per well. Two 120 MGD pumps are constant speed (550 horsepower [HP] each), two are variable speed (600 HP each), and two are dual-speed (374 HP each) with a maximum rated capacity of 120 MGD at full speed 180 Rotations per Minute (RPM) and 60 MGD at reduced speed (157 RPM). The pumps were designed to pump the entire 560 MGD capacity of the two siphons into the plant. The pumps are controlled via liquid level in the two wet wells.

The raw wastewater (RWW) pumps lift raw sewage up to the fine screen influent channels where it flows by gravity through the fine screens, grit removal chamber, and to the primary influent chamber. There are six fine screens in total; one has been completely rehabilitated and the remaining five are in sound working condition but will be rehabilitated on a rotating cycle as part of preventative maintenance. There are four conveyor belts in the Fine Screen Room which convey screenings to one of two screw press hoppers, and the screenings are ultimately discharged into a truck and hauled off to a landfill.

The screened influent is routed around the Administration Building via two 9-foot by 9-foot concrete bypass channels, into the grit removal building. Typical operation requires two vortex grit units in operation at a time. Each vortex grit unit has two associated grit pumps which pump grit into classifiers and concentrators before ultimately being discharged into a lugger and hauled off to a landfill.

Following grit removal, the primary influent enters the primary bypass structure. Under dry weather flow conditions, flow is directed through the primary clarifiers. The original basis of design for the primary clarifiers was based upon a surface overflow rate (SOR) of 3,000 gallons per day per square foot which was industry standard at the time, resulting in a process capacity of 240 MGD. Design guidelines were later modified, reducing the recommended maximum SOR for primary clarifiers to 2,000 gallons per day per square foot, resulting in a current total process capacity of 160 MGD.

Primary effluent (i.e., settled wastewater) enters the lower-level effluent channels, passes through sluice gate 18, and enters the settled wastewater pumping station (SWWPS) for conveyance via five settled wastewater pumps to the secondary treatment process. If the WWTF is operating in primary bypass mode, both primary effluent and flow bypassing the primary clarifiers feed into the SWWPS. Four of the settled wastewater pumps are variable speed and the fifth is constant speed, with space for the future installation of a sixth pump should the need arise. Each settled wastewater (SWW) pump has a capacity of 120 MGD at 88% speed. With four pumps in operation, theoretically 480 MGD can be conveyed to the secondary treatment process. With four pumps operating at 100% speed, the estimated theoretical capacity is 560 MGD.

The WWTF has a waste hauler receiving station for the acceptance of hauled-in leachate and septage. The leachate and septage are discharged into the SWWPS and combined with the primary effluent prior to treatment in the activated sludge system. Note that no screening of leachate or septage occurs prior to the SWWPS.

3.4.2.2 Secondary Treatment

SWW is discharged from the SWWPS into the aeration tank influent channel and diverted into either Battery A or Battery B. The influent channel starts at the influent control structure and runs east to Battery A and west to Battery B before turning north to flow along the east and west halves of the aeration tanks.

Batteries A and B are mirror images of each other. Flow travels along the inner perimeter of the aeration tank in a 14-ft wide influent trough conveying settled wastewater to each battery. Each battery consists of eight 4-pass aeration tanks, resulting in 32 equal sized passes per battery. Through a series of gates between tanks 1 and 2, 3 and 4, 5 and 6, 7 and 8, the aeration tanks can either be operated individually (4 passes total) or with two in series (8 passes total). One 4-pass aeration tank is typically used for conventional plug flow treatment. Two 4-pass aeration tanks in series are typically used for step feed treatment.

Settled wastewater is conveyed from the influent trough to Pass 1 of each aeration tank primarily via a 42-in enclosed conduit. This pipe has a horizontal opening at the floor of the influent trough, bends 90° and enters the aeration tank near the invert on the vertical face of Pass 1. Tanks 1 and 2 have a second inflow pipe to Pass 3 with the same pipe configuration as to Pass 1. Tanks 3 through 8 have a secondary pipe that allows for flow to both Pass 1 and Pass 3; however, in discussions with BSA, this pipe has never been utilized.

Return Activated Sludge (RAS) is mixed with the settled wastewater within the aeration tanks. The head of Pass 1 in each aeration tank has a 24-in pipe used to introduce RAS. Several tanks also have an additional 14-in RAS pipe; however, in discussions with BSA, these have never been utilized. For this report, the combined RAS and SWW will be referred to as "mixed liquor".

At the end of Pass 4 (or Pass 8 in step feed mode), the mixed liquor is conveyed to the aeration tank effluent channel along the outer perimeter of the aeration tank. This flow is conveyed via three 42-in effluent pipes, each with a 42-in butterfly valve for control. Tank 1 of both Battery A and B only have two 42-in effluent pipes. Within the aeration tank effluent trough, the mixed liquor from tanks 1 through 8 within a single battery is combined.

BSA has had historic maintenance issues with their secondary treatment system including grit deposition in the bottom of the SWWPS and aeration tanks, inoperable isolation valves, and aging piping and appurtenances beyond their useful life. As a result, the BSA is in the midst of a major project (Phase 1 of the WWTF work) to remove the grit from the aeration channels and tanks, replace the isolation valves and piping, and repair the aeration diffusers. Phase 1 is expected to be completed in 2026.

Each side of the WWTF currently houses eight final settling tanks (FSTs), for a total of 16 tanks. The plant was designed such that two additional FSTs (future 9A and 9B and 10A and 10B) could be readily added adjacent to the existing tanks 3 & 4 on each side, should the need arise.

The mixed liquor within the aeration tank effluent trough is divided between three final settling tank (FST) influent channels on each side. These influent channels are open channels that convey the mixed liquor to the Final Settling Tank Control Buildings. The influent channels are equally spaced apart along the length of the aeration tank effluent trough. The southern channel directs flow to FSTs 1 & 2 and is 5-ft wide, the middle channel directs flow to FSTs 3 and 4 (and future 9 & 10, if ever constructed) and the northern channel directs flow to FSTs 5, 6, 7, and 8.

There are three Final Settling Tank Control Buildings on each side of the plant. The buildings are used to direct flow to the various FSTs as well as control the RAS flow between the FSTs and the aeration tanks. The mixed liquor flow enters the building and is divided between 48-in influent pipes to each FST. The entrances to these pipes are controlled by sluice gates. Each influent pipe has an inline 36-in butterfly valve used to modulate flow to the various FSTs to provide an even distribution of flow.

The FSTs are 130-ft in diameter with a peripheral feeding trough. The trough is sloped such that the lowest end is at the influent location and the highest end is directly across the tank from the influent location. The mixed liquor level in the influent trough is controlled by submerged orifices through the floor of the influent trough. There are 62 orifices in each tank ranging in size with the largest diameter openings at the shallowest portion of the trough and the smallest diameter openings at the deepest portion of the trough. The distribution of orifice sizes is to provide equal flow distribution around the periphery of the tank.

Mixed liquor solids settle to the bottom of the tank and are pumped back to the aeration tanks via the RAS wet well in the final tank control buildings and the RAS pumps.

The FST effluent is controlled by a series of finger weirs along the periphery of the tanks, interior to the influent troughs. There are a total of 80 finger weirs with 2-in deep, 90-degree v-notch weirs controlling the outflow of final effluent (FE) from the tank. The FE enters a trough around the tank that leads to a single 72-in by 36-in effluent box connecting to a 48-in effluent pipe. Each FST 48-in effluent discharge pipe combines into a series of box channels of increasing size and decreasing elevation. These channels convey both the A and B side FE flow to the upstream end of the CCT.

Further, as described above, the secondary system has been unable to handle the wet weather flows it was originally designed for, namely 360 MGD. The entire system will undergo extensive rehabilitation as part of the upcoming Secondary Treatment Improvements Project (Phase 3) as defined in the LTCP's approved NFA, with an estimated construction timeframe of 2026-2029.

3.4.2.3 Disinfection and Final Effluent Outfall

The two FE channels combine at the CCT mixer area. The WWTF uses sodium hypochlorite for disinfection purposes. The sodium hypochlorite system for FE disinfection includes three 4,500-gallon bulk storage tanks that are inspected every five years and remain in sound working order. Each bulk storage tank is equipped with a peristaltic metering pump to dose chlorine at the head of the CCTs, in the CCT mixer area.

The effluent trough directs flow to the 108-in FE outfall pipe, with an invert of -15.17 at the west end of the tank, leading to the Niagara River. In the event this pipe is unable to pass the entire discharge, a secondary outfall is located adjacent to the primary outfall. This secondary outfall is a 90-in equivalent diameter elliptical pipe with an invert of -8.00. The secondary outfall is separated from the primary outfall by a weir along the northern edge of the CCT effluent channel. This weir is set 0.35-ft lower than the CCT effluent weir. Additionally, the total length of the weir is 286-ft, significantly longer than the combined CCT effluent weirs, to minimize the impact to the efficacy of the CCT effluent weir if activated. The downstream inverts of both outfall pipes are fully submerged within the Niagara River.

3.4.3 Solids Stream Treatment Processes

As described above, the Bird Island WWTF is a conventional activated sludge system with primary and secondary treatment. As such, both waste activated sludge (WAS) and primary sludge (PS) are generated as part of the treatment process. The solids handling originally consisted of belt filter presses but were upgraded to high-rate centrifuges in the early 2000s. The thickened, digested, and dewatered sludge is incinerated in one of two active incinerators on site before the ash that is generated is ultimately hauled to and discharged in a landfill.

Table 3-6 summarizes the major solids stream treatment process components.

Table 3-6: Solids Handling Treatment Process Components

Equipment	Quantity	Purpose
WAS Pumps (two for each aeration batter)	4	Convey WAS to DAFTs
Dissolved Air Flotation Thickeners (DAFT; two "sides" with 7 units each; only B side is currently used)	14	Thicken WAS and PS prior to anaerobic digestion.
Thickening Polymer Feed System (two polyblend units, one bulk storage tank, and 2 day tanks each with an associated chemical metering pump)	1	Enhance thickening performance of WAS and PS
Dewatering Polymer Feed System (one bulk storage tank, two poly blend units, and 2 day tanks each with an associated chemical metering pump)	1	Enhanced dewatering performance of co-thickened, digested WAS and PS
Anaerobic Digesters (four with 1.4 MG capacity and 4 for 1.9 MG capacity)	8	Stabilize sludge prior to dewatering
Sludge Mixing System (one with coarse bubble mixing and one with jet mixing)	2	Provide mixing of digested sludge prior to feeding to dewatering centrifuges
Dewatering Centrifuges (60 dry tons per day capacity)	3	Dewatering digested WAS and PS
Multiple-Hearth Incinerators (60 dry tons per day each; one duty, one standby, and one out of service)	3	Incinerate dewatered biosolids from BSA and outside communities
Sludge Cake Receiving Station (SCRS)	1	Allows facility to receive hauled sludge from outside communities.
Sludge Receiving Cake Pumps	2	Conveys hauled sludge from outside communities to the incinerators or to a sludge re-wetting system.
Sludge Re-wetting System (including mixing vessel and hose pump)	2	Provide means to re-wet dewatered sludge from outside facility and convey liquid sludge to digesters.
Incinerator Scrubbers (for Incinerators 2 and 3)	2	Provide means of emission control for multiple hearth incinerators.
Ash Handling System (including two ash silos)	1	Provides storage of incinerator ash prior to hauling off-site to a disposal landfill.

3.4.3.1 Return Activated Sludge (RAS) Processing

The RAS pumps recycle settled activated sludge from the activated sludge wet wells back to the aeration tanks. The activated sludge flows via gravity from the FST sludge chambers to the activated sludge wet wells. There are two activated sludge wet wells, one per aeration tank battery, located in their respective aeration tank pipe galleries. The WWTF currently uses one of three RAS pumps to maintain target mixed liquor concentrations in the activated sludge system, although more than one pump has been used for this purpose prior to the last few years.

There are three RAS pumps per sludge wet well that can return activated sludge to any combination of eight aeration tanks in their corresponding gallery. Under current aeration tank operation, RAS is delivered to the first pass of the odd-tanks in step-feed mode at a rate of 40% of secondary influent flow. However, RAS operations may change, depending on the stage of construction, as the NFA improvements are under construction. Each RAS pump is designed for 40 MGD at 26 feet of total dynamic head (TDH) and equipped with a variable frequency, variable speed drive. The pumps are end-suction, centrifugal, solids handling type operating at a speed of 440 RPM. Each pump has a 30-inch diameter suction and discharge and is powered by a direct-coupled, 300 HP, totally enclosed, fan cooled (TEFC) motor.

3.4.3.2 Waste Activated Sludge (WAS) Processing

The WAS pumps are installed for each aeration tank battery to convey waste sludge from the two sludge wet wells to the DAFTs. The 16-inch WAS discharge pipes from the WAS pumps in each battery run to the middle gallery where they merge into a common 18-inch common pipe. The combined pipe then continues south to the main equipment building that houses the DAFTs. In the main equipment building, the WAS pipe merges with the primary sludge pipe from the primary clarifiers. The sludge piping can distribute sludge to any one of the seven operational DAFTs with provisions to deliver to the seven out of service DAFTs as well should the need arise in the future.

There are two WAS pumps per aeration tank battery located next to the RAS pumps in their respective aeration tank pipe gallery. One WAS pump is typically operated 24 hours per day at a rate of 700 GPM. The pumping rates vary from 0.4 to 0.8 MGD per pump with a typical flow rate of 0.5 MGD for each pump. The pumps are equipped with variable frequency, variable speed drives.

Upstream of the DAFTs, the WAS-PS blend is dosed with a Mannich-type polymer for enhanced thickening. The thickening polymer system includes one bulk storage tank, two polyblend units, and two day tanks with an associated chemical metering pump.

3.4.3.3 Primary Sludge (PS) Processing

There are a total of six PS pumps available to pump primary sludge to the WAS piping as described above. Two of the PS pumps are progressing cavity and four are centrifugal vortex-style pumps. Typically, no more than four pumps are in operation at one time. Each pump is designed to deliver up to 200 GPM of sludge and is equipped with a variable speed drive to vary the primary sludge flow rate as needed.

BSA has had historic maintenance issues with the PS pumping operation. As such, the entire system is being rehabilitated as part of the upcoming Primary Treatment Improvements Project (Phase 2) currently under construction.

3.4.3.4 Dissolved Air Flotation Thickeners (DAFTs)

In the main equipment building, WAS piping merges with the PS pipe from the primary clarifiers. The combined WAS and PS streams are then mixed with a thickening aid polymer solution upstream of the DAFTs. There are 14 DAFTs in total, 7 for each battery. However, the A side DAFTs have been out of service for several years and would require significant upgrades should they be used again. Conversely, the B side DAFTs have been maintained and remain in service.

3.4.3.5 Anaerobic Digesters and Biogas Generation

The co-thickened WAS and PS flow is then sent to the anaerobic digesters for sludge stabilization. There are eight digesters in total: four "new" digesters and four "old" digesters. Of the eight digesters, five are in service, one is currently undergoing maintenance, and two are out of service. Two of the operable digesters (5-6) have a maximum volume of 1.4 MG each, although digester 6 is currently down for

maintenance and rehabilitation. The remaining four digesters (1-4) have a maximum volume of up to 1.9 MG each.

Methane gas generated in the digestion process is stored in a 43.5-foot diameter sphere with a working pressure of 55 psi. The biogas is used to fuel three multiple hearth incinerators used for the disposal of dewatered sludge and three auxiliary boilers that provide heat for the digesters and various buildings on the Bird Island WWTF site. Excess gas not otherwise consumed is sent to one of two flares located on the gas compressor building. The waste gas flares combust excess biogas to control emissions of volatile organic compounds (VOCs).

3.4.4 Sludge Dewatering and Incineration

Digested sludge is conveyed up to the third floor of the Mega Structure where it is injected with an emulsion polymer prior to being dewatered in one of three centrifuges. Each centrifuge is rated for 60 dry tons per day. The current average loading is 35-36 dry tons per day, requiring only one duty centrifuge with two on standby. The dewatering polymer system includes one bulk storage tank, two polyblend units, and two (2) day tanks each with an associated chemical metering pump.

Dewatered sludge is sent to one of three 60-dry ton per day incinerators via a series of conveyors. However, the maximum capacity of each incinerator is determined by the feed rate of dewatered sludge during an annual performance test. According to BSA, the current permitted limit for the two operation incinerators is just below 55 dry tons per day. Due to air quality control issues only two of the three incinerators are in operation. The third will need to undergo rehabilitation and extensive stack testing prior to being put back in service.

Ash produced in the incineration process is conveyed to a load-out system where it is stored prior to disposal in a landfill. The bottom outlet of each incinerator is equipped with a clinker roller crusher. Crushed incinerator clinkers and ash are dropped into ash hoppers located beneath each incinerator. The hoppers are connected to an 8-inch diameter ash vacuum line which pneumatically conveys the ash up 108 feet to the top of one of two silos. The ash is separated from the air through cyclonic action after passing through a primary receiver and secondary receiver, then dumped into the silo for interim storage. Air displaced while filling the silo passes through a baghouse prior to discharging to the ambient air. To control particulate emissions prior to exhaustion, the air stream that exits the secondary receiver passes through a venturi air washer and wash tank at ground level.

The ash load-out system removes ash by gravity from the silo into the rear of a 40-yard dump truck. To prevent dust formation as ash is transferred from the silo to the dump truck, water is added and mixed into the ash prior to load-out.

3.4.4.1 Sludge Cake Receiving Station and Re-Wetting System

The WWTF also can receive dewatered biosolids from outside communities to either feed directly into the incinerator or to the digesters. Trucks hauling outside biosolids enter the site and proceed to the scale, where the truck is weighed. The trucks then proceed to the Main Equipment Building and dump the load at the SCRS.

Following receipt of the dewatered biosolids, the sludge is either pumped using a cake pump at the basement level to the belt conveyors feeding the incinerators or is either discharged below to the sub-basement level, where it enters a mixing chamber. The biosolids are then mixed with WAS to rewet the solids. The solids can then be pumped to the digesters via a hose pump.

Currently, most biosolids received are sent to the incinerators; however, plant staff have noted that even though they can receive sludge at a good rate through the SCRS, the feed rate to the incinerators must be carefully controlled to prevent clinkers. This tendency for clinker formation is the result of differing

characteristics between BSA's sludge and the outside sludge, mainly in terms of VOCs content and sludge cake solids percentage. Therefore, the outside sludge feed rate to the incinerators is the current limiting factor. As a result, the WWTF would like to send more of the received sludge to the digesters in the future.

SECTION 4 REGULATORY COMPLIANCE AND LTCP

4.1 Regulatory Compliance

4.1.1 1994 USEPA CSO Control Policy

The United States Environmental Protection Agency (USEPA) issued a national CSO Control Policy in 1994, requiring municipalities that have CSS with CSOs to:

- Characterize their sewer systems,
- Demonstrate implementation of the Nine Minimum Controls (NMCs)
- Develop LTCPs that will comply with the requirements of the CWA.

As BSA owns and operates a CSS with 52 permitted CSOs located throughout the collection system to relieve the CSS during wet weather events, BSA needed to develop a system-wide LTCP for CSO abatement per the 1994 USEPA CSO Control Policy.

4.1.2 State Pollution Discharge Elimination (SPDES) Permit

Pursuant to the 1994 USEPA CSO Control Policy, BSA's State Pollutant Discharge Elimination System (SPDES) permit (Permit No. 9-1402-00154/00002), effective July 2009, required the development of a CSO Abatement Plan in accordance with NYSDEC requirements. The SPDES Permit also requires the implementation of Best Management Practices (BMPs) for CSOs when developing the CSO Abatement Plan, which are equivalent to the NMCs required under the 1994 USEPA CSO Control Policy. BMPs are designed to optimize the use of O&M procedures, utilize the existing treatment facility and collection system to the maximum extent possible, and improve sewer design, replacement, and drainage planning to maximize pollutant capture and minimize water quality impacts from CSOs.

4.1.3 Permits, Licenses, and Approvals

BSA possesses an Air Title V Facility Permit (New York State Title V Permit ID# 9-1402-00154/0007) required to own and operate three multiple hearth sewage sludge incinerators at the Bird Island Wastewater Treatment Facility.

BSA also possesses a State Pollutant Discharge Elimination System (SPDES) Permit Number NY0028410 required to own and operate the WWTF and the CSS within the City. This current permit was issued via letter to BSA in 2014 with an expiration date of June 20, 2019. Initial filings were completed by BSA on December 6, 2018, for the purpose of renewing this permit. Since then, BSA has continued to work with NYSDEC and provide additional filings to work towards permit re-issuance. In accordance with the State Administrative Procedures Act, the current permit remains in effect until the NYSDEC makes a final determination on the renewal application.

The 60 miles of separate storm sewers that BSA operates within the City are regulated pursuant to State and federal municipal separate storm sewer system (MS4) regulations. In New York State, these regulations are enforced under a general permit (GP-0-15-003). BSA holds SPDES ID Number NYR20A461 pursuant to this permit.

4.2 2004 and 2014 LTCPs

BSA worked closely with USEPA and NYSDEC (collectively the Agencies) to develop and submit a LTCP. Per the 1994 USEPA CSO Control Policy, the resulting LTCPs addressed:

- Characterization, monitoring, and modeling of the CSS through collecting rainfall data, CSO and flow data, and CSS modeling,
- Public participation,
- Consideration of sensitive areas,
- Evaluation of alternatives,
- Considerations of cost and performance,
- Operational plan,
- Maximization of wet weather flow conveyed to the existing WWTF,
- Implementation schedule, and
- Post-construction compliance monitoring program.

BSA developed and submitted the LTCP in July 2004. On March 15, 2012, USEPA issued an Administrative Order (AO) to BSA that required, in part, BSA to submit an updated version of their 2004 LTCP to the Agencies, resulting in the 2014 LTCP (approved and enacted March 18, 2014). The resulting document built upon the 2004 LTCP, presents additional evaluation and recommends the CSO Abatement Plan for BSA, as well as includes a Green Infrastructure Master Plan (GIMP) and an update to the No Feasible Alternative (NFA) Analysis.

4.2.1 Administrative Order Requirements for 2014 LTCP

The AO required the development of an updated LTCP. The 2004 LTCP was revised to abide by 1994 USEPA CSO Control Policy and applicable New York State law and regulation. The updated 2014 LTCP detailed the construction and implementation of all improvements within the WWTF, sewer system, and other infrastructure essential to ensure CSO discharges from CSO discharge outfalls comply with applicable requirements and regulations, bypasses at the WWTF comply with regulated bypass conditions and remaining bypasses have no feasible alternatives. Per the AO, the 2014 LTCP evaluated the technical feasibility, applicability, and cost-performance analysis of potential system-wide alternatives to controlling overflows to sensitive areas in accordance with USEPA's 1997 CSOs Guidance for LTCP (the Guidance). The 2014 LTCP included a financial capability analysis that complies with the Guidance. The AO specifically indicated that potential system-wide alternatives should include the use of GI wherever feasible, resulting in the implementation of GI to reduce CSO volumes in the updated LTCP.

The AO also required the submittals of a Post-Construction Monitoring Plan, Final Post-Construction Monitoring Report, Semi-Annual Status Reports, and Annual Post-Construction Monitoring Report. These submissions update the Agencies of the progress of the work completed. It also aids in determining whether the measures implemented by the updated LTCP meet the performance criteria specified in the LTCP, whether BSA's CSOs comply with requirements stated by the CWA CSO Control Policy, and all applicable federal and state laws and regulations, whether remaining bypasses are compliant, and that there are no feasible alternatives to the remaining bypasses.

The updated LTCP also included the development of a Green Infrastructure Master Plan (GIMP) and update of the NFA analysis for the WWTF per the Agencies' comments. The GIMP provided additional information on BSA's GI program such as details on the Phase 1 GI projects to be implemented over the first five-year period when the previous LTCP excluded the use of GI unless a specific alternative was implemented. The recommended alternative stated in the NFA analysis expands the WWTF's capacity and ensures that the "Ten State Standards" are met for flows only receiving primary treatment and disinfection during wet weather. This addresses the Agencies' previous comment that the WWTF was not providing adequate primary treatment for flows exceeding 160 MD while in partial treatment mode.

4.2.2 Implementation of Best Management Practices (BMPs)

The 2014 LTCP implemented the following 15 BMPs to satisfy BSA's 2009 SPDES to go beyond the Nine Minimum Controls (NMCs) required by the 1994 USEPA CSO Control Policy. **Appendix F** contains excerpts of BSA's CSO Annual Report for 2023 as required under the SPDES Permit No. 002 8410.

4.2.2.1 CSO Maintenance and Inspection

The SPDES permit requires that BSA develop a written maintenance and inspection program for its permitted CSO regulators tributary to the CSOs. The objective of the program is to detect and prevent dry weather discharges and ensure that the maximum amount of wet weather flow is conveyed to the Bird Island WWTF for subsequent treatment. BSA has implemented a schedule for routine maintenance and inspection where BSA continuously inspects between 17 and 33 regulators a day, over a period of 11 days. The CSO maintenance and inspection protocols call for each sewer regulator to be inspected at least twice per month. If deficiencies are observed, an ERC is to make appropriate repairs or modifications. A report outlining the results of each inspection is then submitted to the NYSDEC.

4.2.2.2 Maximize Use of Collection System for Storage

This CSO BMP requires optimizing of the collection system by maximizing the in-system storage capacity and flow conveyed to the WWTF without service backups or street flooding while minimizing CSO discharges. Compliance with this BMP can be achieved through methods such as evaluating the hydraulic capacity of the system, adjusting weirs and regulators, implementing a continuous flushing/cleaning program to minimize solid deposition, and applying RTC technologies to maximize in-system storage. In addition, BSA has an ongoing flushing program to minimize the deposition of solids.

BSA's 2014 LTCP performed a hydraulic capacity evaluation of the collection system and an evaluation of maximizing storage through regulator and weir adjustments, and incorporated recommendations from two RTC consultants into the CSO control alternatives. Since the 2014 LTCP was developed, BSA implemented several RTC sites for ILS and is in the process of designing and constructing more as described in Section 3.2.2 of this report.

4.2.2.3 Industrial Pre-Treatment

To meet the requirements for this CSO BMP, BSA:

- Is to submit a copy of every new SIU user permit to the NYSDEC Division of Water for review and approval before it is issued to the industry.
- Does not allow batch discharges during a wet weather event, to the extent possible.
- Inform all BSA permitted industrial users that non-contact cooling water is not part of that industry's process discharge.
- Informed all BSA permitted industrial users that require a SPDES permit to contact the NYSDEC Division of Water for further instruction.

4.2.2.4 Maximize Flow to Publicly-Owned Treatment Works (POTWs)

BSA executed modifications to the primary bypass chamber at Bird Island WWTF to allow additional wet weather flow to pass to the secondary treatment process train, allowing the WWTF to be able to convey flow up to 360 MGD to the aeration tanks during the partial treatment mode of operation. In addition, the wet weather operating plan outlines procedures to implement flow maximization through the secondary treatment process train during wet weather.

4.2.2.5 Wet Weather Operating Plan

The BSA WWOP was drafted and submitted to NYSDEC in June 2000 and revised in 2007 due to the completion of the grit removal system modifications. The BSA is currently in the process of revising the WWOP and will be submitting the revised plan to NYSDEC in the next few months.

4.2.2.6 Minimization of Dry Weather Overflows

Instances of dry weather overflow are evaluated as part of the ongoing routine CSO maintenance and inspection program (see Section 4.2.2.1). Dry weather overflow occurrences are addressed in compliance with the SPDES permit where the occurrence is to be promptly abated and reported to NYSDEC within 24 hours and a written report submitted within 14 days of the time the Permittee is notified of the incident.

4.2.2.7 Control of Floatable and Settleable Solids

This CSO BMP requires that the discharge of floating solids, oil and grease, or solids of sewage origin which can cause deposition in the receiving water to be minimized. CSO BMP activities listed in the 2014 LTCP such as CSO maintenance and inspection and maximizing use of the collection system for storage address the requirement to control floatable and settleable solids. The major means of controlling the amount of floatable or settleable solids in BSA's CSOs include:

- Source controls (street cleaning, public education, household hazardous waste collection, solid waste collection, recycling, and/or composting of lawn/leaf/roadkill deer). BSA implements routine catch basin and receiver cleaning as part of the O&M program to their collection system, while the City of Buffalo Department of Public Works completes routine street sweeping.
- The use of catch basin hoods to prevent larger solids from entering the collection system.
- The Hamburg Drain Floatables Control Facility removes large solids from the waters before reaching the Hamburg Drain outlet at the Inner Harbor area of the Buffalo River. In addition, all flow reaching the WWTF undergoes screening at the head of the plant.
- BSA can perform booming and skimming of open waters to collect any debris that may make it to a receiving waterbody.

4.2.2.8 Combined Sewer System Replacement

This CSO BMP states that combined sewer replacements shall not be designed or constructed without NYSDEC approval. If a replacement is necessary, separate sanitary and storm sewers should be considered as an alternative installation instead of a combined sewer.

When applicable, BSA will consider separate sanitary and storm sewers. However, since full manhole-to-manhole replacements are rare and conflicts with other utilities and lack of downstream storm sewers are often impractical, most replacements are in-kind. In addition, in new developments, separate storm and sanitary lines are required.

4.2.2.9 Combined Sewer Extension

This CSO BMP states that when combined sewer extensions are allowed, separate sanitary sewers should be considered as an alternative, as no new sources of stormwater should be connected to any separate sanitary sewer in the collection system. The Permittee is to demonstrate that the existing collection system and treatment facility can sufficiently convey and treat dry weather flows due to the combined sewer extension.

As BSA does not build combined sewer extensions, this CSO BMP is not applicable. If any sewer extensions are needed, those new sewer extensions are required to be separated from storm lines.

4.2.2.10 Basement Backups

BSA is required to notify NYSDEC by letter if there are documented, recurring instances of sewage backups in houses or of raw sewage discharges to the ground surface due to surcharging manholes. BSA is also required to prohibit further connections to the system that would worsen the problem and has been implementing sewer separation projects to alleviate the backups.

4.2.2.11 Septage and Hauled Waste

BSA does not discharge or release septage or hauled waste upstream of a discharging CSO; septage and hauled waste are required to be discharged directly to be treated at the Bird Island WWTF, which has a dedicated receiving area for septage and hauled wastes. BSA can accept septage during wet weather events since the received septage and hauled waste, and all other waste streams influent to the SWWPS, receive full secondary treatment, even during high flows.

4.2.2.12 Control of Runoff

BSA follows the procedures in NYSDEC's New York State Stormwater Management Design Manual to reduce runoff in new developments.

4.2.2.13 Public Notification

BSA uses several methods to keep the public and stakeholders informed on projects.

- 1) Signs have been posted at all CSO outfall sites owned and operated by BSA in accordance with the SPDES permit and to alert the public to the potential presence of CSO events. Condition assessments of these CSO outfall signs are conducted on an annual basis.
- 2) Buffalo Sewer maintains a map of CSOs, on the *buffalosewer.org* website, and their current modeled probability of overflow based on a simplified linear regression of the model for each outfall. The linear regressions resulting from the collection system model were updated in 2024. See **Figure 4-1** for a screenshot of this notification system.

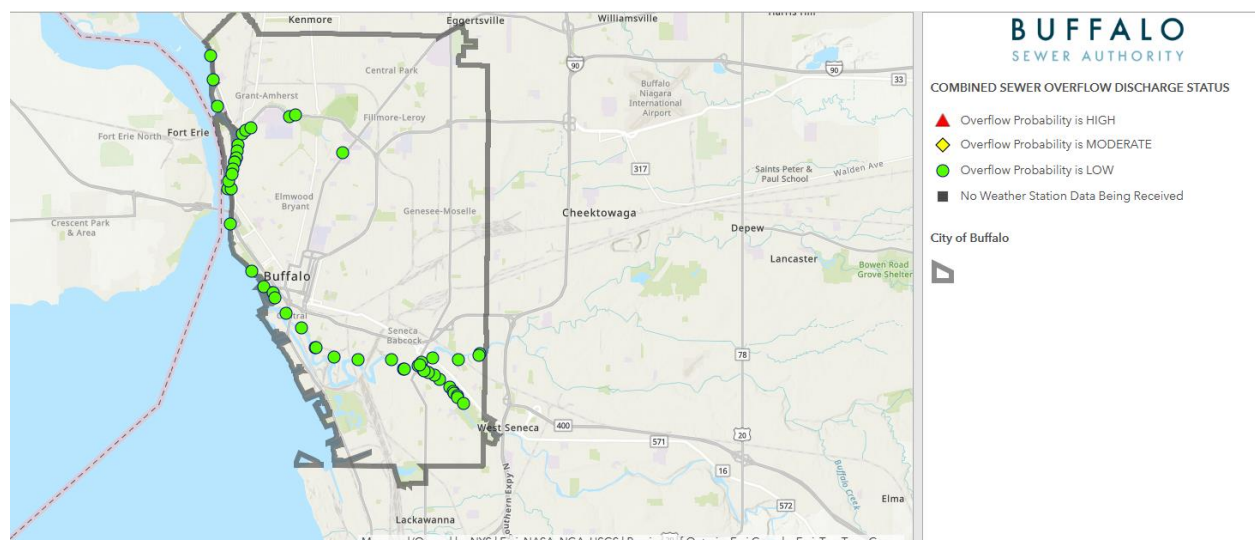


Figure 4-1: Screenshot of CSO discharge status online on BSA's website.

- 3) In conjunction with the overflow discharge status indications on the website, BSA is also mandated by the NYSDEC to utilize the NY-Alert system, in which notifications are submitted, on

a receiving waterbody basis, by BSA within two hours of a CSO occurring. An initial notification is submitted by BSA, with an updated notification submitted at the end of event. The public can sign up to receive these notifications at <https://alert.ny.gov/>.

- 4) The BSA Board conducts monthly meetings to discuss fund allocations and upcoming project work. The meeting minutes, agenda, and the meeting schedules are available on the buffalosewer.org website for public transparency.
- 5) BSA participates in environmental forums facilitated by the NYSDEC as needed.
- 6) For larger projects, BSA has the Selected Alternative Long-Term Control Plan which incorporates the Public Participation Plan, with updates expected to be implemented in 2024. BSA emphasizes the importance of meaningful feedback from community members to ensure maximum community benefit. Therefore, the BSA has four focus areas:
 - A series of public meetings to allow for in depth discussion;
 - Dissemination of information to and solicitation of feedback from the broader community through extemporaneous means;
 - Development of a stakeholder advisory committee to maintain a continuous community engagement; and
 - Direct outreach to local elected officials and community-based organizations in those communities and neighborhoods impacted by the revised long-term control plan.

BSA has a strong focus on building partnerships through community and stakeholder engagement on all projects. They realize the importance of building trust with partners to be successful in the work they conduct.

4.2.2.14 Characterization and Monitoring

This CSO BMP requires the characterization of the CSS as well as the monitoring of the frequencies and impacts of CSOs. The LTCP further expands upon this BMP. Extensive characterization & metering was undertaken during the development of the BSA's approved CSO LTCP.

CSO outfall monitoring is achieved through a bimonthly inspection of regulators. As part of the development of the LTCP, system-wide hydraulic and water quality models were developed using flow meters & level gages and a final strategy was developed to limit the number of activations to each receiving waterbody to meet water quality standards. In this manner, the hydraulic model could then be used to ascertain compliance by estimating the number of CSO activations to each waterbody using the typical year precipitation and comparing the estimated activations to the targeted activations.

In 2016, a series of flow meters and level sensors were installed to "recalibrate" the hydraulic model. At the same time, the model was updated from XP-SWMM to PC-SWMM and additional nodes and pipes were added. Flow and level sensors collected data for a period of six to nine months and the data were used to recalibrate the model, which was then submitted to the regulatory agencies in January 2019. The recalibrated mode was subsequently approved in October 2021; but the model, now having greater accuracy to more current flows, now demonstrated failure of the approved LTCP to meet waterbody-based activation goals. Since October 2021, the BSA has been working with the NYSDEC and various consultants to identify and implement projects to achieve compliance. Some of these projects were first identified in the LTCP, but the recalibrated model indicated that additional projects were needed.

4.2.2.15 Annual Report

A report summarizing the implementation of each BMP is submitted to the NYSDEC by January 31 of every year. See **Appendix F** for the most recent annual report submitted.

SECTION 5 FINANCIAL ASSESSMENT

5.1 Introduction

BSA receives three different financial assessments:

1. Rate review consulting
2. Financing consulting
3. Financial assessments performed as part of the Independent Engineering Assessment Report

The three assessments are distinct and complementary. The rate review consultant analyzes the adequacy of rates and charges for sewer service. The financing consultant analyzes rate increase and debt financing strategies to meet BSA's capital needs. This financial assessment incorporates the work of the other assessments and presents a five-year projection which incorporates planned debt financing and verifies, through debt service coverage projections, financial feasibility.

5.1.1 Rate Review

BSA regularly performs rate reviews and formal rate studies to verify the accuracy and appropriateness of rates. The last such report was performed and presented to BSA on January 31, 2024. After 18 years without a rate increase, BSA raised rates on 7/1/2023 and raised rates again in July 2024 as noted in Statement A (discussed below in Section 5.1.3).

The January 2024 rate review noted:

"Based on the information presented in Sections I through III, including the increase in the assessment on sewer rents in the Authority's Fiscal 2023-2024 budget, the estimates of cash receipts in Fiscal Year 2023-2024 and actual cash receipts through November 30, 2023, exceed the amount required for the anticipated annual budgeted cash requirements of the Authority for Fiscal 2023-2024."

5.1.2 Financing Consulting

BSA has recently engaged Raftelis to review their rate system and financing strategy to close the capital program funding gap. As of this writing, the second phase of the Raftelis study is in process. In their initial study completed last year, Raftelis:

1. Prepared a baseline financial forecast, from FY 2025 to FY 2029, using the most recent operating budget and capital plan for the Authority and according to the funding assumptions included in the Authority's most recent Financial Capability Assessment Report.
2. Identified the cumulative five-year increase in assessment and user rate revenues that would be necessary to fund system operations and the capital program as part of the baseline forecast.
3. Prepared three alternative five-year rate plan scenarios showing the amount of capital investments that could be funded over the forecast period with a better optimized capital funding mix to expand funding capacity and to minimize rate impacts.
4. For the baseline forecast and the three alternative rate plans: a) Compared the amount of capital that could be funded over the forecast period, and b) Compared the cumulative five-year increase in assessment and user rate revenues.
5. Documented findings and conclusions resulting from the evaluation.

Using a \$358 million LTCP and non-LTCP capital expenditures target for 2025-2029, Raftelis concluded that the cumulative revenue increase needed to fund the planned capital projects over this period was

projected to be 66 percent. Three alternative five-year rate plans were prepared that included a more optimized capital funding mix:

- The 5 percent rate plan was projected to provide \$268 million in capital funding over the five year forecast period and resulted in a cumulative five-year revenue increase of 30 percent. This is \$90 million less funding capacity than is needed over the forecast period.
- The 7 percent rate plan was projected to provide \$355 million in capital funding, while resulting in a five-year revenue increase of 43 percent. This is comparable to the amount of funding needed over the forecast period and resulted in a reduced customer impact as compared to the baseline scenario.
- The 9 percent plan was projected to provide over \$440 million in capital funding and resulted in a cumulative five-year revenue increase of 58 percent.

Noting the uncertainties over the cost and timing of several high dollar value projects, Raftelis recommended that the financial forecast should be updated so that specific annual increases to assessment and user rates and charges can be provided.

5.1.3 Independent Engineering Assessment Financial Assessment

Appendix A presents management's financial estimate for the period FY 2025-2029. BSA is projecting an operating revenue increase of 25.6% (6/30/24-6/30/29) and 47.8% (6/30/25-6/30/29, attributable primarily to rate increases. The projected revenue increases are detailed in Appendix A. The purpose of these rate increases and resulting revenue increases are to improve water equity, provide additional funds to close the CIP funding gap and improve financial resilience.

Note: The 2024-2025 Annual Engineers Certification Report utilized values from the Buffalo Sewer Authority 2025-2026 Operating Budget. This update modifies the FY 2025 values utilizing 10 months of actual data. As a result, some of the values presented in this update vary from those in the Annual Engineers Certification Report, and some of those changes are sizeable. This is due to the budgeting process purposefully underestimating revenues and overestimating expenses. Because this financial estimate still utilizes FY 2026 budget values, some trendlines may appear unusual.

Table 5-1 shows past BSA revenues, taken from BSA's Comprehensive Annual Financial Report (CAFR), for fiscal years ending (FYE) 2015 through 2024. **Table 5-2** and **Table 5-3** show projected total and net revenues, respectively, for FYE 2025 through 2029.

Table 5-1: Actual Revenues from FYE 2015 to 2024

FYE	\$1,000s	FYE	\$1,000s
2015	61,830	2020	55,406
2016	56,872	2021	65,355
2017	61,949	2022	58,847
2018	62,817	2023	71,478
2019	58,268	2024	89,217

Table 5-2: Estimated Total Revenues from FYE 2025 to 2029

FYE	\$1,000s
2025	75,520
2026	81,246
2027	90,018
2028	98,193
2029	106,438

Table 5-3: Estimated Net Revenues from FYE 2025 to 2029

FYE	\$1,000s
2025	15,651
2026	14,823
2027	20,456
2028	26,998
2029	33,533

The estimated and actual revenues are shown in **Appendix A**. Schedule A of Appendix A shows estimates of total and net revenues, and debt service coverage for each FYE 2025 through 2029. The estimated and actual revenues are shown in Appendix A and Appendix B, respectively. **Appendix B** shows the actual revenues for FYE 2015 through 2024, as well as the actual debt service coverage.

Net revenues (total revenues, less operating expenditures) are one source of funding for the CIP. BSA's Capital Improvement Program (CIP) is currently approximately \$878 million. The FY 2025-30 CIP is \$701,192,102 (See Table 7-1). The projected five-year amount available to fund this CIP is currently approximately \$ 333,520,187 as detailed below:

- 2024 EFC bond issue: \$39M
- 2025 Bond Issue: \$50M
- 2026 EFC bond issue: \$70M
- EFC Bond Anticipation Note (BAN): \$40M
- Capital contributions from reserves and EIB: \$68,400,000
- Capital contributions from operations 2025-2029: \$ 66,120,187

5.2 Revenue Sources

BSA currently has nine revenue sources:

- Assessed sewer rents in City
- Metered water use sewer rents
- Assessed sewer rents Outside City
- Metered sewer rents Outside City
- Flat rate water use rents
- Industrial waste
- Outside City Districts
- Miscellaneous fees and charges
- State and Federal Aid

The relative magnitude of the revenue sources are shown in **Figure 5-1**.

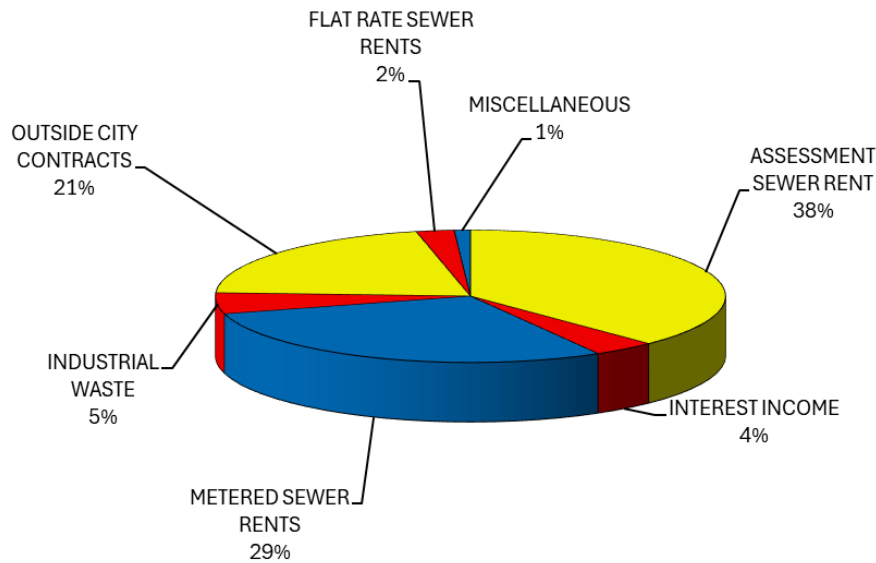


Figure 5-1: BSA Revenue Sources (BSA Budget 2025-2026)

5.2.1 Assessed Sewer Rents in City

An amount (currently \$24,957,600) shall be collected from all real property in the City of Buffalo (the "City") by apportioning the said amount upon such property within the City as the same is set down on the last completed annual assessment roll of the City, except that no ad valorem sewer rent shall be assessed against real property exempt from real property taxes.

5.2.2 Metered Water Use Sewer Rents

If a customer is a user of water supplied by the Buffalo Water Board or from any other source, and the quantity of water used is measured by a water meter acceptable to BSA, then, the quantity of water used, as measured by said meter, shall be used to determine the sewer charge or rental. The charge for such use shall be:

1. \$49.75 for 0 to 4,000 cubic feet of water used per quarter of a year, if the meter is read quarterly. Any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).
2. \$16.58 for 0 to 1,333 cubic feet of water used per month, if the meter is read monthly. Any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).

5.2.3 Assessed Sewer Rents Outside City

An annual service charge for the privilege of connecting with the BSA facilities shall be due for any premises situated outside the limits of the City for each \$1,000 of assessed valuation as determined in the last completed annual assessment. The 2023 – 2024 rate is \$2.71239 per \$1,000 of assessed valuation as per **Appendix E** – Final Schedule of Sewer Rents and Other Charges for 2023-2024.

5.2.4 Metered Sewer Rents Outside City

If an outside City customer is a user of water supplied by the Buffalo Water Board or from any other source, and the quantity of water used is measured by a water meter acceptable to BSA, then in each such case, the quantity of water used, as measured by said meter, shall be used to determine the sewer charge or rental, and the charge for such use shall be as follows:

1. \$49.75 for 0 to 4,000 cubic feet of water used per quarter year, if the meter is read quarterly, and any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).
2. \$16.58 for 0 to 1,333 cubic feet of water used per month, if the meter is read monthly, and any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).

5.2.5 Flat Rate Water Use Rents

If a customer is a user of water supplied by the Buffalo Water Board, and the quantity of water used is not measured by a water meter acceptable to BSA, then the sewer charge or rental for all such accounts shall be determined through a table of descriptors (building height, fixtures, etc.).

5.2.6 Industrial Waste

As a condition of a Buffalo Discharge Elimination System Permit (BPDES), a user may be required to pay an industrial waste surcharge for discharging sewage or waste exhibiting a strength of sewage or waste greater than normal domestic sewage.

5.2.7 Outside City Districts

BSA currently has seven service contracts with municipalities and sewer districts outside the city limits. These districts are billed for their share of costs allocable to the treatment of their flow to the treatment plant. Allocable costs include portions of administrative expenses, treatment facility expenses, industrial waste expenses, the costs to maintain trunk sewers, and debt service costs. The municipality or district is billed twice annually for services. The municipality or district is billed, not individual property owners. Intermunicipal agreements (IMAs) with each outside city district covers flow measurement. Under the IMAs, each District is responsible for installing and maintaining meters at BSA city lines. BSA has the right to challenge accuracy of meters including installing test meters.

- Erie County Sewer District #1 connects to the Buffalo Sewer System through a 36-in main on Mineral Springs Road at the City/Town line. Flows from this district are measured through a metering station located just to the east of the I-90 highway overpass of Mineral Springs Road.
- Erie County Sewer District #4 connects into the Buffalo Sewer Interceptor System through a 66-in main at Bailey and Seneca Streets. There is one upstream Buffalo Sewer connection to this line at Cable Street and the Buffalo River through a 10-in combined sewer. The flows from Erie County Sewer District #4 are measured at a Metering Station located at 75 South Pierce Street.
- The Town of Cheektowaga discharges to the Buffalo Sewer System through a 48-in sewer connection to the Scajaquada Tunnel in Schiller Park at the City/Town line. Flows are measured through a metering station at the point of interconnection.
- The Village of Sloan connects to the Buffalo Sewer System through three distinct connections: an 18-in sanitary sewer connection to a 20-in combined sewer on Vanderbilt Street at the City Line; an 8-in sanitary sewer connection to the 15-in combined sewer at the intersection of Richard and Cambria; and a 12-in sanitary sewer connection to a 15-in combined sewer at Richard Drive and the City line. The Village of Sloan is required to operate and maintain flow metering devices and

provide records upon request for the first two connections and for the last charges are based on water usage.

- West Seneca Sewer Districts 1, 2, and 10 connect to the Buffalo Sewer System through a 20-in sanitary sewer that discharges to a 20-in combined sewer at Wildwood Avenue and Beyer Place. West Seneca Sewer District 3 discharges through a 10-in sanitary sewer connection to the 10-in combined sewer at Edson Street at the City line. West Seneca Sewer District 4 discharges to the Buffalo Sewer System through a 10-in combined sewer connection at Duerstein and the City line. West Seneca Sewer District 9 discharges to the Buffalo Sewer System through a 12-in sanitary sewer connection to a 12-in combined sewer at Burch Street at the City line. The Town of West Seneca is required to operate and maintain flow metering devices for all points of interconnection.
- West Seneca Town Sewer Districts 5, 13, and 14 discharge to Buffalo Sewer through a 36-in sanitary sewer which connects into the Buffalo Sewer System at its intersection with a 42-in main in Cazenovia Park approximately 300 feet southeast of Cazenovia Parkway. The Town of West Seneca is required to operate and maintain flow metering devices at this point of interconnection.
- West Seneca Sewer District 15 connects to Buffalo's Sewer System through a 10-in sanitary connection at Pierce and Casimir Streets. The Town of West Seneca is required to operate and maintain a flow metering device at this point of interconnection.

Debt service costs are allocated to outside city districts based on historic flows to the treatment plant.

5.2.8 Miscellaneous Fees and Charges

Miscellaneous fees and charges include drainage connection service charges, waste hauler charges, interest charges on overdue bills and other fees and charges typical of a wastewater utility.

5.2.9 State and Federal Aid

BSA pursues State and Federal aid when available and appropriate. Although BSA will continue to pursue State and Federal aid throughout the projection period, this projection does not anticipate receiving State or Federal aid between FY 25 and FY 29.

5.2.10 Comparison of Buffalo Sewer Rates with the Rates of Other Communities

Rates for the City of Buffalo and other municipalities within New York State are compared as part of the rate review process. These comparisons take into account both usage-based rates and assessed values. The last rate review did not include a rate comparison, noting "The Buffalo Sewer Authority's rates have historically been low on average in comparison to other communities."

The National Association of Clean Water Agencies (NACWA) annually conducts a survey of wastewater rates (called the Cost of Clean Water Index) and computes the average cost of wastewater services nationally and by EPA region. In 2024, the national average annual cost of wastewater service was \$612; for EPA Region 2 the average cost of wastewater service was \$577. Following substantial rate increases, BSA is still below average both nationally and in EPA Region 2 at \$543.

5.3 Expenditures

BSA expenditures consist of operating expenditures (salaries and wages, other employee benefits, professional services contracts, supplies and materials, City of Buffalo Services, other operating expenditures, and capital outlays) and non-operating expenditures (debt service).

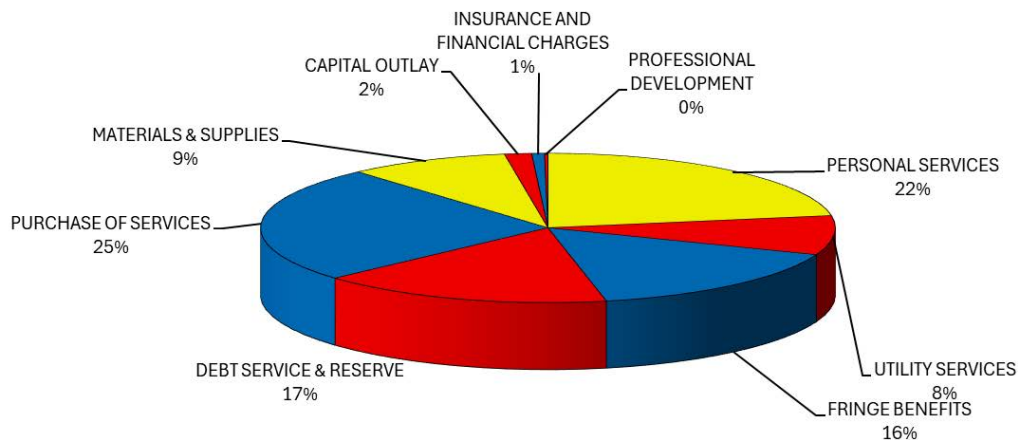


Figure 5-2: BSA 2025-2026 Budget Appropriations (BSA 2025-2026 Budget)

5.3.1 Operating Expenditures

The expenses for the projection period, including O&M associated with capital projects, originally projected to increase by 19% in FY 25 are now projected to experience an increase of 9% in FY 2025 (projected from 10 months of actual data), followed by a budgeted 10% increase in FY 2026, declining to 2.3% for FY 28 and FY 29, resulting in a 33% (6/30/2024-6/30/2029) /22 % (6/30/2025-6/30/2029) increase over the projection period as summarized in **Table 5-4**. Projected O&M for the forecast period is also detailed in Schedule A in **Appendix A**.

Table 5-4: Total Estimated Annual Expenses-Operation and Maintenance

FYE	\$1,000s
2025	59,869
2026	66,423
2027	69,562
2028	71,195
2029	72,906

5.3.1.1 Salaries, Wages and Other Employee Benefits

Historically, salaries and wages have grown at a 2% annual rate. The recent union agreement incorporated a 3% increase to reflect inflation growth. This was expected to result in an increase in employee related costs from FY24 to FY25, but 10 months of actual data shows that, due to vacant positions, salaries and wages will decline for FY25. The budgeted value for FY26 (used for consistency with other FY26 values) represents a 13% increase. After FY 26, the projection includes a return to 2% cost growth as a result of anticipated lower inflation rates and staff turnover, which lowers the average staff age. Other employee benefits track salary and wage growth. Overall salary, wage and other benefits are projected to increase by 14.7% (6/30/2024-6/30/2029)/15.4 % (6/30/2025-6/30/2029) over the projection period. See **Table 5-5**.

Table 5-5: Salary, Wage and Other Employee Benefits

FYE	Salaries and Wages (\$1,000)	Other Employee Benefits (\$1,000)
2025	15,020	11,640
2026	17,000	12,000
2027	17,340	12,240
2028	17,687	12,485
2029	18,041	12,734

5.3.1.2 Professional Services Contracts

The projection of professional service contract expenses had originally incorporated a one-time 26.8% increase from FY2024 to FY2025 reflecting the competition for contractors due to construction work in the Buffalo area. Due to work slowdowns, 10-month actual data for FY 25 shows a likely decline. The FY 26 budget anticipates a sizeable growth in this line item, followed by a return to annual growth of 3% FY27-29. Many service contracts are one-year contracts with 4 one-year extensions possible. (Note-program management is being paid through capital expenditure accounts).

Table 5-6: Professional Services Contracts

FYE	Professional Services Contracts (\$1,000)
2025	13,200
2026	20,054
2027	20,656
2028	21,275
2029	21,913

5.3.1.3 Supplies and Materials

Since FY 2021, the cost of supplies and materials has risen significantly due to inflation and supply chain issues reducing available supplies and other factors. FY 2025 is projected to be more than 76% higher than FY24. The FY26 budget expects a continuation of cost growth (up 27%). Reductions in inflation and resolution of supply chain problems are projected to reduce cost growth of this line item to historic 2% annual cost growth levels for FY2027 to FY 2029.

Table 5-7: Supplies and Materials

FYE	Supplies and Materials (\$1,000)
2025	11,001
2026	13,944
2027	14,362
2028	14,793
2029	15,237

5.3.1.4 City of Buffalo Services

City of Buffalo Services include Division of Water billings for sewer rent, treasury functions, assessment of properties, and billing of sewer rent based on assessed value, data processing and payroll services as well as legal and auditing services. City of Buffalo fees have not been increased since 2011 and are projected to stay level over the projection period.

5.3.1.5 Other Operating Expenditures

Other operating expenditures include a contingency provision for judgments and claims; a sewer rent adjustment and a contingency for unanticipated expenditures which caused a significant increase in FY2024. The FY 25 projection from 10 months of actuals shows a partial decline of 31%, followed by a FY26 budget amount which is nearly 1/3 the FY25 amount. With the substantial funding of contingency amounts early in this projection period, BSA expects to return to historic amounts in FY27-29.

Table 5-8: Other Operating Expenditures

FYE	Other Operating Expenditures (\$1,000)
2025	6,275
2026	2,221
2027	3,735
2028	3,702
2029	3,702

5.3.1.6 Capital Outlays

Capital outlays include expenditures on vehicles and small equipment. Actual historic recent expenditures have been highly variable due to supply chain limitations and replacement needs. When not affected by external events this has been a stable expenditure. The FY26 budget reflects a return to historic levels, followed by 2% annual increases. If actual needs exceed budgeted amounts contingency funds will be transferred from the Other Operating Expenditures contingency amounts.

Table 5-9: Capital Outlays

FYE	Capital Outlays (\$1,000)
2025	2,733
2026	1,204
2027	1,229
2028	1,253
2029	1,278

5.3.2 Non-operating Expenses

Non-operating expenses consist of debt service and debt related expenses.

The following bonds remain outstanding as of June 30, 2024:

Table 5-10: BSA Outstanding Bonds

Description	Balance 6/30/2024	Year of Issue/Maturity
Series J1	\$2,978,126	2014/2033
Series K1	\$1,289,142	2014/2033
Series L1	\$4,781,881	2015/2035
Series M	\$6,320,000	2014/2044
Series N	\$12,096,564	2012/2031
Series O	\$6,279,883	2021/2051
EIB	\$46,611,052	2021/2051

5.3.2.1 Debt Service

The principal and interest payments (debt service) on the outstanding bonds, including this bond issue, over the projection period are shown below in **Table 5-11**:

Table 5-11: Debt Service Schedule FY 2025-2029

Debt Service Schedule					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Series J	\$409,801	\$396,354	\$398,147	\$384,362	\$385,577
Series K	\$278,535	\$271,495	\$267,351	\$262,953	\$258,301
Series L	\$513,424	\$504,574	\$500,297	\$495,483	\$490,143
Series M	\$492,688	\$486,022	\$483,668	\$475,627	\$472,045
Series N	\$1,581,570	\$1,566,848	\$1,545,427	\$1,527,224	\$1,507,313
Series O	\$222,597	\$226,231	\$229,895	\$233,544	\$237,193
2021 EIB	\$2,670,288	\$2,669,088	\$2,665,888	\$2,666,888	\$2,666,575
2024 EFC \$39M			\$2,100,000	\$2,100,000	\$2,100,000
Proposed 2026 EFC \$70M				\$3,800,000	\$3,800,000
2025 Bond Issue		\$2,428,744	\$2,442,313	\$2,442,313	\$3,307,313
Total Debt Service	\$6,168,903	\$8,549,356	\$10,632,986	\$14,388,394	\$15,224,460

A portion of the interest for the 2024 EFC issue was prepaid and the first debt service payment will be made after June 30, 2026.

5.3.2.2 Debt Service Coverage

BSA has covenanted that from time to time and as often as it shall appear necessary, the rates, charges, rents and sewer rents, fees and assessments established for the Sewer System will be adjusted whenever necessary to cause revenues collected in each fiscal year from the Sewer System to be at least equal to the Minimum Revenue Requirement, which shall be equal to the sum of (i) the amount estimated to be required in the current fiscal year to pay operating expenses and to meet debt service reserve requirements, plus (ii) 120% of debt service for such fiscal year. The coverage for the projection period is:

Table 5-12: Projected Debt Service Coverage FY 2025-2029

Fiscal Year	Debt Service Coverage
2025	2.54x
2026	1.73x
2027	1.92x
2028	1.88x
2029	2.20x

5.4 Ability to Issue Additional Debt

BSA's ability to afford the additional debt shown in Schedule A is based on several factors:

- Multiple sources of revenue from a growing customer base.
- Recent rate increases have been well tolerated.
- Plans to increase rate revenues from all user categories. BSA does not need approval to raise assessment rates.
- 10-year trends in its revenue sources are mostly positive.
- Diverse customer base - only one customer represents more than 1% of revenues.
- A historic ability to meet debt service coverage levels.
- Demonstrated ability to manage debt.
- Ample plant capacity.
- Effective risk management

Additional considerations are described in the notes to Schedule A (of **Appendix A**). Some of these factors are described in more detail below.

5.4.1.1 Multiple Revenue Sources

In FY 2024, approximately 65% of revenues are usage-based, i.e., based on volume (and strength for industrial customers). The remainder of revenue is based on assessments, a fixed revenue source. Since about two-thirds of BSA's residential customers are tenants, increasing revenues from non-usage-based rates (assessments) would increase revenue resiliency and water equity by reducing the reliance on revenues from consumption-based rate payers.

BSA collects usage-based revenues from:

- Metered and flat rate water use rents (revenue driver is volume of wastewater treated).
- Outside city districts, who are charged based on percentage of flows to the treatment plant.
- Industrial waste dischargers.

The wisdom in reducing the reliance on consumption-based rates is shown in the next four graphs. The number of connections, both residential and commercial, is increasing as seen in Figure 5-3 through Figure 5-5, respectively:

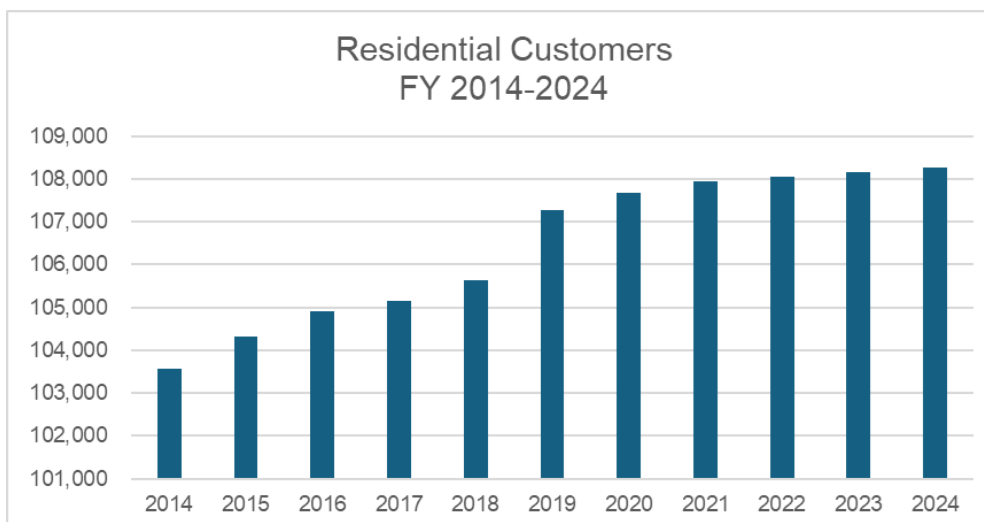


Figure 5-3: Residential Customer Growth 2014-2024

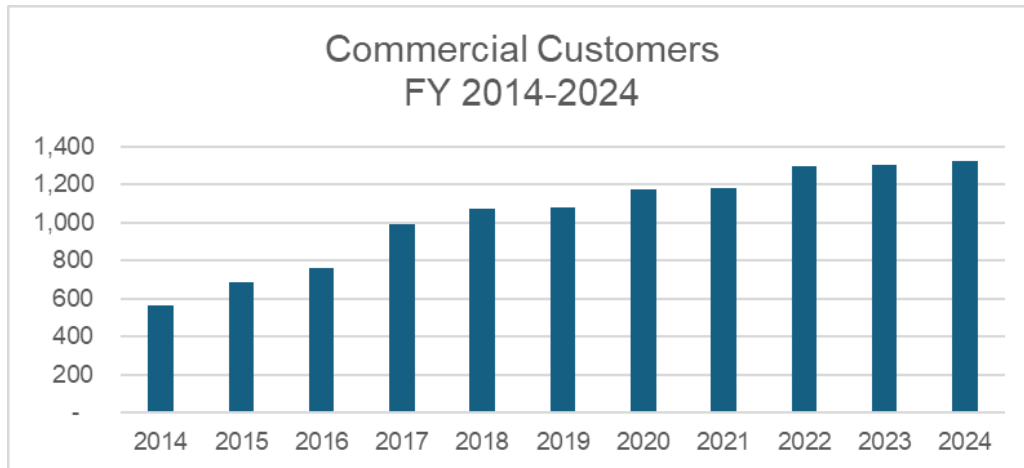


Figure 5-4: Commercial Customer Growth 2014-2024

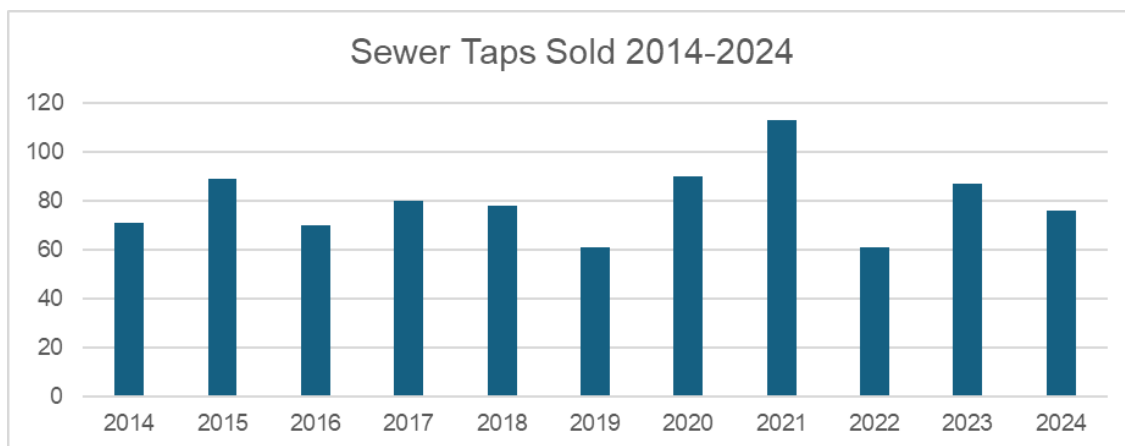


Figure 5-5: Sewer Tap Sales 2014-2024

This is happening as flows to the plant are leveling off:

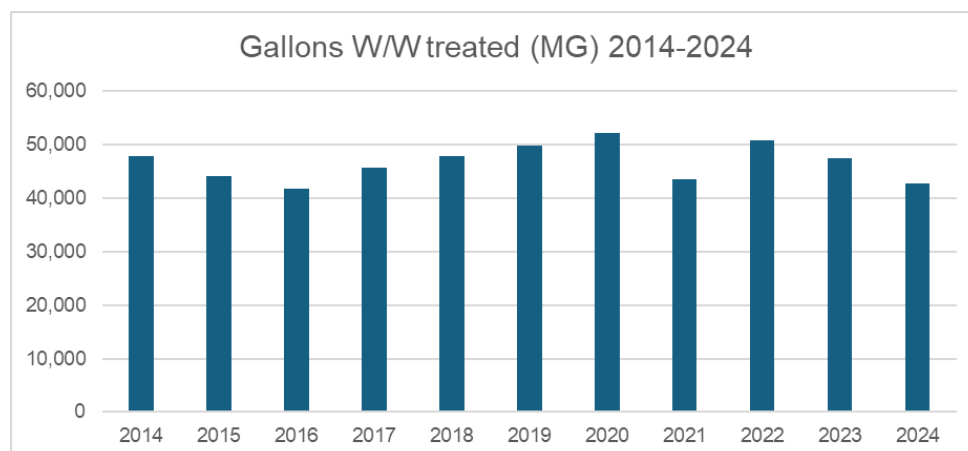


Figure 5-6: Gallons of wastewater treated 2014-2024

Other revenue sources include: assessed sewer rents (revenue driver is assessment rate and valuation). Sewer rent from an assessed value of \$12M have declined because of increases in property values, as seen in Figure 5-7. In 2021, assessment rates moved to 0.95 per \$1,000 from 1.64 per \$1,000 to keep the total cost valuation at \$12M. In FY 24 the valuation was increased by 64% with little resistance as the assessment rate was returned to slightly below previous levels.

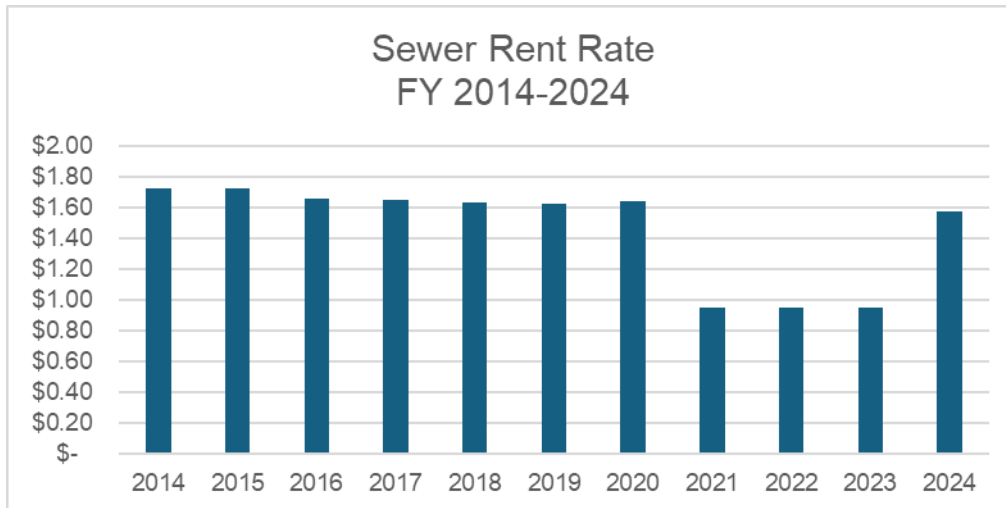


Figure 5-7: Sewer Rent Rate 2014-2024

5.4.2 Demonstrated Ability to Manage Debt

The authority has covenanted that from time to time and as often as it shall appear necessary, the rates, charges, rents and sewer rents, fees and assessments established for the Sewer System will be adjusted whenever necessary to cause revenues collected in each fiscal year from the Sewer System to be at least equal to the Minimum Revenue Requirement, which shall be equal to the sum of (i) the amount estimated to be required in the current fiscal year to pay operating expenses and to meet debt service reserve requirements, plus (ii) 120% of debt service for such fiscal year. Historically, BSA has been at or above the required debt service coverage, as seen in the figure below

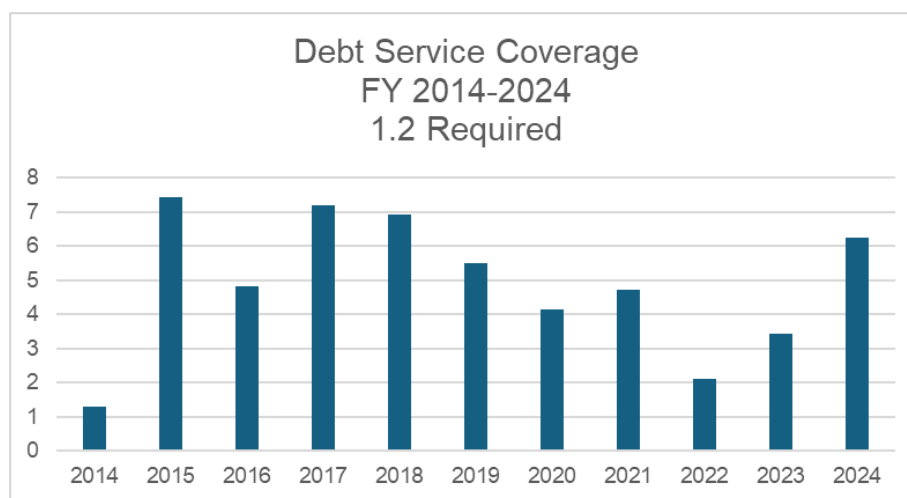


Figure 5-8: Debt Service Coverage (FYE 2014 to 2024)

Meeting or exceeding debt service coverage targets requires revenues that exceed expenses. Historically, BSA has performed well at maintaining revenues well above direct operating expenses.

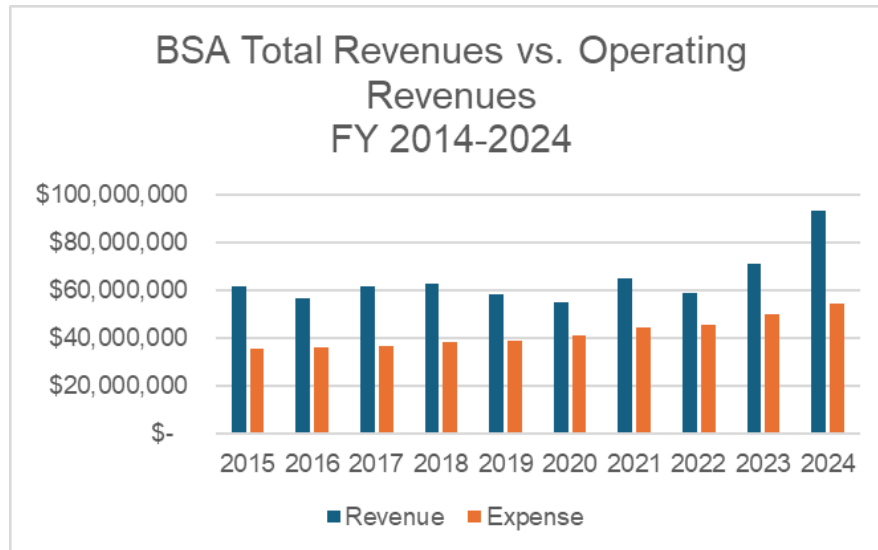


Figure 5-9: BSA Revenues vs. Expenses FY 2014-2024

In FY 2024 Total Revenues nearly doubled Direct Operating Expenses. Going forward BSA projects revenue growth will exceed expense growth as seen in the figure below.

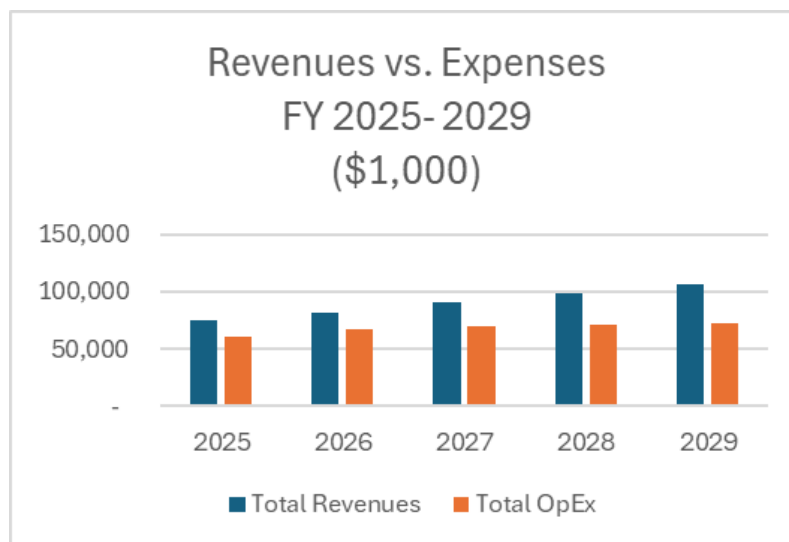


Figure 5-10: BSA Revenues and Expenses FY 25 – FY 29

5.4.3 Ample Plant Capacity

Ample plant capacity means that capital expenditures will be utilized for renewal and replacement and regulatory compliance, not for capacity additions.

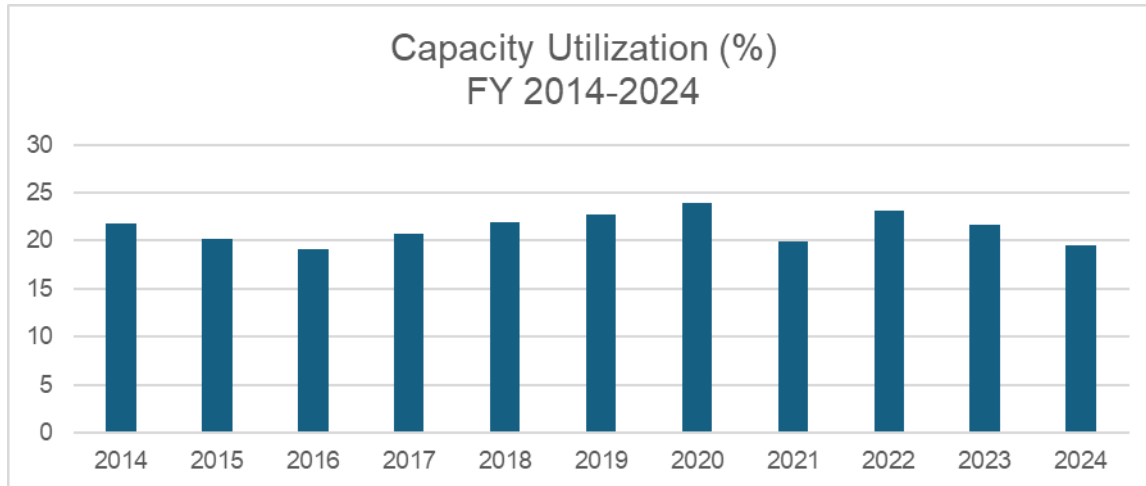


Figure 5-11: Plant Capacity Utilization (FYE 2014 to 2024)

5.4.4 Effective Risk Management

BSA actively and effectively manages the many risks facing municipal wastewater agencies:

Litigation Risk: The Authority currently maintains a \$1,000,000 self-insurance fund and \$4,000,000 in reserves for loss contingencies. The Authority's General Counsel and the City of Buffalo Law Department feel these amounts are sufficient to adequately provide for any pending litigation.

Regulatory Risk: Regulatory risk is regularly reviewed, and the Authority is not aware of any pending or threatened regulatory actions that would have a material impact on the ability to provide required coverage for bond issues and/or complete the CIP. The Authority actively monitors the possible future regulation of emerging contaminants, such as PFAS and PFOA. The Authority does not anticipate the possible regulation of emerging contaminants having a material impact on the Authority achieving bond coverage or completing the CIP.

External risks: Working with their property insurance provider, Affiliated FM, the Authority has performed risk analysis of critical assets and has developed plans to mitigate identified risks. The Authority has developed an Emergency Response Plan that establishes the Authority's preparedness and response strategies related to natural and man-made emergencies and disasters. It outlines authority, responsibilities, and organizational relationships, and shows how all actions will be coordinated among relevant Incident Command System (ICS) designees, departments, and staff.

Cyber threats: BSA has implemented a number of actions to mitigate cyber risk – SCADA/DCS controls are separated from the business network, the email platform has been moved to the cloud, and BSA applies the least permission model for company employees. Company passwords are managed wisely, and multi-factor authentication is required to login to company devices, and software. Cybersecurity audits are conducted on a regular basis and BSA has implemented a simplified technology infrastructure. Additionally, should a breach occur, the Authority has cyber insurance that would assist in recovery.

Audit Risk: The 2024 ACFR noted – “Any disallowed expenditures resulting from such (grant) audits could become a liability of the governmental funds. The amount of disallowance, if any, cannot be determined at this time, although the Authority expects any such amount to be immaterial.”

Revenue Risk: The Authority has a stable and disaggregated customer base. The number of residential and commercial customers has increased by 4,584 over the past 10 years. Flow from outside city contracts are stable and the revenue from these districts continues to account for 20%-25% of total Authority revenue. No single customer accounts for more than 1.24% of total revenue, and our ten largest customers account for less than 4% of total revenue.

Expense Risk - Over the past four years, the Authority has seen increases in chemical, and construction related supplies and services that have exceeded inflation. It appears supply chain disruptions and inflation have normalized, and the Authority is not aware of any potential actions impacting operating expenses that would have a material impact on the ability to achieve successful completion of the CIP.

5.5 Strategies for Funding the CIP

BSA's Five-Year Capital Improvement Program (CIP) is currently approximately \$878M (see Section 7.1). The projected five-year amount available to fund this CIP is currently approximately \$333,520,187 as detailed below:

- 2024 EFC bond issue: \$39M
- 2025 Bond Issue: \$50M
- 2026 EFC bond issue: \$70M
- Capital contributions from reserves: \$24M
- Capital contributions from operations 2025-2029: \$66,120,187
- Funds from EIB: \$44.4M
- EFC BAN: \$40M (The BAN allows BSA to bill EFC once construction begins, thus making funds available. However, because these funds will most likely be received outside the projection period, this BAN is not included in Statement A, Appendix A).

BSA has a number of options available to manage this gap in funding the CIP, such as:

- Extending the LTCP schedule to stretch out annual capital needs.
- Increasing capital contributions from reserves.
- Scheduling stretch-out's for non-LTCP projects.
- Issuing additional bonds.
- Increasing rates and charges above those currently forecasted.
- Receiving yields from rate structure review, some tied to property valuations.

SECTION 6 CONDITION ASSESSMENT

Physical condition ratings of Good, Fair, or Poor were issued to major components of the BSA infrastructure system. Detailed engineering analyses were not performed, but the facilities were assessed by visual inspection of assets/infrastructure and interviews with BSA staff (on staffing, maintenance, repair, and replacement plans) to determine their ability to adequately meet the SPDES permit requirements and to provide continuing services in the future with implementation of BSA's Capital Plan and LTCP. The three ratings are given below:

- **Good:** The system component is in good condition to provide reliable operation in accordance with the design parameters. This rating has been given to a system component that does not require any upgrades or repair and needs routine maintenance only.
- **Fair:** The system component is operating at or near design parameters. This rating has been given to a system component that needs rehabilitation, upgrades, and repairs to assure its continued operation.
- **Poor:** The system component cannot be operated at the design parameters. To make the system operable, major rehabilitation and repairs are needed.

The properties of the BSA infrastructure are in fair to good condition. Overall, the sewer system and treatment infrastructure condition are sufficient and can meet current and future demands provided continued ongoing maintenance and the implementation of BSA's Capital Plan, LTCP projects, and NFA projects. The following is a summary of the major system components and the relative condition of each.

6.1 Collection System

6.1.1 Gray Infrastructure

BSA's collection system was built to support a much larger population than current levels, and although the population in the City of Buffalo has declined, the collection system size has remained the same and requires maintenance that would typically be associated with a larger metropolitan area.

BSA's Sewer Maintenance Department has historically been focused on reactive maintenance, responding to complaints received via the Mayor's 311 hotline and work orders generated based on infrastructure failure or observed conditions. Common issues encountered by the BSA crews in the field include excessive roots, sewer line breaks, and disconnected taps. As noted in Section 2.3, BSA's in-house crews are responsible for sewer cleaning and repairs. At current staffing levels, Sewer Maintenance can send out three (3) ERC crews, four (4) receiver crews, three (3) combination cleaners, and three (3) CCTV trucks daily. The receiver crews work in specific areas of the City and are also dispatched to proactively clean receivers in low lying areas (e.g., beneath viaducts) when wet weather is pending. The ERC crews are each comprised of 5 members and complete repair work on sewer sections less than 15 feet in length or no more than 12 to 15 feet deep. The CCTV trucks support the ERC crews and combination cleaners as needed.

For sewer cleaning and repairs above and beyond in-house capabilities, BSA maintains three term agreements with private contractors. The repair contracts are for 1) cleaning and televising, 2) general repairs, and 3) emergency repairs, including specialized work. BSA also has engineering term agreements that can be utilized for design of collection system projects, as needed, and completes one to two capital improvement projects in the collection system each year. In 2023, Sewer Maintenance handled over 7,600 work orders in the collection system.

Recently BSA has been moving to more proactive management of its collection system assets. The department aims to close out work orders within 30 days. In addition, receiver maps are being developed to ensure receiver cleaning is evenly distributed and managed, a hot spot cleaning list has been developed by Sewer Maintenance representatives based upon their knowledge of historical capacity-related issues within the collection system, and CSO regulator weirs are monitored every two weeks by a Construction Inspector. Also, BSA is currently implementing a large diameter sewer inspection program to proactively confirm the condition of the existing collection system assets.

As part of their proactive approach, the Sewer Maintenance Department is currently updating its Standard Operating Procedures. These revisions seek to increase efficiency and also provide additional training to newer employees.

However, due to aging buried infrastructure, there are still occasional failures within the collection system. In Dec 2022, BSA experienced a sewer collapse in a portion of the Swan Trunk. In Jan 2023, BSA worked to remove obstructions and grit to ensure capacity and return that portion of the Swan Trunk to service.

As discussed in Section 3.2.1, the majority of pipe within the BSA collection system is beyond its useful life. While collection system capital projects have not been a priority in recent years, BSA is actively working to improve the maintenance of this critical infrastructure. The current condition of the collection system as a whole is sufficient to ensure the transport of sewer flow to the WWTF and is considered to be in fair condition.

6.1.2 Real-Time Control Structures

All operational RTC sites discussed in Section 3.2.2 have all been installed within the last ten years. BSA's Engineering, Operations, and Mechanical Maintenance groups have coordinated efforts to ensure that both routine and reactive maintenance is being completed for the RTCs that have been placed into service to date. Mechanical Maintenance has incorporated periodic visits to the sites into their routine maintenance program, typically visiting each RTC twice a year at a minimum. Additionally, Engineering and Operations staff communicate alarms emanating from the RTCs, as obtained from SCADA, or maintenance recommendations received from consulting partners to the Mechanical Maintenance group to be addressed.

Since being placed in operation, the BSA has replaced actuators at Hertel RTC and an actuator and controller at the Smith Street RTC. In addition, several RTCs have experienced periodic issues with either gates or the instrumentation, but those issues have been readily addressed as necessary.

BSA is continuing with an ongoing review of the operational metrics of the RTCs constructed to date. Monthly reports are created for each site to track the Key Performance Indicators (KPIs) and are submitted as part of the Semi-Annual Reports, submitted to NYSDEC. For a majority of the ILS RTCs, the number and volume of SPP activations occurred and prevented are tabulated, as well as any unused storage during an SPP activation. For Diversion-type ILS RTCs (Smith St and Mill Race), the total volume captured and sent to the South Interceptor is recorded. For Smith Street, this volume is currently calculated based on levels and velocities within the sewer, as the flow meter at this location has experienced some operational issues.

Given that the existing structures are relatively new and well maintained by BSA staff, the RTC structures are generally in good condition.

6.1.3 Pumping Stations, Outlying Stations, and Gates

Similar to the RTC sites, routine and reactive maintenance for the pumping stations, additional outlying facilities, and gates is performed by BSA's Mechanical Maintenance group. Some facilities are visited twice annually, where others, such as the Fuhrmann Pump Station KF, require more frequent maintenance. Each pump station is visited on a routine basis to provide checks and perform routine maintenance and there are approximately 200 preventative maintenance work orders issued for the pump stations each month. A summary of the improvements that have been made to these facilities, along with the overall upgrades required, is provided in **Table 6-1**.



Figure 6-1: Harbor Gates

Table 6-1: Summary of Completed Improvement and Necessary Upgrades at the Pump Stations and Outlying Stations

Facility	Recent Improvements	Necessary Upgrades
Pumping Stations		
South Buffalo Pump Station	Pumps, motors, and discharge valves replaced in 2012, Pump 2 recently rebuilt.	Bar screens, HVAC, flow meters, addition of potential waste receiving station
Hamburg Street Pump Station	Rehabilitation and replacement work as needed	Replacement of 1980's eras pumps, valves, controls/ communication, bar screens, lighting, grating
East Amherst Street/ Amherst Quarry Pump Station	Pump #2 replaced	Pump #1 upgrade, valves, fencing, controls/ communication/ automation
Babcock Pump Station	Upgraded to function as RTC site in 2021	None
Walden Heights Pump Station	Controls/communication (SCADA) and generator routine maintenance	Generator

Facility	Recent Improvements	Necessary Upgrades
Waterfront Village Pump Station	Rehabilitation and replacement work as needed	Electrical/ controls, flooding and I/I controls
Tifft Farms Pump Station	Rehabilitation and replacement work as needed	Compressor replacement
Ohio-Ganson Pump Station KX (Kelly Island)	Rehabilitation and replacement work as needed	Electric, manlift, lighting, valves
Fuhrmann Pump Station KF (Kelly Island)	Rehabilitation and replacement work as needed	Manlift, Complete pump station upgrade
Skyway Pump Station KS (Kelly Island)	Replacement of all pump suction valves in 2019	Manlift, controls/ communication, odor control, Pump #1 upgrade
Hamburg Drain Screening Facility	Facility construction completed in 2016	Controls/ communication to communicate equipment status to WWTP via SCADA; continued repair of gates and screens as needed.
Niagara Street Station	None	Upgrade for future use

In general, the in-line gates have largely been left unattended since the 1980's. Of all the gates in the collection system, the backwater gates have been the most maintained, as they are the most critical to the proper operation of the sewer system. Inspection and replacement of five backwater gates (SPP131, SPP137, SPP209, SPP119, and SPP133) were completed as part of the Mill Race RTC construction project. The existing gates, however, are old and worn, and typically do not seat/seal properly, so they are prone to leakage. Also, only about 50% of the existing geisel gates, which were installed in the 1970's, are currently operational, but BSA is actively working to restore their functionality. Similarly, the Harbor Gates are not currently operational, but BSA has developed an RFP to upgrade these gates. There also was a building over top of the Harbor Gates that was removed in the late 1990's due to poor condition, which has left the gate stems exposed to the elements.

Two new motorized gate valves have recently been installed on the existing structure at the Cornelius Creek Combined Sewer Overflow (CSO 055). The work also consists of constructing gate valves to the exterior of the existing structure at CSO 055, reinforcing areas of eroded concrete, installing micro piles, replacing grade beams, installing riprap for a crib wall and medium stone for the grade beam, installing new electrical lines and installing a temporary cofferdam to conduct the water work. This project aims to alleviate capacity constraints of an existing CSO, involving overflows from both seiche events from the Niagara River to the west and storm sewer runoff during wet weather events from Cornelius Creek to the east.

Overall, BSA recognizes that the pumping stations, additional outlying stations, and gates are critical infrastructure and has begun an effort to provide better maintenance and upgrades to these facilities. While improvements are needed, the current condition of all these assets, as a whole, is sufficient for the functionality of the collection system, which is mostly considered in fair condition.

6.1.4 Green Infrastructure

As discussed in Section 3.3.3, BSA's GI program began in 2014, so the GI installations are still relatively new. GI, however, is maintenance intensive by nature. Recognizing this, BSA established a GI Maintenance Department in 2019 to ensure these critical assets continue to function as designed. As of September 2023, this department currently has 13 full-time staff members and four seasonal employees as shown in **Figure 6-2** in addition to equipment including hand tools, landscape maintenance equipment, and pickup trucks. The existing 66 acres of GI have been assigned a priority level for maintenance (1, 2, or 3), which the Maintenance Department uses to schedule their daily work. Recently

this department has been doing research and development related to permeable pavement and also completing rehabilitation and optimizing the performance of the GI installed on Niagara Street.

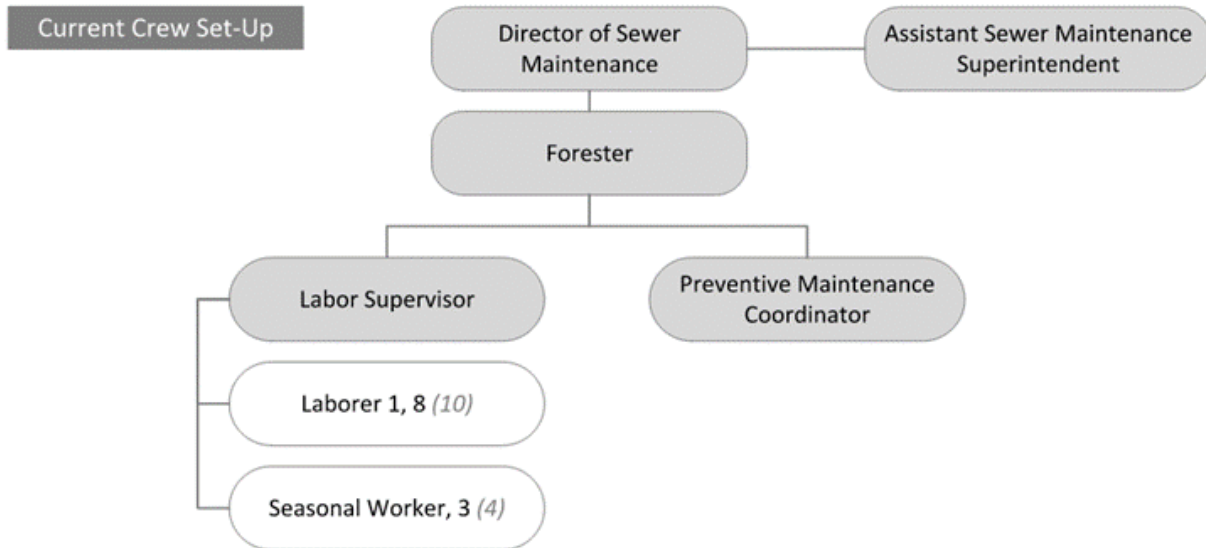
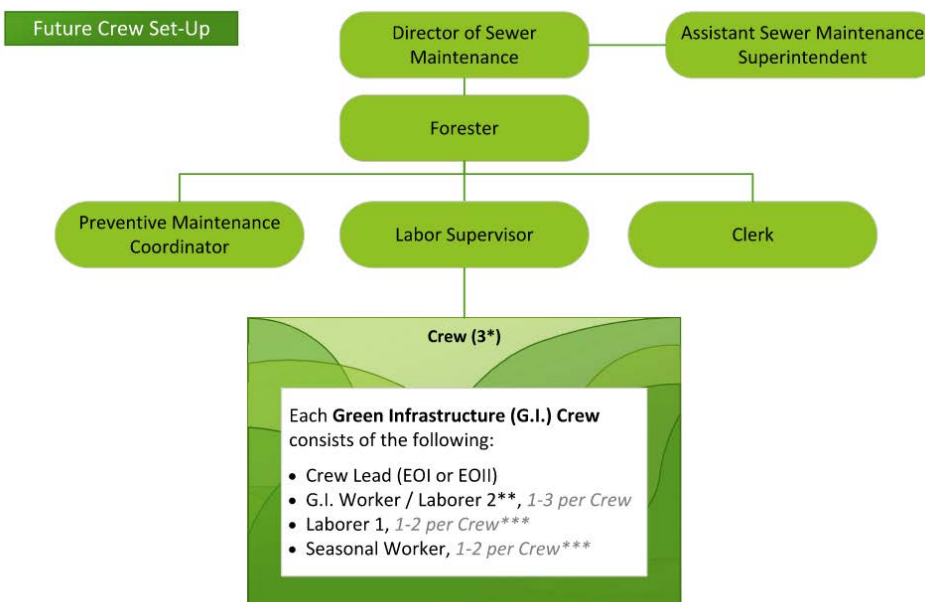


Figure 6-2: Current Configuration of GI Work Crews

BSA would like to increase this department workforce to six full-time employees and three GI crews, as shown below in **Figure 6-3** to properly maintain all 66 acres of green infrastructure on an annual basis, with each GI crew to include a crew lead, two to five laborers, and one to two seasonal laborers.

Figure 6-3: Desired Future Configuration of GI Work Crews



As the existing GI sites are relatively new and well maintained by BSA staff, they are currently in good condition.

6.2 Bird Island WWTF

BSA utilizes their O&M budgets to the extent feasible to reinvest in aging infrastructure at the Bird Island WWTF. Operationally, improvements have been made, as funds have become available, to critical instrumentation and communication systems throughout the plant, providing more efficient ways of operating and controlling individual process components. In terms of maintenance, facility personnel work within their means to address as many issues as possible that arise in-house versus having to contract with outside forces. BSA has increased its investment in on-going maintenance and the type of work BSA self-performs varies from major pump rehabilitations to electrical, equipment, instrumentation, mechanical and steam-related upgrades. However, as noted previously, BSA does still have some personnel gaps that necessitate the use of outside contractors for the required expertise.

Overall, the Bird Island WWTF is in fair condition, while acknowledging recent capital projects which have occurred and are planned to occur as noted in Sections 6.2.1 and 6.2.2, respectively.

6.2.1 Past Projects

The following is a partial list of capital and O&M related projects successfully implemented at the WWTF:

- Installation of five new high efficiency turbo blowers including an automated dissolved oxygen control system to vary the speed of the blowers based on actual oxygen demands. Two of the original centrifugal blowers were also retained to supplement the turbo blowers during periods of high oxygen demand.
- Installation of new ultra-fine bubble diffused aeration system in Tanks 3B and 4B
- New actuators on primary bypass structure gates including nos. 18, 19, 15 and 16
- Industrial Waste Station improvements to facilitate more efficient flow of truck traffic
- Installation of new bar racks upstream of the RWWPS
- Installation of new mixed liquor screens in the north effluent channel of the aeration tank batteries
- Fine Screen rehabilitation
- Replacement of 60" magnetic flow meters which measure plant influent flow
- Rehabilitation of two SWW pumps, #1 and #2 including upgraded controls for the SWWPS
- Upgrades to the RAS and WAS pumping stations in 2002
- Rehabilitation of incinerators #2 and #3 including enhanced air scrubbers to comply with current Clean Air Act regulations, in 2015 and 2018, respectively.
- Rehabilitation of five of eight anaerobic digesters, with the fifth digester rehabbed within the last five years
- Ongoing repairs to the DAFTs
- Installation of a new Sludge Cake Receiving Station including improvements to the south mix tank to allow receipt of outside dewatered biosolids for introduction into either the BSA's digesters and/or the multiple hearth incinerators.
- Improvements to the incinerator process, including an upgraded dust mitigation system, completed in Fall 2017.

- Plant-wide instrumentation and controls upgrades including an integrated SCADA system. The original installation of the Ovation DCS system was completed in 2017 with the most recent upgrade completed in Spring 2024.
- Refurbished two main incoming 115 kV transformers
- RWW #1 pump and motor rehabilitation
- RWW #5 motor rehabilitation which is currently being used on RWW #2, while the motor for RWW #2 is being rehabilitated.
- RWW #3 pump and motor rehabilitation
- Boiler deaerator replacement
- CEMS system replacement for incinerator
- Replacement of RWW, Gas Compressor Area, and Primary Sediment transformers.
- Rehabilitation of 4160V RWWP and SWWP breakers
- Replacement of major 13.8kV electrical distribution lines
- Rehabilitation of Centrifuges 1, 2, and 3
- Removal of failed Gate 17
- Major pipe repairs and replacement, including extensive UT testing and repair of RAS lines and replacement of major water and process lines
- Methane Gas Sphere piping repairs
- Primary and Final Clarifier main drive replacement
- Main inlet flex rake upgrade
- Major electrical equipment deenergized maintenance
- Large actuator and flow meter replacements throughout treatment plant
- Significant number of overall safety improvements

6.2.2 Current and Future Projects

Due to an increase in retirements, the facility finds itself short staffed. As such, current facility personnel are often limited to performing reactive O&M tasks versus having the luxury of implementing a proactive maintenance strategy. However, BSA administrators have prioritized workforce development not only at the treatment facility but throughout the collection system, with the goal of having a robust, skilled workforce to implement a preventative maintenance approach. BSA has mitigated this attrition over the past couple years, as there have been a significant number of wastewater treatment operator trainees hired. BSA continues to grow its operator workforce for long-term stability.

Overall, with consideration for limited budgets and staffing, the WWTF infrastructure is generally in fair operating condition. Under typical flow and loading conditions, the WWTF meets the effluent quality limits in their SPDES permit. However, if effluent limits become more stringent, significantly larger capital investments may be necessary. In the meantime, BSA will continue directing their capital funding into the critical upgrades required per the LTCP including the construction of a primary pumping station and high-rate disinfection facility, and expansion of the secondary treatment process. In addition to the LTCP-related projects, there may be other capital projects necessary to maintain plant equipment in good working order.

The following is a partial list of capital and O&M projects currently in progress or to be implemented in the near-term future at the WWTF:

- Grit removal system upgrades to address the excessive grit issue throughout the facility are on-going and scheduled to be completed in 2025.

- Improvements to the two canal-side inlet gates ("Harbor Gates") and three island-side inlet gates.
 - NFA Phase I Improvements: Comprehensive upgrades to the activated sludge system are under construction and includes cleaning out the existing aeration tanks (including removal of sludge rags, grit, and other debris), installation of new fine bubble diffusers with the aeration tanks, installation of slide gates to permit isolation of individual aeration tanks and chlorine contact tanks, replacement of critical process control valves and actuators, replacement of failing RAS and WAS piping, and structural repairs the effluent channels and within the chlorine contact tanks.
 - NFA Phase II Improvements: Replacement, restoration, and upgrading of the primary treatment system including the primary clarifiers, isolation gates and primary pumping station as well as construction of a high-rate disinfection facility to provide enhanced disinfection capability during wet weather flows in accordance with the approved NFA of the LTCP . The contracts associated with this work are currently being executed and Notices to Proceed to be issued shortly.
- BSA has undertaken comprehensive geotechnical and hydrological testing of Bird Island to assess the stability of the island and determine the risk of failure associated with process related structures and flooding. The first phase of this work deals with seepage and has been designed and bid; award of the contract is expected to occur in the next few months. The second phase deals with subsidence and will include short-term repairs of the existing tunnel system and additional groundwater monitoring.
 - NFA Phase III Improvements: Future NFA-related projects include the addition to two additional final settling tanks, adding additional orifices to the existing final settling tank influent troughs, and further expanding disinfection capabilities to accommodate a maximum sustained flow of 400 MGD through the secondaries which would require an additional chlorine contact tank. This project is currently in the design stage.
- Ongoing investigations into potential for additional waste stream receiving given available incinerator capacity, including completion of a feasibility study for the acceptance of food waste. Due to existing trucking traffic limitations on Bird Island, BSA is also evaluating alternative waste stream receiving locations, such as the South Buffalo Pump Station, or adding a midnight shift for waste hauling to alleviate truck traffic during the day.
- Ongoing digester improvements with the goal of increasing the quantity of methane biogas generated and beneficially reused throughout the WWTF.
- Ongoing level of protection analysis (LOPA) to assess levels of redundancy throughout the solids handling complex.
- Waste heat recovery boiler improvements to take advantage of an underutilized energy source. This work includes locating and documenting all waste heat and steam piping within the Wastewater Treatment Facility. This work is ongoing.
- Rehabilitation of Incinerator #1.
- Electrical, HVAC, and valve upgrades to the Raw Wastewater, Settled Wastewater, and South Buffalo Pump Stations.
- Rehabilitation of RWW Pump #4.
- Rehabilitation of RWW Pump #1 discharge valve.
- SWW Pumps #3 and 4 full motor rewind and pump overhaul.

- Total rehabilitation of HVAC Air Handling Units 7 through 14.
- Ongoing interior improvements to various BSA buildings and workspaces on Bird Island. This work is currently ongoing.
- Critical structural repairs to the Megastructure and Plant Maintenance Garage.
- Replacement of Chemical Handling dry-type transformer and rehabilitation of existing transformer as a spare.
- Full upgrade of Centrifuge 2 and 3 control panels.
- Rehabilitation of Centrifuge 2 scroll and purchase of new centrifuge spare scroll.
- Replacement of Digester transformer and main switch.
- Rehabilitation of Blower 4 motor, gearbox, oil system, and main blower.
- Replacement of treatment plant main influent flow meters.
- Continued overall safety improvements.

6.3 Summary of Condition Assessment

Overall, the properties of the BSA infrastructure are in fair to good condition, except for the Fuhrmann Pump Station KF, as shown below in **Table 6-2**. The sewer system and treatment infrastructure condition is sufficient and can meet current and future demands provided continued occurrence of ongoing maintenance and the implementation of BSA's Capital Plan, LTCP projects, and NFA projects.

Table 6-2: Summary of Condition Assessment of BSA Infrastructure

Facility	Assessment
Collection System	
Gray Infrastructure	Fair
Real Time Control Structures	Good
Pumping Stations, Additional Outlying Stations, and Gates	
South Buffalo Pump Station	Fair
Hamburg Street Pump Station	Fair
East Amherst Street/Amherst Quarry Pump Station	Fair
Babcock PS	Good
Walden Heights Pump Station	Fair
Waterfront Village Pump Station	Fair
Tifft Farms Pump Station	Fair
Ohio-Ganson Pump Station KX	Fair
Fuhrmann Pump Station KF	Poor
Skyway Pump Station KS	Fair
Hamburg Drain Screening Facility	Fair
Niagara Street Metering Station	Fair
Green Infrastructure	Good
Wastewater Treatment Facilities	
Bird Island WWTF	Fair

SECTION 7 CAPITAL IMPROVEMENT PLAN

7.1 2025-2030 Five Year Capital Program

In accordance with the May 1993 Bond Resolution, BSA annually establishes a Five-Year Capital Plan to fund major projects. The most current 2025-2030 (FYE 2026 through 2030) Capital Plan identified \$878M in capital investments, consisting of both LTCP and non-LTCP projects, as shown in **Figure 7-1**. The complete list of projects under the Five-Year Capital Plan is shown in **Appendix D**.

BUFFALO SEWER AUTHORITY FIVE YEAR CAPITAL PLAN 2025-2026 TO 2029-2030						
ITEM	PROJECT TITLE:	BUDGET 2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	COLLECTION SYSTEM:					
1	Program Management	10,000,000	8,000,000	8,000,000	8,000,000	6,000,000
2	Delavan Trunk Sewer Improvements at Spillman Place	1,500,000	1,500,000	10,000,000	15,000,000	20,000,000
3	Scajaquada Creek & Black Rock Canal Smart Sewer Project	2,000,000	2,000,000	929,111		
4	Breckenridge St. CSO010 1	7,000,000	9,000,000	6,000,000	845,000	
5	Delavan Trunk Sewer Improvements at Florida Street	882,828				
6	Colorado St. ILS		7,000,000	8,652,000		
7	CSO-053 Various SPP Modifications	1,800,000	3,054,300			
8	Genesee & Kearns SPP341A Modification	3,000,000	5,545,400			
9	Sidney & Lark OLS	1,500,000	2,000,000	5,000,000	8,000,000	12,000,000
10	Edison Martha OLS	1,500,000	2,000,000	10,000,000	15,000,000	20,000,000
11	CSO014 1.1 SPP206A&B RTC	300,000	500,000	700,000	1,000,000	1,500,000
12	System 2 Schiller Park OLS	960,000	1,500,000	2,500,000	8,000,000	12,000,000
13	System 2 3 SPP339 Modification	850,000	1,700,000	3,400,000	1,700,000	
14	System 2 4 Schiller Park OLS SPP340 Modification	850,000	1,700,000	3,400,000	1,700,000	
15	SPP304 Modification	100,000	200,000	400,000	200,000	
16	SPP023 Modification		50,000	50,000	100,000	100,000
17	SPP296 Modification		50,000	50,000	100,000	100,000
18	SPP326 Modification		700,000	800,000	1,500,000	2,000,000
19	Erie Basin Marina OLS		2,000,000	3,000,000	5,000,000	8,000,000
20	SPP024 Modification		50,000	50,000	100,000	200,000
21	Collins Park OLS		500,000	1,000,000	1,200,000	1,400,000
22	SPP317 Modifications		100,000	100,000	200,000	300,000
23	Babcock PS Weir Modification		100,000	100,000	200,000	300,000
24	Military Road OLS		500,000	1,500,000	2,000,000	2,880,000
25	Northern Relief Sewer		500,000	1,000,000	1,500,000	2,000,000
26	SPP059 Modification			50,000	100,000	100,000
27	SPP 097 Modification			50,000	100,000	100,000
28	Clinton St OLS				2,000,000	3,800,000
29	SPP104 Modification				50,000	100,000
30	SPP051 Modification				100,000	
31	CSO064 1.1 ILS	200,000	300,000	300,000	1,000,000	
32	Delavan Drain Weir Raising & RTC					500,000
33	SPP 137 Modification	50,000	75,000	100,000	150,000	200,000
34	Hertel & Smith Backwater	200,000	150,000	1,500,000	1,500,000	
35	Fruit Belt	3,023,059				
36	Wet Weather	300,000	1,000,000	1,500,000	1,000,000	
37	Permeable Pavement	75,000	250,000	250,000		

Figure 7-1: Excerpt from BSA's Five Year Capital Plan (2025 – 2030)

7.1.1 LTCP Costs

LTCP project costs go towards funding the Foundation projects, Green and Gray projects, and NFA WWTF projects listed in the current LTCP. These costs include upgrades and regular maintenance of BSA's wastewater and collection system.

7.1.1.1 Foundation Projects

Foundation projects are so named due to their inclusion in the original LTCP. The remaining projects in the current LTCP are largely comprised of Real-Time Controls (RTC) projects optimizing the capacity of the collection system as in-line storage to reduce CSOs. Ongoing foundation projects detailed in the 2025-2030 Capital Program are the Scajaquada Creek and Black Rock Canal Smart Sewers, Amherst Quarry Upgrade RTC, and SPP206A&B ILS Optimization/206 A&B RTC. These projects will be funded by a combination of bonds, capital reserves, and NYSEFC state funding.

7.1.1.2 Green Projects

Green infrastructure (GI) controls completed to date are generally comprised of demolition/vacant lot restoration, green streetscape projects, green parking lots, downspout disconnection, and other green controls. The current LTCP indicates BSA is to complete GI control in 4 phases with a minimum target control of 1,315 acres.

BSA has approximately 685 acres of the 1,315 acres remaining of GI control remaining for completion as of FYE 2020. BSA is in the planning phase of the Green Infrastructure Grant Program to construct GI on private property and anticipates a few acres enrolled in the program per year to begin. Following the acres completed in the Green Infrastructure Grant Program, BSA anticipates the remainder of GI Control acres will be completed with Green Streets projects. The GI projects detailed in the 2025-2030 Capital Plan are to be funded by bonds.

The focus for near-term GI projects:

- Hennepin Park – Wendel, 30% design, subsurface storage, coordinate with Buffalo Public Schools
- Northland Avenue – BUDC, 30 acres of redevelopment, in pan review, connect to separate system, implement on-site measures
- Railroad Viaducts within Public ROW
- BMHA Langfield/ Kenfield area – rain gardens with underground storage, tree pits, permeable pavement
- BMHA Ferry/Grider - rain gardens with underground storage, tree pits, permeable pavement

7.1.1.3 WWTF Projects Associated with the NFA

The Bird Island WWTF projects' goal is to achieve new primary and secondary treatment capacities. The scope to achieve the WWTF capacity identified in the No Feasible Alternatives (NFA) has changed from the previous LTCP's scope due to prerequisite improvements to achieve the hydraulic capacity in the secondary treatment system, and to upgrade the primary system to modern standards. The NFA WWTF projects detailed in the 2025-2030 Capital Plan are the rehabilitation and upgrades of the primary/secondary treatment systems; and the Construction Administration/Construction Inspection of the primary and secondary treatment systems. These projects are to be funded by bonds and state funding.

7.1.1.4 Gray Collection System Projects

LTCP Gray projects are for satellite/off-line storage CSO control projects. The gray projects detailed in the 2025 – 2030 Capital Program are the CSO053_1.4 3.26 MG Sidney OLS, CSO053_5.2 Edison Martha OLS and the Delavan Trunk Sewer Improvements at Spillman (SPP-333) (OLS).

7.1.2 Non-LTCP Costs

Non-LTCP project costs go towards the upgrades and regular maintenance of BSA's wastewater and collection systems. These projects are to be funded by both bonds and capital reserves.

7.2 Capital Improvement Program Costs

A more detailed description of the 2025-2030 capital improvement program (CIP) costs is as follows:

Table 7-1: 2025-2030 Capital Improvement Program Costs

Capital Program Element	Estimated Cost
Program Management	\$40,000,000
Gray Infrastructure LTCP / QCCW	\$312,421,698
Green Infrastructure	\$84,663,114
Bird Island WWTF / Non-LTCP	\$217,748,290
Outlying Stations	\$21,000,000
NFA Projects	\$202,142,837
Total – Capital Improvement Program	\$877,975,939

The CIP is funded via bonds, lease/purchase, and a cash reserve fund designated for capital projects. During the forecast period, BSA will add two new bond issues to fund the CIP: the proposed 2025 bond issue and EFC 2026.

BSA's CIP is currently approximately \$877,976,000. The projected amount available to fund this CIP during the projection period is \$333,520,187 as was detailed in Section 5.5.

As noted in Section 5.4, BSA has several available ways to manage this gap in funding the CIP, such as:

- Extending the LTCP schedule to stretch out annual capital needs.
- Increasing capital contributions from reserves.
- Scheduling stretch outs for non-LTCP projects.
- Issuing additional bonds.
- Increasing rates and charges above those currently forecasted.
- Receiving yields from rate structure review, some tied to property valuations.

SECTION 8 CONCLUSIONS

Utilizing our knowledge and understanding of the BSA's conveyance and treatment system, BSA's anticipated future system requirements and plans, information collected, and our expertise as consultants to the wastewater industry, we conclude the following:

- Based upon the assumptions made in this report, we find the estimated revenues and debt service coverage, as presented in Appendix A, to be generated by the existing and anticipated rates, fees and charges will be sufficient in order (1) to meet current expenses, and (2) to meet estimated debt service requirements on BSA's existing bonds and proposed bonds. BSA is projecting an operating revenue increase of 25.6% (6/30/2024-6/30/2029)/47.8% (6/30/2025-6/30/2029) over the forecast period attributable primarily to rate increases. Extension of the current 20-year LTCP, as recommended by the 2020 Financial Capability Assessment Update Report (and future FCA) and pending comments from USEPA/NYSDEC, will create further flexibility for BSA and maintain affordability for rate payers.
- Based upon our knowledge of BSA's facilities, interviews with BSA staff, and visual inspection of assets and infrastructure conducted in 2024, we find Buffalo Sewer Authority's sewer conveyance system and wastewater treatment infrastructure to be in fair to good operating condition and that adequate maintenance is being provided to keep the system in good operating condition. From an asset lifecycle standpoint, this also is noteworthy considering the age of BSA's sewer conveyance system (a majority over 100 years old) and WWTF (constructed in 1935 with a major expansion in the 1970s). It is acknowledged that BSA has several large capital projects either ongoing or planned in the near future to meet the NFA requirements of the LTCP. BSA also continues to manage its green infrastructure and CSO needs through the ongoing Rain Check program.

SECTION 9 REFERENCES

Buffalo Sewer Authority, *Report on Fiscal Year 2023-24 Rates and Charges for Sewer Services*, Lisa Foti, January 2024.

Buffalo Sewer Authority, *Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2024*, Buffalo Sewer Authority Administrative Department, December 2024.

Buffalo Sewer Authority, *2024-2025 Operating Budget*, Buffalo Sewer Authority Administrative Department, April 2024.

Buffalo Sewer Authority, *Results of Financial Forecast and Five-Year Rate Evaluation Plan*, Raftelis, April 2023

Buffalo Sewer Authority, *Long Term Control Plan – Final*, Arcadis and GHD, January 2014.

Buffalo Sewer Authority, *2023 Combined Sewer Overflow Report*, Submitted January 2024.

Buffalo Sewer Authority, *Sewer Maintenance Department Core Competency Gap Analysis*, Blue Heron Engineering and JM Davidson Engineering, DPC, April 2023

NACWA, *2023 Cost of Clean Water Index*, 2023

NACWA, *Service Charge Index Change vs Inflation Rate by EPA Region*, 2023

APPENDIX A: Projected Debt Service Coverage (Statement A)

Statement A Projected Debt Service Coverage

	(1) 2024 (Actual)	(2) 2025	2026	2027	2028	2029
	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029
Operating Revenues (Note number in parenthesis)						
(3) Assessed sewer rents	19,640,080	24,957,600	29,947,600	32,642,884	35,580,744	38,783,010
(4) Water use sewer rents	24,445,837	24,446,760	24,925,000	27,168,250	29,613,393	32,278,598
(5) Industrial Waste	4,926,821	4,442,000	5,000,000	5,250,000	5,512,500	5,788,125
(6) Outside district connections	20,003,617	15,000,000	16,500,000	17,985,000	19,603,650	21,367,979
(7) Miscellaneous revenues	3,059,086	1,305,500	1,000,000	1,900,000	1,900,000	1,900,000
(8) State aid and Federal aid	10,491,039	-	-	-	-	-
(9) % new debt allocable to O/S districts			728,623	2,162,460	3,302,760	3,562,166
Total Operating Revenues	82,566,480	70,151,860	78,101,223	87,108,594	95,513,046	103,679,878
Nonoperating Revenues						
(10) Interest on Cash and Investments	5,876,888	4,600,000	2,500,200	2,200,000	1,900,000	1,900,000
(11) Interest on delinquent sewer rents	773,444	768,000	645,000	709,500	780,450	858,495
Total Revenues	89,216,812	75,519,860	81,246,423	90,018,094	98,193,496	106,438,373
EXPENDITURES						
(12) Salaries and wages	16,621,141	15,020,000	17,000,000	17,340,000	17,686,800	18,040,536
(13) Other employee benefits	10,199,630	11,640,000	12,000,000	12,240,000	12,484,800	12,734,496
(14) Professional services contracts	13,550,858	13,200,000	20,053,893	20,655,510	21,275,175	21,913,430
(15) Supplies and materials	6,232,140	11,001,000	13,944,025	14,362,346	14,793,216	15,237,013
(16) Other operating expenditures	8,191,385	6,275,200	2,220,577	3,735,360	3,702,067	3,702,000
(17) Capital Outlays		2,733,000	1,204,460	1,228,549	1,253,120	1,278,183
Total Operating Expenditures	54,795,155	59,869,200	66,422,955	69,561,765	71,195,178	72,905,658
Net Revenues Available for Debt Service	34,421,657	15,650,660	14,823,468	20,456,330	26,998,318	33,532,716
Nonoperating Expenditures						
Series J	417,781	409,801	396,354	398,147	384,362	385,577
Series K	281,725	278,535	271,495	267,351	262,953	258,301
Series L	521,963	513,424	504,574	500,297	495,483	490,143
Series M	494,093	492,688	486,022	483,668	475,627	472,045
Series N	1,599,340	1,581,570	1,566,848	1,545,427	1,527,224	1,507,313
Series O	218,948	222,597	226,231	229,895	233,544	237,193
2021 EIB	2,669,488	2,670,288	2,669,088	2,665,888	2,666,888	2,666,575
(18) 2024 EFC \$39M				2,100,000	2,100,000	2,100,000
Proposed 2026 EFC \$70M					3,800,000	3,800,000
(19) 2025 Bond Issue			2,428,744	2,442,313	2,442,313	3,307,313
Total Debt Service	6,203,338	6,168,903	8,549,356	10,632,986	14,388,394	15,224,460
(20) Debt Service Coverage	5.55	2.54	1.73	1.92	1.88	2.20
20% Debt Service Reserve	1,240,668	1,233,781	1,709,871	2,126,597	2,877,679	3,044,892
(21) Capital Contributions from Operations	10,670,400	20,507,711	28,252,754	7,101,304	4,190,482	6,067,936
(22) Capital Contributions from Reserves			6,000,000	6,000,000	6,000,000	6,000,000
Capital Contributions EIB debt proceeds	4,500,000	4,500,000	8,700,000	10,600,000	10,600,000	10,000,000
Capital Contributions 2024 EFC debt proceeds				39,000,000		
Capital Contributions 2026 EFC debt proceeds					70,000,000	
Capital Contributions 2025 Bond Issue			50,000,000			
Total Capital Contributions (FY 25-29)		25,007,711	92,952,754	62,701,304	90,790,482	22,067,936

Footnotes to Statement A (Updated June 2025)

Factors involved in developing projections of debt service coverage include:

- **Estimates of inflation over the projection period.** Inflation rates and the Federal Reserve's response through interest rate actions affect both revenues (interest on cash and investments) and expenses (labor and material costs). This projection incorporates the consensus 1 to 2 small rate cuts this year and continuing cuts in FY 26 and beyond as dictated by inflation levels. This projection also assumes resolution of supply chain issues and a gradual movement to target inflation rates.
- **The CIP funding gap.** The Authority's financing consultant, using a \$358 million LTCP and non-LTCP capital expenditures target for 2025-2029, developed three alternative five-year rate plans that incorporated a more optimized capital funding mix. This projection covers a different time period (FY 25-29) and is constrained to incorporating rate adjustments in the last three years of the projection period, since rates for FY 25 and FY 26 are locked in. Accordingly, the projection incorporates the high end (9%) rate increases in FY 26-29 to produce an estimated mid-level 5-year increase in revenues – 25.6% (6/30/24-6/30/29) and 47.7% (6/30/25-6/30/29)

Note: This presentation combines FY 24 actuals, FY 25 amounts from the approved 2024-2025 budget (adjusted by 10-month actuals) and 2026 approved budgeted amounts (from the 2025-2026 BSA Budget) and projections for FY 27-29. The debt service coverage was calculated from values in the spreadsheet.

- **Footnote 1** – All data for FY 24 has been taken from MUNIS, BSA's accounting software.
- **Footnote 2** – Revenue and expense data for FY 25 is based on BSA 2024-2025 Budget adjusted by 10-month actuals.
- **Footnote 3** – Assessed sewer rates are liens on the property and subject to foreclosure, therefore revenue decreases are not expected. Revenues from this source increased by 50% from FY 23 to FY 24 with light objections likely due to rising property values in the affected areas. The projection includes a 27% increase in FY 25, followed by 9% annual increases attributable to customer growth and rate actions.
- **Footnote 4** – The Authority's target is for revenues from water use sewer rent to approximately equal revenues from assessed sewer rents. While the cumulative rate increases are sizeable, they are being applied to a relatively low-rate level. Currently BSA has the lowest rates in the area and, following substantial rate increases, BSA is still below average for annual bill both nationally and in EPA Region 2 at \$543 (NACWA 2024 Rate Survey).
- **Footnote 5** – Industrial waste revenues are affected by competition from other regional agencies and access to the treatment plant as affected by construction. The projection assumes 5% annual increase per year (FY 27-29) as full access to the plant is achieved.

- **Footnote 6** – There are currently eight service contracts involving communities outside the corporate limits of the city from which the Authority receives and treats sanitary sewage. Billings are based on metered sewage flows. Historically this has been a stable revenue source reflecting growth in the Authority’s operating and capital costs. A 9% annual growth rate is utilized for this projection.
- **Footnote 7** – Miscellaneous revenue includes user fees for specific services provided. These revenues are derived from billing services for the Buffalo Sewer Authority and includes revenues from New York State for eligible low-income resident accounts. The revenue drop in FY 25 reflects the end of one of the state programs. An increase in New York State revenues is anticipated in FY 27 and continuing, associated with the EFC bond issue.
- **Footnote 8** – Efforts to pursue State and Federal aid will continue but are not incorporated in the projection after FY 24.
- **Footnote 9** – New debt allocable to outside districts is estimated at 30% based on flow amounts. For FY 24 through FY 26, these amounts are included in outside district connections revenues to reflect BSA Budget format. This revenue is separated out for FY 27 to FY 29, to highlight the relationship of this revenue source to debt issuance.
- **Footnote 10** – Interest income includes interest on investments from both the operating and debt service funds. The Authority continues to invest based on a funding requirement that matches with cash/investment liquidity. Interest income is affected by interest rates and fund balance. The projection incorporates declining revenues from this source due to reduced interest rates and declining fund balances as the capital program proceeds.
- **Footnote 11** – Interest on delinquent sewer accounts is expected to increase as declining assistance levels lead to higher delinquencies.
- **Footnotes 12 and 13** – Historically, salaries and wages have grown at a 2% annual rate. The recent union agreement incorporated a 3% increase reflecting inflation growth. This projection includes a return to 2% cost growth because of anticipated lower inflation rates and staff turnover, which lowers the average staff age and average wage level. Cost growth is also kept down by vacant positions which take a long time to fill.
- **Footnote 14** – There is a significant amount of construction activity in the Buffalo area funded by Federal programs and private initiatives. This is expected to abate after FY 25, resulting in cost growth approximation inflation. Many service contracts currently being awarded are one-year contracts with 4 one-year extensions possible. (The Program Management contract is being paid through capital expenditure accounts.)
- **Footnote 15** – From FY 21 to FY 23 the cost of supplies and materials more than doubled due to inflation, supply chain issues reducing available supplies, and other factors. The FY 24 amount is nearly three times the FY 21 amount. Reductions in inflation and resolution of supply chain problems are projected to reduce cost growth of this line item.
- **Footnote 16** – Other operating expenditures include services provided by the City of Buffalo including Division of Water billings for sewer rent, treasury functions,

assessment of properties, and billing of sewer rent based on assessed value, data processing and payroll services as well as legal and auditing services. Miscellaneous disbursements include a contingency provision for judgments and claims, a sewer rent adjustment and a contingency for unanticipated expenditures. The Other Operating Expenditure amount shown for FY 24 reflects actual and budgeted expenditures which includes contingency amounts. If needed, these contingency amounts would be moved to appropriate funds. The level projection for FY 26-29 reflects that an additional need for contingency funds beyond those included in the FY 24 amounts is unlikely.

- **Footnote 17** – Capital outlays are small equipment purchases which are estimated to increase by 2% annually.
- **Footnotes 18 and 19** – Some interest has already been prepaid for the 2024 EFC issue. The first debt service payment will occur after June 2026 moving it to FY 27.
- **Footnote 20** – The ACFR has higher coverage of 6.25 due to \$4,340,751 of revenues collected within 60 days of year end.
- **Footnote 21** – Capital contributions from operations is net proceeds from 2 years prior less debt service 1 year prior.
- **Footnote 22** – Capital contributions from reserves. This amount is derived from unrestricted reserves and funds in restricted accounts which had been reserved for purchase orders, many of which will be liquidated, freeing up reserves.

APPENDIX B: Historical Debt Service Coverage

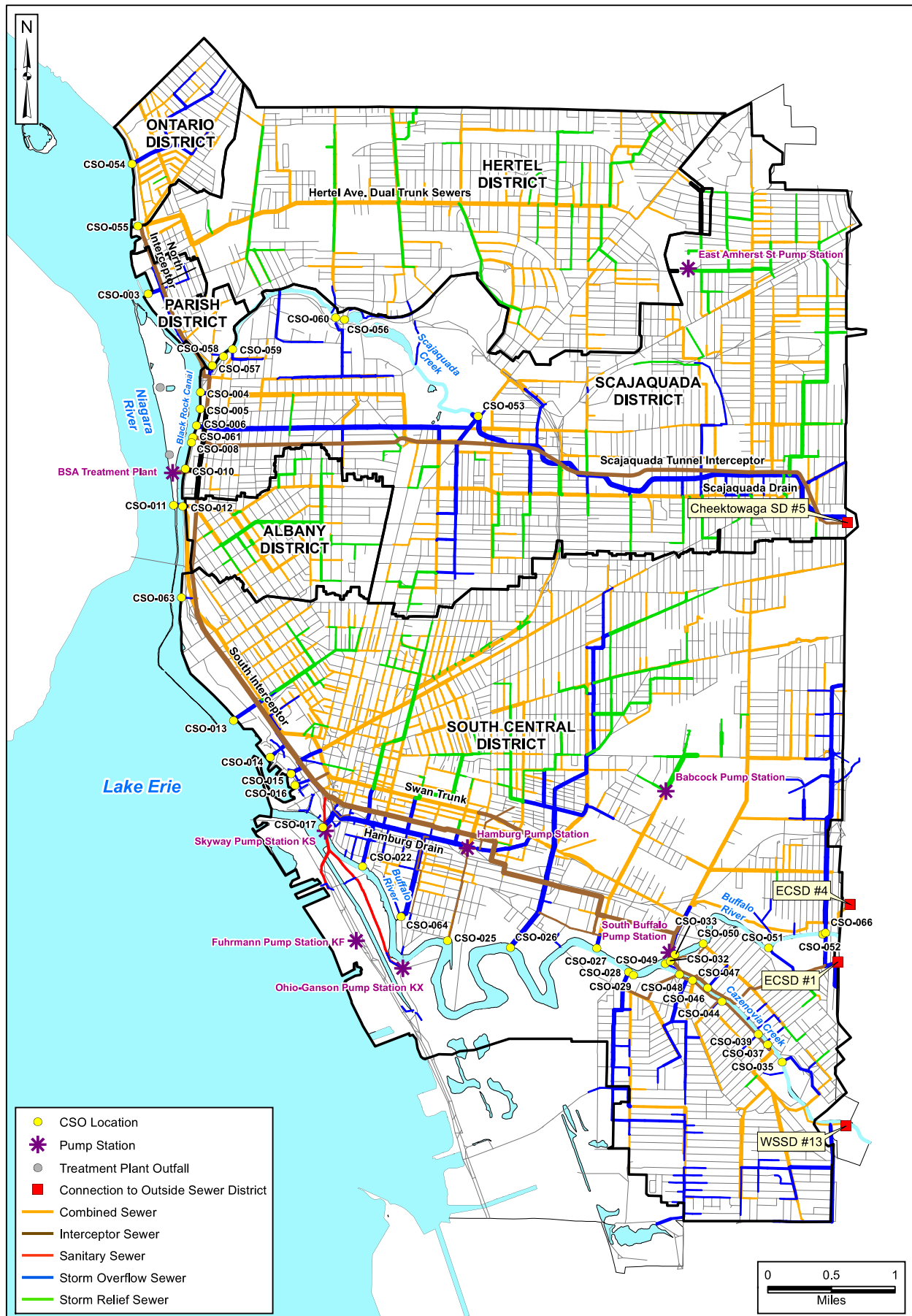
BUFFALO SEWER AUTHORITY
Table XIV—Sewer Revenue Bond Coverage
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Total Revenues	Direct Operating Expenditures ¹	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2015	\$ 61,830,298	\$ 35,502,632	\$ 26,327,666	\$ 1,580,000	\$ 1,966,969	\$ 3,546,969	7.42
2016	56,872,087	36,354,716	20,517,371	2,032,438	2,212,115	4,244,553	4.83
2017	61,948,969	36,654,052	25,294,917	1,640,000	1,867,989	3,507,989	7.21
2018	62,816,780	38,637,683	24,179,097	1,680,000	1,805,638	3,485,638	6.94
2019	58,268,046	39,241,304	19,026,742	1,725,000	1,739,476	3,464,476	5.49
2020	55,406,200	41,168,397	14,237,803	1,770,000	1,670,332	3,440,332	4.14
2021	65,355,275	44,372,411	20,982,864	1,810,000	2,634,715	4,444,715	4.72
2022	58,846,980	45,768,088	13,078,892	3,226,649	3,038,300	6,264,949	2.09
2023	71,477,701	50,027,367	21,450,334	3,310,298	2,936,011	6,246,309	3.43
2024	93,557,563	54,795,155	38,762,408	3,408,948	2,794,390	6,203,338	6.25

Note: ¹ Direct operating expenditures exclude all debt service requirements, capital outlay and other financing uses.

Source: Buffalo Sewer Authority Annual Financial Statements

APPENDIX C: BSA Interceptors and CSOs



APPENDIX D: Projected Capital Improvement Program Costs

**BUFFALO SEWER AUTHORITY
FIVE YEAR CAPITAL PLAN
2025-2026 TO 2029-2030**

ITEM	PROJECT TITLE:	BUDGET 2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	<u>COLLECTION SYSTEM:</u>					
1	Program Management	10,000,000	8,000,000	8,000,000	8,000,000	6,000,000
2	Delavan Trunk Sewer Improvements at Spillman Place	1,500,000	1,500,000	10,000,000	15,000,000	20,000,000
3	Scajaquada Creek & Black Rock Canal Smart Sewer Project	2,000,000	2,000,000	929,111		
4	Breckenridge St. CSO010_1	7,000,000	9,000,000	6,000,000	845,000	
5	Delavan Trunk Sewer Improvements at Florida Street	882,828				
6	Colorado St. ILS		7,000,000	8,652,000		
7	CSO-053 Various SPP Modifications	1,800,000	3,054,300			
8	Genesee & Kearns SPP341A Modification	3,000,000	5,545,400			
9	Sidney & Lark OLS	1,500,000	2,000,000	5,000,000	8,000,000	12,000,000
10	Edison Martha OLS	1,500,000	2,000,000	10,000,000	15,000,000	20,000,000
11	CSO014_1.1 SPP206A&B RTC	300,000	500,000	700,000	1,000,000	1,500,000
12	System_2 Schiller Park OLS	960,000	1,500,000	2,500,000	8,000,000	12,000,000
13	System_2_3 SPP339 Modification	850,000	1,700,000	3,400,000	1,700,000	
14	System_2_4 Schiller Park OLS SPP340 Modification	850,000	1,700,000	3,400,000	1,700,000	
15	SPP304 Modification	100,000	200,000	400,000	200,000	
16	SPP023 Modification		50,000	50,000	100,000	100,000
17	SPP296 Modification		50,000	50,000	100,000	100,000
18	SPP326 Modification		700,000	800,000	1,500,000	2,000,000
19	Erie Basin Marina OLS		2,000,000	3,000,000	5,000,000	8,000,000
20	SPP024 Modification		50,000	50,000	100,000	200,000
21	Collins Park OLS		500,000	1,000,000	1,200,000	1,400,000
22	SPP317 Modifications		100,000	100,000	200,000	300,000
23	Babcock PS Weir Modification		100,000	100,000	200,000	300,000
24	Military Road OLS		500,000	1,500,000	2,000,000	2,880,000
25	Northern Relief Sewer		500,000	1,000,000	1,500,000	2,000,000
26	SPP059 Modification			50,000	100,000	100,000
27	SPP 097 Modification			50,000	100,000	100,000
28	Clinton St OLS				2,000,000	3,800,000
29	SPP104 Modification				50,000	100,000
30	SPP051 Modification				100,000	
31	CSO064_1.1 ILS	200,000	300,000	300,000	1,000,000	
32	Delavan Drain Weir Raising & RTC					500,000
33	SPP 137 Modification	50,000	75,000	100,000	150,000	200,000
34	Hertel & Smith Backwater	200,000	150,000	1,500,000	1,500,000	
35	Fruit Belt	3,023,059				
36	Wet Weather	300,000	1,000,000	1,500,000	1,000,000	
37	Permeable Pavement	75,000	250,000	250,000		
38	Green Infrastructure Grant Program	103 500,000	500,000	500,000	500,000	

**BUFFALO SEWER AUTHORITY
FIVE YEAR CAPITAL PLAN
2025-2026 TO 2029-2030**

ITEM	PROJECT TITLE:	BUDGET 2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
39	Water Quality Monitoring					
40	Syphon Resiliency	2,000,000				
41	Swan Trunk Cleaning	1,500,000				
42	Flood Mitigation	1,500,000				
43	Engineering Term Contracts	500,000	500,000	500,000		
44	Swan Trunk Lining/Repairs	500,000	500,000	500,000		
45	Scajaquada Creek	165,000	165,000	300,000	400,000	314,000
46	Black Rock Canal			300,000	400,000	500,000
47	Niagara River CSO011_1.1				400,000	582,000
48	Niagara River CSO055_3				1,000,000	1,500,000
49	Buffalo River CSO017_4				200,000	290,000
50	Buffalo River CSO026_4				500,000	750,000
51	Green Infrastructure Programmatic Support	1,000,000	713,364			
52	Eddie Dawson, Genesee, Lincoln & MLK Jr. Parks GI Retrofit	300,000	185,379			
53	Hennepin Park Green Infrastructure Retrofit FID #8	497,921				
54	Third-Party Verification for Environmental Impact Bond	150,000	200,000	150,000	120,450	
55	Raincheck 2.0 GI Opportunity Projects	18,000,000	18,000,000	18,000,000	18,000,000	
56	CSO053_12.2 Jefferson Ave GI	400,000	400,000	200,000	220,000	
57	CSO053_12.1 Jefferson Ave GI	100,000	100,000	100,000	60,000	
	TREATMENT PLANT:					
58	RWW/SWW Pump Station Improvement Project Phase 1	7,000,000	7,000,000	3,404,000		
59	RWW/SWW Pump Station Improvement Project Phase 2		7,000,000	7,000,000	3,617,000	
60	Waste Heat Boilers	2,277,290				
61	Ash Exhauster/Silo/Ancillary Ductwork	1,500,000				
62	Replace Gas Compressors/Building & Piping	300,000				
63	Engineering Term Contracts	1,000,000	1,000,000	1,000,000	1,000,000	
64	Digester Cleaning	200,000	350,000	250,000	200,000	
65	Replace AUH 7-14/Blower Building	500,000	5,000,000	3,500,000		
66	Facility Controls -Ovation Hardware Upgrade	1,200,000	800,000			
67	Blower Air Supply Line Evaluation & Replacement	1,000,000	1,000,000	800,000		
68	IWS Waste Hauler Facilities - Including South Buffalo Pump Station	1,300,000	1,300,000	1,000,000		
69	Seepage And Subsidence Phase 2	2,000,000	3,500,000	4,000,000	3,000,000	1,500,000
70	Duct Cleaning of all Building AHUs	150,000	400,000	200,000		
71	Treatment Plant Interiors Renovation	1,000,000	3,500,000	3,500,000	2,000,000	
72	Interior/Exterior Lighting	500,000	1,500,000	1,500,000	1,500,000	1,000,000
73	Protected Water Secondary Sand Filter System	150,000	400,000	200,000		
74	Fine Screen Room Rehab	2,000,000	3,500,000	4,500,000	2,000,000	
75	Incinerator #1/ WHRB #1 Upgrade	2,000,000	4,000,000	5,000,000	2,500,000	
76	SCRS Rehabilitation/Rewet/Holding Tank	104 1,000,000	2,000,000	3,000,000	2,000,000	1,000,000

**BUFFALO SEWER AUTHORITY
FIVE YEAR CAPITAL PLAN
2025-2026 TO 2029-2030**

ITEM	PROJECT TITLE:	BUDGET				
		2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
77	Power System Survey and Implementation	5,000,000	10,000,000	15,000,000	10,000,000	5,000,000
78	Plant Wide Pipe Evaluation	200,000	300,000	450,000	300,000	250,000
79	Laboratory Rehabilitation	250,000	400,000	500,000	350,000	
80	Electrical Sub-Metering and Distribution Modifications	100,000	300,000	400,000	200,000	
81	Structural Phase 3-Megastructure Additional Stairways	100,000	300,000	400,000	200,000	
82	Truck Scale Repair/Additional Scales		250,000	400,000	500,000	350,000
83	Enclosed Bulk Oil Storage Area		50,000	80,000	70,000	50,000
84	Paving Phase 3 - Roads		450,000	700,000	900,000	700,000
85	Diversion Channel Rehab		250,000	400,000	500,000	350,000
86	Combined Heat and Power		3,000,000	5,000,000	7,000,000	5,000,000
87	Centrifuge #4 Installation		450,000	700,000	900,000	700,000
88	Digas Fleet Vehicles And Filling Station		800,000	1,400,000	1,800,000	1,000,000
89	Extension Of New Final Effluent Line		75,000	100,000	100,000	75,000
90	Pipe Removal and Replacement		50,000	80,000	70,000	50,000
91	Thickener Rehab		50,000	80,000	70,000	50,000
92	A-Side Thickener Repurpose		400,000	700,000	900,000	500,000
93	Paving Phase 4 - Landscape		200,000	350,000	450,000	200,000
94	Plant Air Compressor Cooling System		200,000	350,000	450,000	200,000
95	Administration Building Repair		150,000	240,000	210,000	150,000
96	South Buffalo Pump Station	7,000,000	9,000,000	5,000,000		
97	NFA Phase I	5,000,000	5,000,000	5,000,000	5,000,000	5,642,837
98	Primary System Engineering (NFA Phase II.A)	5,000,000	7,500,000	9,000,000	8,000,000	7,000,000
99	Primary System Rehabilitation (NFA Phase II.B)	7,000,000	13,000,000	15,000,000	15,000,000	12,000,000
100	Secondary Treatment Rehabilitation (NFA Phase III)	2,000,000	1,000,000	20,000,000	25,000,000	30,000,000
101	DCS Engineering Services	1,000,000				
102	Thickener Optimization			3,000,000		
103	Building Restoration			3,000,000		3,000,000
104	Shoreline Restoration			1,000,000		2,000,000
		\$120,931,098	\$168,713,443	\$218,115,111	\$194,932,450	\$175,283,837
	TOTAL	\$877,975,939				

APPENDIX E: Final Schedule of Sewer Rents and Other Charges for 2024 – 2025

ATTACHMENT A

FINAL SCHEDULE OF SEWER RENTS

AND OTHER CHARGES

FOR 2024 – 2025

TO PROVIDE FUNDS FOR THE FIXED CHARGES AND FOR THE OPERATION AND MAINTENANCE OF THE ENTIRE SEWER SYSTEM IN THE CITY OF BUFFALO AND ALL OF THE BUFFALO SEWER AUTHORITY FACILITIES FOR THE CONVEYANCE, TREATMENT AND DISPOSAL OF SEWAGE AND STORM WATER OPERATED BY THE BUFFALO SEWER AUTHORITY.

I. SEWER RENTS FOR PREMISES SITUATED WITHIN THE LIMITS OF THE CITY OF BUFFALO

(a) \$24,900,000 shall be collected from all real property in the City of Buffalo (the “City”) by apportioning the said amount upon such property within the City as the same is set down on the last completed annual assessment roll of the City, except that no *ad valorem* sewer rent shall be assessed against real property exempt from real property taxes pursuant to subdivision one of section four hundred, sections four hundred four, four hundred six, four hundred twelve, four hundred eighteen, subdivision one section four hundred twenty, section four hundred forty-six, four hundred fifty-two, four hundred sixty-two and four hundred seventy-seven of the New York Real Property Tax Law.

(b) In the event a person, lot, parcel of land, building or premises, other than a City department, situated within the limits of the City, discharging sewage, water or other liquids into the Buffalo Sewer Authority (the “Authority”) sewer system, either directly or indirectly, is a user of water supplied by the Buffalo Water Board or from any other source, and the quantity of water used is measured by a water meter acceptable to the Authority, then in each such case, the quantity of water used, as measured by said meter, shall be used to determine the sewer charge or rental, and the charge for such use shall be as follows:

1. \$49.75 for 0 to 4,000 cubic feet of water used per quarter year, if the meter is read quarterly, and any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).
2. \$16.58 for 0 to 1,333 cubic feet of water used per month, if the meter is read monthly, and any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).

(c) Residential Affordable Sewer Program. Any person who is an occupant of residential premises, situated within the limits of the City, served by the Authority sewer system and who qualifies pursuant to the annual income limits and family size schedule set forth below, may apply to the Authority, by use of such applications, and procedures as may be established, and modified, from time to time by the General Manager. Upon certification by the General Manager that the applicant is qualified as (1) a Low Income consumer or user, such person shall be entitled to receive a credit not to exceed \$60.00 per year, or \$15.00 per quarter, or (2) a Very Low Income consumer or user, such person shall be entitled to receive a credit not to exceed \$90.00 per year, or \$22.50. Such credit shall be applied by the Authority, and shall be stated in the invoices and/or receipts issued by the Buffalo Water Board on behalf of the Authority for sewer service to such Low Income consumer or user or Very Low Income consumer or user, respectively. The annual income limits set forth below are subject to change each year, or whenever the United States Department of Housing and Urban Development announces any modification of such annual income limits, whereupon such change shall become immediately effective and applicable to the Authority and all residential consumers, without any further notice.

Residential Affordable Sewer Program Annual Income Limits		
<u>Family Size</u>	<u>Very Low Income</u>	<u>Low Income</u>
<u>1</u>	<u>\$32,500</u>	<u>\$52,000</u>
<u>2</u>	<u>\$37,150</u>	<u>\$59,400</u>
<u>3</u>	<u>\$41,800</u>	<u>\$66,850</u>
<u>4</u>	<u>\$46,400</u>	<u>\$74,250</u>
<u>5</u>	<u>\$50,150</u>	<u>\$80,200</u>
<u>6</u>	<u>\$53,850</u>	<u>\$86,150</u>
<u>7</u>	<u>\$57,550</u>	<u>\$86,150</u>
<u>8</u>	<u>\$61,250</u>	<u>\$98,050</u>
Income Limits based on Housing Urban Development (HUD) Income Limits.		

(d) Senior Citizen Affordable Sewer Program. Any person who owns and occupies residential property situated within the limits of the City, served by the Authority sewer system, who by virtue of his/her/their age is/are eligible for the real estate property tax exemption pursuant to Section 467 of the Real Property Tax Law of the State of New York, shall be entitled to receive a credit not to exceed \$106.00 per year, or \$26.50 per quarter. Such credit shall be applied by the Authority and shall be stated in the invoices and/or receipts issued by the Buffalo Water Board on behalf of the Authority for sewer service to such person.

II. SEWER RENTS FOR PREMISES SITUATED OUTSIDE THE LIMITS OF THE CITY OF BUFFALO

(a) An annual service charge for the privilege of connecting with the facilities of the Authority shall be due for any premises situated outside the limits of the City for each \$1,000 of assessed valuation as determined on the last completed annual assessment, the same rate of \$2.71239 per \$1,000 of assessed valuation for 2024-2025.

(b) In the event a person, lot, parcel of land, building or premises, other than a City department, situated outside the limits of the City, discharging sewage, water or other liquids into the Authority sewer system, either directly or indirectly, is a user of water supplied by the Buffalo Water Board or from any other source, and the quantity of water used is measured by a water meter acceptable to the Authority, then in each such case, the quantity of water used, as measured by said meter, shall be used to determine the sewer charge or rental, and the charge for such use shall be as follows:

1. \$49.75 for 0 to 4,000 cubic feet of water used per quarter year, if the meter is read quarterly, and any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).
2. \$16.58 for 0 to 1,333 cubic feet of water used per month, if the meter is read monthly, and any water used in excess thereof shall bear a sewer charge or rental of \$11.42 per thousand cubic feet (\$.0114 per cubic foot).

III. GENERAL PROVISIONS

(a) In the event a person, lot, parcel of land, building or premises discharging sewage, water or other liquids into the Authority sewer system, either directly or indirectly, is a user of water supplied by the Buffalo Water Board, and the quantity of water used is not measured by a water meter acceptable to the Authority, then the sewer charge or rental for all such accounts shall be in the respective amounts (expressed in dollars) set forth in Exhibit A, attached hereto and made a part hereof, as the Authority determines applicable to such person, lot, parcel of land, building or premises.

(b) In addition to all other rentals and charges provided herein, a monthly drainage connection service charge shall be due for any and all persons, lots, parcels of land, building or premises, other than a City department, that discharge sewage, water or other liquids into the Authority sewer system, either directly or indirectly, as follows:

1. A monthly charge of \$6.18 shall be due for all lots, parcels, land, buildings or premises where the quantity of water used is not measured by a meter acceptable to the Authority.
2. A monthly charge in the amounts set forth below shall be due for all lots, parcels, land, building or premises where the quantity of water used

is measured by a meter acceptable to the Authority in accordance with the following meter size:

Residential Users		Non-Residential Users	
<u>Meter Size</u>	<u>Charge (\$)</u>	<u>Meter Size</u>	<u>Charge (\$)</u>
5/8 inch	6.18	5/8 inch	6.18
3/4 inch	6.18	3/4 inch	6.18
1 inch	6.18	1 inch	6.18
1 1/2 inch	6.18	1 1/2 inch	56.66
2 inch	6.18	2 inch	56.66
3 inch	56.66	3 inch	56.66
4 inch or larger	56.66	4 inch or larger	56.66

(c) In the event a person, lot, parcel of land, building or premises discharging sewage, water or other liquids into the Authority sewer system, which directly or indirectly, uses water obtained from a source other than the Buffalo Water Board, and the water so obtained is not measured by a water meter acceptable to the Authority, then, in each such case, the owner, user or other interested party shall, at his own expense, furnish, install, and maintain a water meter or other water or sewage measuring device acceptable to the Authority and the quantity of water used, as measured by said meter, or as otherwise determined, shall be used to determine the sewer charge or rental and there shall be charged an amount determined as set forth in paragraphs II(a), III(a) and III(b) as the case may be.

(d) In the event a person, lot, parcel of land, building or premises discharging sewage, water or other liquids into the Authority sewer system, either directly or indirectly, uses water in excess of 4,000 cubic feet per quarter year and it can be shown to the satisfaction of the Authority, that a portion of the water as measured by the water meter does not and cannot enter the Authority sewer system, then the Authority may determine in such manner as may be found practicable the percentage of metered water entering the Authority sewer system and the quantity of water used to determine the sewer charge or rental shall be that percentage, so determined, of the quantity of water measured by the water meter, or the Authority may require or permit the installation of additional meters or measuring devices in such a manner as to determine the quantity of water or sewage actually entering the Authority sewer system, in which case the quantity of water used to determine the sewer charge or rental shall be the quantity of water actually entering the Authority sewer system and so determined.

(e) In the event a person, lot, parcel of land, building or premises discharges sewage or other wastes into the Authority sewer system which, in the opinion of the Authority, contain unduly high concentrations or any substances which add to the operating costs of the Authority facilities, then the Authority may elect to establish and collect special rates of charge, based on the quantity of these substances, which rate of charge may be established and collected in such manner as the Authority may elect and such charge shall be paid to the Authority, or it may elect to exclude such sewage or other wastes from its facilities.

(f) As a condition of a Buffalo Discharge Elimination System Permit (BPDES), a user may be required to pay an industrial waste surcharge for discharging sewage or waste exhibiting a strength of sewage or waste greater than normal domestic sewage. The Industrial Waste Surcharge Formula reflecting the Treatment Plant unit costs for treatment of Biochemical Oxygen Demand (BOD₅) Total Suspended Solids (TSS) and Total Phosphate (TPO₄) is as follows:

Surcharge = 8.34 QMGY (0.1788 (BOD₅-250) + 0.2235 (TSS-250) + 0.0398 (TPO₄-15.35))

\$ 0.1788 Cost/lb. for treatment of BOD₅

\$ 0.2235 Cost/lb. for treatment of TSS

\$ 0.0398 Cost/lb. for treatment of TPO₄

QMGY shall mean the annual total industrial and sanitary discharge - water retention.

BOD₅ shall mean the average concentration of BOD₅ in sewage or waste discharged to the Authority facilities.

TSS shall mean the average concentration of TSS in sewage or waste discharged to the Authority facilities.

TPO₄ shall mean the average concentration of TPO₄ in sewage or waste discharged to the Authority facilities.

Surchargeable concentrations are as follows:

BOD₅ - Over 250 mg/L; TSS - Over 250 mg/L; TPO₄ - Over 15.35 mg/L

This formula shall be applied in computing the Buffalo Industrial Waste Surcharge subsequent to July 1, 2023 and ending June 30, 2024 for all users that discharge sewage or waste exhibiting a strength of sewage or waste greater than normal domestic sewage. In addition, this formula with the above rates will be used to calculate all monthly, quarterly, semiannual, and annual accounts subsequent to July 1, 2024.

(g) Any person who violates the Sewer Regulations of the Authority or the conditions of the permits issued thereunder shall be subject to fines as specified in said regulations.

(h) Whenever sewage or other wastes result in conditions in the Authority sewer system as to cause blockage or a substantial reduction in the flow, charges for the work necessary to eliminate such blockage or reduction in flow may be made, based upon costs incurred by the Authority for labor, materials, equipment hire, insurances, and other overhead, against the owner of the property or premises that caused the discharge of such sewage or other wastes into the Authority sewer system.

(i) Where sewer facilities have been installed to serve improved and unimproved property and have been paid for in whole or in part by the Authority, a charge shall be made based on a proportionate share of the original cost, determined by the foot frontage

of the parcel served, or by the area of such parcels, or by such other method the Authority determines to be equitable, as a condition to a permit for a connection to the Authority's facilities.

(j) An application and inspection fee for sewer connection permits shall be paid as follows at the time said application is filed with the Authority:

<u>Tap Size</u>	<u>Fee (\$)</u>
4 inch	100.00
6 inch	200.00
8 inch	300.00
10 inch	500.00
12 inch	800.00
15 inch	1,200.00
18 inch	1,800.00
21 inch or greater	2,500.00

(k) An application fee of \$50.00 per 2,500 square feet or part thereof of soil disturbance or impervious area being drained, whichever is greater, shall be paid at time of plans and/or calculations are submitted to the Authority for site stormwater management review.

(l) An application fee of \$150.00 plus \$25.00 for every 100 linear feet or part thereof of new sanitary sewer pipe proposed shall be paid at the time that plans and/or calculations are submitted to the Authority for any facility proposing to discharge 2,500 gallons per day or more of additional sanitary and/or industrial flow than existing conditions.

(m) All persons owning or operating a pump truck or other transport vehicle and desiring to discharge wastes, directly or indirectly, into the Authority's facilities shall first secure a valid Truckers Discharge Permit after paying an annual permit fee of \$120.00. In addition to said permit fee, a separate charge shall be billed based upon the verified quantity or truck capacity, and character of the waste discharged and, if applicable, the point of discharge.

The following surcharge rates are hereby charged for such wastehaulers who are located outside the City:

DISCHARGE LOCATION	TOTAL SUSPENDED SOLIDS	BOD ₅	TOTAL PHOSPHATE
Inlet/South Buffalo Pump	\$0.3406/lb	\$0.2244/lb.	\$0.0800/lb.
Mixing Tank	\$0.2968/lb	\$0.1441/lb.	\$0.0800/lb.
Thickener/Digester	\$0.3406/lb	\$0.1526/lb.	\$0.0800/lb.

The above surcharge rates, along with costs incurred by the Authority when handling, testing, conveying, and administering each wastehauler, will be used to determine the cost per gallon of each wastestream. The wastehauler user charges for various wastestreams are as follows:

1. Septage and portable toilet wastes - The rate of \$0.05 per gallon discharged will be assigned to all permitted septage and portable toilet waste haulers.
2. Grease trap wastes - The rate of \$0.05 per gallon discharged will be assigned to all permitted grease trap waste haulers.
3. Sludge wastes - This rate will vary dependent on strength and volume. Sludge rates will be calculated using the parameter costs for the mixing tank location.
4. Miscellaneous Wastes - This rate will vary dependent on strength of waste, volume and discharge location.

These rates will be used for all permits effective July 1, 2024.

(n) In the event a person, lot, parcel of land, building or premises threatens to discharge or discharges sewage or waste into or near the Authority's publicly owned treatment works, either directly or indirectly, which in the opinion of the Authority will or is likely to bypass, upset, harm or endanger the facilities of the Authority, then such person or the owner or operator of such lot, parcel of land, building or premises shall pay to the Authority charges for any and all clean up, removal and remediation costs actually incurred by the Authority, including but not limited to labor, materials, equipment, insurances or laboratory services for the (i) containment or attempted containment of such discharge or threatened discharge, (ii) sampling and analysis of such discharge or threatened discharge, (iii) removal or attempted removal of such discharge or threatened discharge, (iv) taking of reasonable measures to prevent or mitigate damage to property, public health, safety or welfare, or (v) remediation, treatment, storage or disposal of such discharge or threatened discharge and all soils, water or structures affected by such discharge.

(o) All industrial users and waste haulers shall pay to the Authority a charge for the actual costs of analysis incurred by the Authority for monitoring of any and all discharges of such users.

(p) Any person who is granted a temporary permit to discharge into the facilities of the Authority shall pay a permit fee of \$1,000.00 to the Authority as a condition of the issuance of such permit.

(q) Except as otherwise defined herein, all terms and phrases used or contained in this schedule of sewer rents shall bear the same meaning and definition as set forth in the Authority's Sewer Use Regulations 21 N.Y.C.R.R. Part 10075 and New York Public Authorities Law Section 1175 *et seq.*

(r) Sewer rents and charges as herein provided shall be payable at the office of the Director of the Treasury for the City at Room 117, City Hall, Buffalo, New York 14202, or at such other location or address as may be set forth on the Authority's invoice, and shall become due and payable as follows:

1. So much of the sewer rents and charges as are based upon water use and the drainage connection service charge covering the respective premises, or such other charges as provided herein shall be due and payable, except as otherwise stated in this schedule or in such invoice, on the same day, one month following the month of the invoice billing date, and such invoice may be billed monthly, quarterly or as otherwise determined by the Authority; and
2. So much of the sewer rents and charges as are based upon the assessed valuation of chargeable real estate shall become due and payable from the first day of July 1938, and each year thereafter, and may be paid without interest on or before September 30th next succeeding.

(s) Such sewer rents and charges that remain unpaid after their respective due dates shall be charged interest, and such interest shall continue to be charged until such sewer rents and charges are paid in full, as follows:

1. Sewer rents based upon water use and drainage connection service charges shall be charged interest at the same rate as unpaid City taxes, to wit: four and one-half percent (4.5%) interest shall be added to amounts unpaid from the first through the thirtieth day after the due date, and thereafter one and one-half percent (1.5%) shall be added to all amounts that remain unpaid for each succeeding month;
2. Sewer rents based upon assessed valuation of chargeable real estate that remain unpaid on October 1 of each year shall be charged interest at the rate of two percent (2%), and such sewer rents that remain unpaid shall be charged two percent (2%) for each month thereafter until paid; and
3. All other sewer rents and charges of the Authority shall be charged interest at the rate of one and one-half percent (1.5%) per month if not paid by the due date stated on the invoice issued by the Authority.

(t) All persons and property served by the Authority shall be subject to paying reasonable costs and expenses, including attorney fees incurred in the collection of sewer rents and charges that remain unpaid, as may be determined by the Board of the Authority. In addition to any other remedy or provision hereof, the Authority reserves the right to engage in such collection activities, as it deems appropriate, for all accounts that remain unpaid after the due date. In consideration of such collection activities and to defray the cost thereof with respect to accounts based on water use and drainage connection service, the person or property served by the Authority may pay an additional charge of twenty-one percent (21%) of the amount of each such delinquent account, together with interest as provided herein, that remains unpaid for more than (i) one hundred twenty (120) days from the due date for metered accounts, and (ii) two hundred ten (210) days from the due date for non-metered flat rate accounts. Due date, as used herein, means the date that the Authority's sewer rent and other charges are due and payable pursuant to III (r) (1) and III (r) (2), herein, respectively.

(u) Invoice statements shall be mailed or delivered to the address of the owner or user, as the case may be, as such address appears on the Authority's records. Such mailing or delivery is a matter of convenience. Failure of an owner or user to receive an invoice statement shall not release such owner or user from the obligation to pay such invoice statement, together with any other charges and interest which may accrue on unpaid amounts.

(v) All invoices shall be paid in United States dollars and may be paid by cash, check, credit, debit or other electronic services at Room 117, City Hall, Buffalo, New York or such other location or address as may be provided on such invoice, by internet or by telephone as set forth on the invoice. All persons who pay through the City of Buffalo Website or by telephone shall pay any processing fees charged by the City of Buffalo. Multiple payments in the same transaction will be charged the convenience fee only once. The convenience fee will be added automatically to each transaction.

IV. LIEN OF SEWER RENT

From and after the due date thereof, such sewer rents and charges, together with any interest and collection costs shall constitute a lien upon the real property served by the facilities. Such lien shall have the same priority and superiority as the lien of the general tax of the City.

V. EFFECTIVE DATE OF THIS SCHEDULE

This schedule of sewer rents and other charges shall become effective July 1, 2024; provided, however, that the sewer rents and other charges herein set forth, applicable to water use, shall become effective on all billings on and after August 1, 2024, excepting only monthly metered accounts for July 2024, and Section "W" of the quarterly metered accounts for the period May, June, and July 2024, which shall be billed according to the schedule of rents in effect prior to July 1, 2024.

VI. ADJUSTMENT OF THIS SCHEDULE

This schedule of sewer rents and other charges shall be subject to adjustment, as the Authority Board may determine, in its discretion, from time to time. Each year the Authority Board shall consider, as of July 1, any increases, but not decreases, based upon changes in the Consumer Price Index Northeast Urban - Class-size B/C, not seasonally adjusted, (hereinafter referred to as the Index) specified in Series Identification: CUURXI 00SA0LE, CUUSXI 00SA0LE, or comparable adjustment Index, as may be selected by the Authority Board. In the event of such increases, the Authority Board shall calculate the adjustment for each succeeding fiscal year, using the Index value determined as of June of the preceding fiscal year, which shall be subtracted from the Index value, determined as of June of the current fiscal year. The change in the Index value, if positive, but not negative, shall be multiplied by the stated percentage applied to all of the rates, fees and charges set forth herein. The product of such multiplication shall be used to adjust this schedule of rates fees and charges, together with such other factors as the Authority Board may determine prudent and appropriate, in the Authority Board's sole discretion, and in compliance with applicable law.

Exhibit A

Stories High:	1	1 ½	2	2 ½	3	4	5
Under 25 ft	22.30	25.11	30.66	36.23	38.98	41.79	47.35
From 25 ft to 30 ft	25.11	30.66	36.23	38.98	41.79	47.35	52.90
From 31 ft to 35 ft	30.66	36.23	38.98	41.79	47.35	52.90	58.45
From 36 ft to 40 ft	36.23	38.98	41.79	47.35	52.90	58.45	61.23
From 41 ft to 45 ft	38.98	41.79	47.35	52.90	58.45	61.23	63.99
From 46 ft to 50 ft	41.79	47.35	52.90	58.45	61.23	63.99	69.59

The Following Rates Apply to More Than One Family Homes or Housekeeping:

1 Family	22.30
2 Families	44.59
3 Families	66.89
4 Families	89.19
5 Families	111.28
6 Families	133.78

Bathtubs & Showers *Bathtubs with attached showers are charged for only bathtubs

1 Bathtub	5.61
2 Bathtubs	11.24
3 Bathtubs	16.85
4 Bathtubs	22.47
5 Bathtubs	28.09
6 Bathtubs	33.70
7 Bathtubs	39.32
8 Bathtubs	44.94
9 Bathtubs	50.56

Toilets:	1 Family	2 Family	3 Family	4 Family	5 Family	6 Family
1 Toilet	11.19					
2 Toilets	19.73	22.38				
3 Toilets	28.26	30.01	33.57			
4 Toilets	36.80	39.45	42.11	44.77		
5 Toilets	45.32	47.98	50.64	53.30	55.96	
6 Toilets	53.86	56.52	59.18	61.84	64.49	67.15
7 Toilets	60.57	65.05	67.71	70.37	73.02	75.68
8 Toilets	70.93	73.59	76.25	78.91	81.56	84.22
9 Toilets	79.46	82.12	84.78	87.43	90.09	92.75
Each Additional Toilet	8.53					

Boarder or Roomer

1	4.25
2	8.51
3	12.75
4	17.01

Office with Water: 22.30

Office without Water: 11.19

Hot Water Heating Billed in November & February:

1	11.17
2	22.32
3	33.49
4	44.65
5	55.81
6	66.98
7	78.14
8	89.30

Car in Garage:

	Garage w/out Water	Garage w/Water
1 Car	11.17	22.31
2 Cars	22.32	44.62
3 Cars	33.49	66.94
4 Cars	44.65	89.30
5 Cars	55.81	111.56
6 Cars	66.98	133.87
7 Cars	78.14	156.18
8 Cars	89.30	178.50

APPENDIX F: Submission for BSA's CSO Annual Report for 2023

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Combined Sewer Overflow (CSO) Annual Report

version 1.10

(Submission #: HQ0-DA5M-825ZG, version 1)

Details

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Permit Information

SPDES Number
NY0028410

DEC Region
9

Permittee Name
Buffalo Sewer Authority

Facility Name
Bird Island Sewage Treatment Plant

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Official Title
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Part I - CSO LTCP Information

GENERAL CSO PROGRAM INFORMATION

Use the following questions to provide current general information on the CSO Program

Number of CSO Outfalls in the permittee owned system
52

Number of CSO Events Occurring in Reporting Year
49

Total Volume of CSO Discharged in Reporting Year (MG)
2,921.71

Percentage of Collection System, owned by the permittee, that is combined (%)
97

Approximate length (mi) of combined sewers in permittee-owned system
844

Population served by the permittee-owned system
276,486

Number of Publicly-Owned Sewer Systems (POSS) to the permittee-owned system
5

Number of Publicly-Owned Sewer Systems (POSS) to the Combined Sewer System
5

Number of Significant Industrial Users (SIU) connected to the CSS
52

Number of other, non-POSS satellite system connections
0

Long Term Control Plan (LTCP) Information

Was an LTCP Required?
Yes

Year the LTCP was Submitted
2014

What is the LTCP Approval Status?
Approved

What was/is the LTCP selected approach and/or criterion?
Presumptive (4-6 Events)

Is the LTCP Implementation completed?
No

Provide a brief list of all the recommendations and CSO controls to be implemented under the Long-Term Control Plan. Be sure to identify the year these items were completed and any remaining milestones dates not yet achieved.
LTCP includes weir raising, floatable control facility, relief tunnel, in-line, pumping station upgrades, off-line storage facilities & GI. For progress through 7/1/2023 see the 9/1/2023 Semi-Annual LTCP located at: <https://buffalosewer.org/about/transparency>. In 2023, operation of the Broadway @ Oak RTC began; the Primary System Upgrade Engineering Report & preliminary design was approved by NYSDEC in June of 2023; BSA continues to advance plans and specifications for this design; site work on the Secondary System project continues into this period. Throughout 2023 BSA, EPA, NYSDEC, USDOJ and the NYS Attorney General's Office have been in regular communication regarding updates to the LTCP and a renegotiated schedule.

Post Construction Compliance Monitoring (PCCM)

What is the status of the PCCM Plan?
Approved

What is the status of the PCCM Sampling Program?
Not Yet Required

Part II - CSO Outfall Information

CSO Outfall Information

Outfall Number	Latitude (Decimal)	Longitude (Decimal)	Receiving Water Name	Receiving Water Class	Number of Regulators Associated	Type of Regulator	Type of Treatment Provided	Number of Overflow Events - BASELINE	Number of Overflow Events - PREVIOUS YEAR	Number of Overflow Events - CURRENT YEAR	Annual CSO Volume (MG) - BASELINE	Annual CSO Volume (MG) - PREVIOUS YEAR	Annual CSO Volume (MG) - CURRENT YEAR	Measurement Method
003	42.9373	-78.9072	Black Rock Canal	C	11	Fixed Weir	None	6	8	8	0.11	8.34	4.01	Modeled
004	42.9261	-78.9055	Black Rock Canal	C	1	Fixed Weir	None	5	9	10	11.25	34.31	15.09	Modeled
005	42.9243	-78.8991	Black Rock Canal	C	2	Elevated Pipe	None	4	0	0	0.08	0	0	Modeled
006	42.9223	-78.8996	Black Rock Canal	C	7	Fixed Weir	None	65	17	23	198.9	61.83	42.52	Modeled
007	42.9222	-78.8997	Black Rock Canal	C	1	Fixed Weir	None	0	5	6	0	1.54	.83	Modeled
008	42.9209	-78.9002	Black Rock Canal	C	1	Fixed Weir	None	39	0	0	6.11	0	0	Modeled
009	42.919	-78.901	Black Rock Canal	C	1	Fixed Weir	None	0	0	0	0	0	0	Modeled
010	42.9174	-78.9013	Black Rock Canal	C	1	Fixed Weir	None	44	16	21	11.85	19.44	14.56	Modeled
011	42.9133	-78.9032	Niagara River	SA	1	Fixed Weir	None	41	28	45	134.3	408.32	320.95	Modeled
012	42.9132	-78.9017	Black Rock Canal	C	1	Fixed Weir	None	42	33	39	52.48	141.01	101.46	Modeled
013	42.889	-78.8935	Buffalo Harbor	C	1	Fixed Weir	None	7	8	8	6.75	14.61	9.34	Modeled
014	42.8846	-78.8888	Erie Basin Slip 3	C	2	Fixed Weir	None	4	13	15	4.19	79.97	42	Modeled
015	42.8828	-78.8849	Erie Basin Slip 2	C	2	Fixed Weir	None	12	0	0	6.14	0	0	Modeled
016	42.8813	-78.8841	Erie Basin Slip 1	C	2	Fixed Weir	None	0	0	0	0	0	0	Modeled
017	42.8769	-78.8796	Buffalo River	C	20	Elevated Pipe	Screening Only	49	25	28	71.26	377.98	220.08	Modeled
022	42.8724	-78.8737	Buffalo River	C	4	Fixed Weir	None	49	10	11	29.79	4.51	2.96	Modeled
023	42.8666	-78.868	Buffalo River	C	1	Fixed Weir	None	0	2	5	0	0.94	0.74	Modeled
025	42.8639	-78.8605	Buffalo River	C	1	Fixed Weir	None	11	8	8	1.44	7.79	3.46	Modeled
026	42.8631	-78.8508	Buffalo River	C	45	Fixed Weir	None	63	11	19	124.16	284.38	127.5	Modeled
027	42.8631	-78.8375	Buffalo River	C	1	Fixed Weir	None	36	20	20	31.67	243.36	128.4	Modeled
028	42.8603	-78.8325	Buffalo River	C	7	Fixed Weir	None	69	27	43	45.54	55.04	32.53	Modeled
029	42.8603	-78.8325	Buffalo River	C	3	Fixed Weir	None	0	9	10	0	20.05	7.58	Modeled
031	42.8599	-78.8244	Cazenovia Creek	C	1	Fixed Weir	None	0	0	0	0	0	0	Modeled
032	42.8616	-78.826	Buffalo Harbor	C	1	Fixed Weir	None	0	0	0	0	0	0	Modeled
033	42.8624	-78.8254	Buffalo River	C	5	Fixed Weir	None	9	21	28	37.77	288.37	171.6	Modeled
035	42.8502	-78.8087	Cazenovia Creek	B	2	Fixed Weir	None	0	1	0	0	0.12	0	Modeled
037	42.8521	-78.8112	Cazenovia Creek	C	1	Fixed Weir	None	13	10	12	23.3	45.11	19.38	Modeled

Outfall Number	Latitude (Decimal)	Longitude (Decimal)	Receiving Water Name	Receiving Water Class	Number of Regulators Associated	Type of Regulator	Type of Treatment Provided	Number of Overflow Events - BASELINE	Number of Overflow Events - PREVIOUS YEAR	Number of Overflow Events - CURRENT YEAR	Annual CSO Volume (MG) - BASELINE	Annual CSO Volume (MG) - PREVIOUS YEAR	Annual CSO Volume (MG) - CURRENT YEAR	Measurment Method
038	42.8526	-78.8111	Cazenovia Creek	C	3	Fixed Weir	None	0	1	2	0	0.51	0.27	Modeled
039	42.8533	-78.8126	Cazenovia Creek	C	1	Fixed Weir	None	0	0	0	0	0	0	Modeled
040	42.8539	-78.8126	Cazenovia Creek	C	1	Fixed Weir	None	0	1	0	0	0.64	0	Modeled
042	42.855	-78.8141	Cazenovia Creek	C	3	Elevated Pipe	None	0	1	0	0	0.38	0	Modeled
044	42.8573	-78.8183	Cazenovia Creek	C	4	Fixed Weir	None	7	4	8	2.32	7.16	3.29	Modeled
046	42.8586	-78.8203	Cazenovia Creek	C	1	Fixed Weir	None	1	1	0	1.31	0.29	0	Modeled
047	42.8594	-78.8226	Cazenovia Creek	C	5	Fixed Weir	None	44	7	10	8.65	8.53	4.47	Modeled
048	42.86	-78.8247	Cazenovia Creek	C	2	Fixed Weir	None	0	0	0	0	0	0	Modeled
049	42.8613	-78.8269	Buffalo River	C	1	Fixed Weir	None	0	0	0	0	0	0	Modeled
050	42.8635	-78.8211	Buffalo River	C	1	Fixed Weir	None	14	7	9	3.17	7.1	3.13	Modeled
051	42.8631	-78.8108	Buffalo River	C	1	Fixed Weir	None	4	1	0	1.22	1.51	0	Modeled
052	42.8645	-78.8024	Buffalo River	C	2	Fixed Weir	None	10	2	0	10.87	5.19	0	Modeled
053	42.9237	-78.8569	Scajaquada Creek	B	42	Fixed Weir	None	65	31	44	268	688.27	502.06	Modeled
054	42.9521	-78.9098	Niagara River	SA	7	Fixed Weir	None	0	0	0	0	0	0	Modeled
055	42.945	-78.9088	Niagara River	SA	1	Fixed Weir	None	41	26	40	601.1	1535	1113.59	Modeled
056	42.9348	-78.8761	Scajaquada Creek	B	2	Fixed Weir	None	5	0	0	0.04	0	0	Modeled
057	42.929	-78.8973	Scajaquada Creek	B	1	Fixed Weir	None	0	0	0	0	0	0	Modeled
058	42.9303	-78.8959	Scajaquada Creek	B	3	Fixed Weir	None	0	1	0	0	0.24	0	Modeled
059	42.931	-78.8939	Scajaquada Creek	B	3	Fixed Weir	None	0	1	1	0	0.39	0.28	Modeled
060	42.9343	-78.8782	Scajaquada Creek	B	12	Fixed Weir	None	5	1	0	0.7	0.14	0	Modeled
061	42.921	-78.9002	Black Rock Canal	C	1	Fixed Weir	None	10	1	1	31.19	15.42	0.33	Modeled
062	42.9154	-78.9027	Black Rock Canal	C	1	Fixed Weir	None	0	0	0	0	0	0	Modeled
063	42.9023	-78.9017	Black Rock Canal	C	1	Fixed Weir	None	13	1	2	0.63	0.39	0.32	Modeled
064	42.8665	-78.8678	Buffalo River	C	7	Fixed Weir	None	56	13	15	21.11	29.54	17.16	Modeled
066	42.865	-78.8021	Buffalo River	C	9	Fixed Weir	None	10	8	8	1.72	23.31	11.82	Modeled

Closed CSO Outfall Information

Outfall Number	Latitude (Decimal)	Longitude (Decimal)	Receiving Water Name	Receiving Water Class	Approximate Year Outfall Closed	Cause / Reason for Closure

CSO Outfall Explanation

BSA has no intent to close CSOs; they prevent flooding & double as MS4 outfalls.

Part III - Collection System Information

Baseline Information

If Baseline information is unknown, please use a best estimate, then characterize/describe in the narrative box below.

Baseline - Percentage (%) of combined sewers in the collection system owned by the permittee

97

Baseline - Approximate length (mi) of combined sewers owned by the permittee

844

Baseline - Number of CSO Outfalls owned by the permittee

65

Baseline - Number of CSO Events

85

Baseline - Annual CSO Volume discharged (MG)

1,886

Baseline - Population Served by the CSS

292,648

Baseline - Number of Satellite System Connections

5

Post-LTCP Implementation Information

If an LTCP has not yet been developed, or wasn't required, please input the current year information for each field.

Future - Percentage (%) of combined sewers in the collection system owned by the permittee
97

Future - Approximate length (mi) of combined sewers owned by the permittee
844

Future - Number of CSO Outfalls owned by the permittee
52

Future - Number of CSO Events
9

Future - Annual CSO Volume Discharged (MG)
486

Future - Population Served by the CSS
261,310

Future - Number of Satellite System Connections
5

Use the space below to provide any further relevant information on the collection system & to indicate if baseline information is unknown. This should include a description of any unique ownership, operation and maintenance agreements or further explanation and description of POSS/satellite system connections. For POTW's with POSS's, please indicate which municipality owns/operates which infrastructure (Pump Stations, trunk sewers, interceptors, regulators, outfall structures, etc.) as well as who is responsible for reporting CSO events from CSOs within the POSS and who is responsible for reporting SSOs within the POSS.

Erie County Sewer District #4 (NYS900040), Erie County Sewer District #11 (NYS900038), the Village of Sloan (NYS900022), the Town of Cheektowaga (NYS900020), and the Town of West Seneca (NY0203734) are all charged with operating and maintaining the entirety of their upstream POSS's and ensuring that they are separate sanitary sewers. Buffalo Sewer's industrial waste division issues permits to those industrial waste dischargers within the upstream POSS's and performs inspections of these sites. The POSS's are also responsible for operating and maintaining flow monitoring stations and providing records verifying that they are within compliance with Intermunicipal Agreement maximum discharge rates to the Buffalo Sewer Authority's system.

Part IV - CSO Control Implementation Information

Reporting Year Information

Provide a summary of any significant LTCP or PCCM projects completed within the reporting year and any milestones for the reporting year that were not achieved.

The Delavan Trunk Sewer Improvement Project (Jefferson Ave RTC)

- Preliminary Engineer's report submitted to DEC for review and approval in March 2023 - BSA has begun surveys and geotechnical analysis in preparation for the next phase of this design.

Preliminary Engineer's report for the Breckenridge RTC was submitted to DEC for review and approval.

The Scjajaquada Creek & Black Rock Canal Smart Sewer Project (Amherst Quarry Off-line Storage and Gates Circle In-Line Storage) is awaiting EFC contract approval.

In 2023 the Broadway @ Oak RTC was completed and operations have begun. Post-construction monitoring of the Babcock Pump Station and Smith @ Eagle RTCs has commenced in 2023.

Revised LTCP documents submitted throughout the year.

Upcoming Year Information

Summarize significant LTCP and PCCM projects planned and milestones due for the upcoming year.

The Mill Race RTC is expected to be substantially completed in 2024.

Work on phase 1 of the Delavan Trunk Sewer Improvement project (modifications to SPP229A) is expected to go to bid in early 2024. The design of phase 2 of this project, which will include tunneling work, will continue in 2024.

Construction of the Scjajaquada Creek & Black Rock Canal Smart Sewer Project is expected to be ongoing in 2024.

Public engagement and negotiations regarding the revised LTCP are expected throughout 2024.

Several projects in the revised LTCP are anticipated to begin design by March 3, 2024.

Part V - CSO Best Management Practices (BMPs)

Which CSO BMPs does your SPDES permit require?

- 1- CSO Maintenance / Inspection
- 2- Maximize Use of the Collection System for Storage
- 3- Industrial Pretreatment
- 4- Maximize Flow to POTW
- 5- Wet Weather Operating Plan (WWOP)
- 6- Prohibition of Dry Weather Overflows
- 7- Control of Floatables and Settleable Solids
- 8- Combined Sewer System Replacement
- 9- Combined Sewer / Extension
- 10- Connection Prohibitions
- 11- Septage and Hauled Waste
- 12- Control of Runoff
- 13- Public Notification
- 14- Characterization and Monitoring

BMP No. 1 CSO Maintenance Inspection

6 NYCRR 750-2.8(a)(2)

(EPA NMC No. 1: Proper Operation and Regular Maintenance)

Is there a written program for the maintenance and inspection of the CSS and CSOs?

Yes

What is the minimum frequency of dry-weather CSO inspections?

Monthly

Are inspections of CSOs/regulators conducted during or following wet weather events?

Yes

Do the inspection reports indicate visual inspection observations, observed or presumed flows, weather conditions, equipment condition, and any repair work recommended?

Yes

Are the inspection reports submitted to the DEC Regional Office?

Yes, with Monthly Operating Reports

Indicate which of the following additional components are included in the maintenance and inspection program:

Pump Stations
Sewer Pipes & Interceptors
Sewer Manholes & Catch Basins
CSO Outfalls
CSO Controls (e.g. regulators, screening/storage/treatment facilities)

Are there existing inter-municipal agreements which specify responsibilities for inspection, maintenance, and/or repair?

Yes

IMA Listing - Please indicate the community name and year of last IMA update.

Community Name	Year of most recent IMA Update
Town of Cheektowaga	1996
Erie County Sewer District 1	1996
Erie County Sewer District 4	1996
West Seneca Town Sewer Dist	1996
Village of Sloan	1998

Is the collection system mapped using GIS?

Yes, the entire system (including manholes & catch basins)

Is the collection system monitored using a SCADA system or other flow monitoring system?

Yes, SCADA

In the past year, was progress made to install, upgrade, or expand monitoring with SCADA/Other system?

Yes

In the upcoming year, is installation, upgrade, or expansion of monitoring with SCADA/Other system planned?

Yes

Does the municipality have an asset management program that includes the collection system?

Yes, in place

Have any work efforts or problems in the past year resulted in changes in overflows? If yes, describe below in the narrative box.

Yes

In the past year, was the inspection and maintenance program mostly:

Reactive (responding to problems)?

Use the space below to provide a narrative description of the following:

- a) Lengths of sewer cleaned and inspected,
- b) Number of manholes and catch basins cleaned and inspected,
- c) Any repairs or replacements conducted in the CSS,

- a) 140,125' of sewer was cleaned and inspected through proactive outsourcing contracts in addition to work conducted by internal staffing utilizing a televising truck and three vacuum trucks
- b) 6,147 catch basins and 85 manholes cleaned and inspected
- c) There were 132 spot repairs. Of the 132 spot repairs, 961' was replaced.

We also are monitoring and evaluating data from frequently activated CSOs and areas of maintenance concern using web-based proprietary software (in addition to SCADA)

Use the space below to describe any large equipment purchases made in the reporting year or planned for the upcoming year (e.g. vacuum trucks, pumps, etc.) , as well as, any work efforts or problems in the past year that resulted in changes to the collection system maintenance and inspection program, and any noticeable results of the system changes (e.g. fewer events, less CSO volume, a reduction in floatables or other pollutants discharges, visible improvement in water quality of receiving water).

BSA equipment purchases in 2023:
Backhoe & Municipal Cleaning Vehicle

BSA planned purchases in 2024:
Combination Cleaner, Crew Truck, 2 Dump Trucks

In 2023 BSA launched several GIS based web applications for asset tracking and inspections.

BMP No. 2 Maximize Use of the Collection System for Storage

6 NYCRR 750-2.7(f), 750-2.8(a)(2), 750-2.8(a)(5)
(EPA NMC No. 2: Maximization of Storage in the Collection System)

In the past year, was the collection system able to convey the required minimum flows to the treatment plant during ALL wet-weather events?

Yes

Has the hydraulic capacity of the collection system been evaluated?

Yes

When was the hydraulic capacity last evaluated?

2021

Have regulators and weirs ever been adjusted/modified to maximize storage?

Yes

In the past year, or the upcoming year, indicate if any of the following items have been changed or if changes are planned to improve use of the collection system for storage? If so, describe below in the narrative box.

Tidegate Maintenance/Repair/Replacement
Sewer Cleaning and Sediment Removal
In-Line Storage

Use the space below to provide a narrative description of the changes to structures or procedures that will improve use of the collection system for storage (e.g. tide gate maintenance/repairs/replacement, regulator or weir adjustment, FOG program changes, removal of bottlenecks/flow obstructions, sewer cleaning and sediment removal, in-line storage, etc.).

Additional work was required to remove the broken actuator at Smith @ Perry RTC and the replacement will be installed in Jan 2024. Reserve actuators have been put in storage.

A total of seven inline check valves & 2 doghouse manholes were installed to accommodate the installation of the check valves along the Smith St Drain

BSA is working with FEMA to obtain a grant for the Flood Prevention Improvement projects at CSO 55 and 26.

In Dec 2022, BSA experienced a sewer collapse in a portion of the Swan Trunk. In Jan 2023, BSA worked to remove obstructions and grit to ensure capacity.

The Broadway @ Oak RTC was completed and operations have begun.

Retrofit of actuators at Hertel are ongoing.

Lack of facility capacity is a bottleneck.

BMP No. 3 Industrial Pretreatment

6 NYCRR 750-2.7(f) and 2.9(a)(4)
(EPA NMC No. 3 & 7: Review and Modification of Pretreatment Requirements & Pollution Prevention Programs to Reduce Contaminants in CSOs)

Is there an approved pretreatment or mini-pretreatment program or acceptance of flow from non-domestic sources?

Yes, IPP or Mini-IPP

Is there an inventory of industrial or non-domestic dischargers?

Yes

Has the impact on CSOs from non-domestic users that discharge toxic pollutants been evaluated, and steps taken to minimize such impacts?

Yes

Does the pretreatment program consider CSOs in the calculation of local limits?

Yes

Are there any restrictions on industrial user discharges to the collection system during wet-weather events?

No

Are there any industrial discharges that could reach CSO outfalls?

Yes

Do industrial users upstream of CSOs discharge any bioaccumulative chemicals of concern (BCCs)?

No

Do any industrial users have a holding tank or equalization tank to store wastewater prior to discharge to the CSS?

Yes

In the past year or in the upcoming year, have there been or will there be negotiations or changes to agreements with industrial dischargers, which will potentially reduce impacts during CSO events? Describe these changes below in the narrative box.

Yes

Use the space below to provide a narrative description of industrial discharges to the collection system, any restrictions on industrial discharges during wet-weather events, and any agreements that will potentially reduce impacts during CSO events.

EQ tanks - ie. Tesla [has own treatment facility on site]

Upon review of existing Industrial User's discharge permits no BCCs as listed in TOGS 1.3.8 are currently permitted for discharge to Buffalo Sewer's system upstream of CSOs.

A revised "Technical Review of Local Mass Based Limits Industrial Pretreatment Report" prepared in accordance with USEPA's "Local Limits Development Guidance Manual" was submitted in October of 2022 to USEPA for review and approval. BSA is currently awaiting approval of the revised report.

Once approved, the significantly reduced limits specified therein will be used in all future BPDES permit applications including renewals.

BMP No. 4 Maximize Flow to POTW

6 NYCRR 750-2.7(f), 2.8(a)(2), and 2.8(a)(5)

(EPA NMC No. 4: Maximization of Flow to the POTW for Treatment)

What is the permit required minimum flow during wet weather events through the headworks (in MGD)?

450.00

What is the permit required minimum flow during wet weather events through primary treatment (in MGD)?

180.00

What is the permit required minimum flow during wet weather events through secondary treatment (in MGD)?

300.00

What is the permit required minimum flow during wet weather events through disinfection (in MGD)?

450.00

In the past year, were the headworks, primary treatment works and disinfection works able to pass the flows specified in the permit for all wet weather flows?

No

In the past year, was the secondary treatment works able to pass the flows specified in the permit for all wet weather flows?

No

If the minimum flows were not achieved for all wet-weather events in the reporting year, has a plan to accomplish this been developed and submitted to the Department?

Yes, developed & submitted

In the past year or in the upcoming year, have there been or will there be any physical modifications to the collection system which have allowed more flow to reach the POTW? If yes, describe below in the narrative box.

Yes

Are there areas of the collection system, including pump stations that need additional study to evaluate capacity, condition, or to determine if illegal connections (i.e. inflow) exist? If yes, list below in the narrative box

Yes

In the past year, have any new problem areas been identified that restrict flow to the plant? If yes, list the locations below in the narrative box.

No

Use the space below to provide a narrative description of:

a) any physical modifications to the collection system which are completed or anticipated and will allow for more flow to reach the WWTP,

b) any areas of the collection system which need additional study to evaluate capacity or inflow issues,

c) any known problem areas that restrict flow to the WWTP, and

d) any plans to address hydraulic restrictions (e.g. pipe replacement, construction of relief sewer or overflow tanks, pump station improvements, weir adjustment, smoke/dye testing to identify illicit connections).

a) RTCs: Broadway & Oak has been completed in 2023

Smith at Perry & Hertel at Deer have experienced significant issues with their actuators

b) The hydraulic capacity of the Amherst Quarry and pumping station require additional study to maximize storage to eliminate downstream overflows.

c) BSA experienced one RAS leak on the A-Side RAS pump discharge pipe. This leak was patched by the in-plant contractor. During 2023 various pumps were out of service. RWW pumps 1,2 & SWW pumps 1,2,5 & 6 were out of service pending maintenance and repairs for part of the year. RWW pump 3 & SWW pump 3 were out of service for the full year for pump/motor rehab and electrical issues respectively.

d) Revised LTCP including NFA and pump-motor rehab program

BMP No. 5 Wet Weather Operating Plan

6 NYCRR 750-2.8(a)

(EPA NMC: None)

Does the plan identify the maximum flows through preliminary, primary, secondary treatment, tertiary, and disinfection units?

Yes

In the past year, did treatment of wet weather flows cause any effluent violations or destabilize treatment upon return to normal service? If yes, describe below in the narrative box.

No

If the collection system or plant has been modified or upgraded, has the WWOP been modified to reflect new flow rates or new procedures and the revised plan submitted to the NYSDEC Regional Office?

No, no changes

In the upcoming year, are changes to the WWOP expected? If so, describe below in the narrative box.

Yes

When was the WWOP last updated?

2007

When was the WWOP last submitted and approved by NYSDEC?
2007

Use the space below to provide a narrative description of any changes to the WWOP during the reporting year or anticipated in the upcoming year.

The Wet Weather Operating Plan is being re-evaluated to incorporate insights from globalized real-time control sensors and to reduce energy use and pump degradation through maintaining higher dry weather flows and begin higher pumping rates before flows reach the WWTF in anticipation of flows. It is expected that a revised WWOP will be submitted to the NYSDEC based for review and approval and will incorporate timeline expectations from the revised LTCP.

BMP No. 6 Prohibition of Dry Weather Overflows

6 NYCRR 750-2.7 and 2.8(b)(2)
(EPA NMC No. 5: Elimination of CSOs During Dry Weather)

In the past year, were there any dry weather overflows?
No

BMP No. 7 Control of Floatables and Settleable Solids

6 NYCRR 750-2.8(a)(4)
(EPA NMC No. 6: Control of Solid and Floatable Materials in CSOs)

In the past year, did any outfalls discharge floating solids, oil and grease, or solids of sewage origin?
Yes

Indicate which of the following engineering controls or control measures, if any, have been implemented or will be implemented in the upcoming year?
Catch basin hoods
Other: Track down procedures for illicit discharge in coordination with NYSDEC Region 9
Source controls (street cleaning, public education, household hazardous waste collection, solid waste collection, recycling, and/or composting of lawn/leaf/roadkill deer)
Booming & Skimming of Open Waters
Screens

Use the space below to provide a narrative description of any ongoing issues with control of floatables and settleable solids from CSO outfalls and any existing or planned engineering controls or control measure to be implemented.

Floatables are captured by the Hamburg Drain Floatable Control Facility. Hoods have long been installed on catch basins and receivers within the Buffalo Sewer Authority's combined sewer system and are routinely replaced.

Streets are swept by City of Buffalo DPW.

BMP No. 8 Combined Sewer System Replacement

6 NYCRR 750-2.10(i)
(EPA NMC: None)

In the past year, were any combined sewers designed or constructed that were not approved by NYSDEC?
No

Are there any plans or current projects to separate combined sewers into sanitary & storm sewers?
No

Were any cross-connections eliminated in the past year or planned for the upcoming year?
No

In the past year, how many miles of combined sewer were separated?
0.00

In the upcoming year, how many miles of combined sewer are scheduled to be separated?
0.00

Use the space below to provide a narrative description of how this BMP was implemented during the reporting year.

Buffalo Sewer does not currently have any plans for sewer separation.

Buffalo Sewer has ongoing cleaning and televising. Any cross-connections identified during this work will be flagged and dealt with.

BMP No. 9 Combined Sewer / Extension

6 NYCRR 750-2.10(i)
(EPA NMC: None)

In the past year, were any combined sewers extended?
No

Is any development planned upstream of a combined sewer in the near future?
Yes

Has a sewer extension plan been submitted to NYSDEC for review and approval?
Yes

Does the plan include any flow retention, storage, or treatment structures?
Yes

If a plan contained a flow credit requiring removal of I/I, what was the requirement or ratio?
NA

Use the space below to provide a narrative description of how this BMP was implemented during the reporting year.

Proposed sanitary sewer taps of 2500 gpd or more are required to submit a downstream capacity analysis to the NYSDEC for review demonstrating that there is capacity.

As a part of the BSA's sewer tap permitting process for storm discharges, new development upstream of or directly discharging to the CSS with soil disturbance of 0.25 acres or more must retain/detain on site post-construction flows during a 25-year storm in excess of pre-construction flows during a 2-year storm.

BMP No. 10 Connection Prohibitions

6 NYCRR750-2.9(a)(5)
(EPA NMC: None)

Are new connections prohibited by NYSDEC?

No

In the upcoming year, is any work planned to either increase capacity or reduce hydraulic loading to the WWTP? If so, describe below in the narrative box.

Yes

Use the space below to provide a narrative description of how this BMP was implemented during the reporting year.

Secondary treatment improvement project will be ongoing - to increase capacity within Wastewater Treatment Plant.

Primary treatment facility project expected to be bid and begin construction in 2024.

BMP No. 11 Septage and Hauled Waste

6 NYCRR750-2.7(f) and 2.8(a)(1)

(EPA NMC: None)

Does the POTW accept septage or hauled waste?

Yes

In the past year, were there any discharges or releases of septage or hauled waste INTO the collection system upstream of a CSO?

No

Are there restrictions on when the POTW accepts hauled waste or septage?

Yes

Is there a dedicated location to discharge septage at the WWTP?

Yes

Does the facility have authorization from NYSDEC to accept hauled waste or septage at a location other than the WWTP?

No

Have there been, or will there be, any changes to the POTW's policy on septage and hauled waste?

Yes

Use the space below to provide a narrative description of how septage and hauled waste are received by the POTW, where remote acceptance locations are, any POTW restrictions on when these wastes can be received, and the total volume of these wastes received at remote locations during the reporting year.

POTW does not accept hauled waste or septage on certain holidays.

Dedicated location to discharge septage: Waste hauler receiving station

As facility projects progress, it is expected that there will be restrictions on times, locations, and volume of septage discharges at the treatment facility.

BMP No. 12 Control of Runoff

6 NYCRR750- 2.1(e)

(EPA NMC: None)

Is sediment in runoff from construction zones entering catch basins in the combined sewer system?

Yes

Are impacts of run-off, from development and re-development in areas served by combined sewers, reduced by requiring compliance with the New York Standards for Erosion and Sediment Control and the quantity control requirements included in the New York State Stormwater Management Design Manual?

Yes

Is there adequate communication between the local municipal department that enforces local stormwater codes and ordinances and the collection system staff regarding stormwater runoff?

Yes

Do the municipalities within the combined sewer system have adequate storm water pollution prevention programs to reduce pollutants in stormwater?

Yes

Are any changes needed in the implementation of this BMP to reduce the number of CSO events, the volume discharged, or pollutants in the discharge? If yes, describe below in the narrative box.

Yes

Use the space below to provide a narrative description of how this BMP was implemented during the reporting year and any planned changes for the upcoming year.

BSA is a non-traditional MS4. For most of the City of Buffalo, BSA performs SWPPP reviews, approvals, and inspections for the separate stormwater components. For those locations within the CSS, BSA enforces local regulations. In the next year, BSA intends to work with the City of Buffalo Departments to ensure that all aspects of the MS4 regulations are fully implemented. The issuance of the revised MS4 permit creates the opportunity for the City and non-traditional MS4s to gain coverage.

BMP No. 13 Public Notification

6 NYCRR 750-1.12

(EPA NMC No. 8: Public Notification)

In accordance with the Discharge Notification Act Requirements of the SPDES permit, outfall identification signs must be installed and maintained at all permitted CSO outfalls. Are these signs installed and maintained at all permitted CSO outfalls?

Yes

Are all CSO events in accordance with the SPDES permit reported via NY-Alert?

Yes

In accordance with the Sewage Pollution Right to Know Law, as detailed in 6 NYCRR Part 750-2.7, all CSO discharge events must be reported via the NY-Alert electronic notification system.

CSO events not in accordance with the SPDES permit conditions should be reported as a bypass via NY-Alert. When these events occur, are they being reported via NY-Alert?

Yes

Beyond the use of NY-Alert, does the POTW maintain any other public notification systems (e.g. websites, social media, email systems, public media broadcasts) to alert potential users of receiving waters affected by CSOs?

Yes

For all CSOs to receiving waters that are Class B or higher, a written public notification program (PNP) is required to be developed, implemented, and publicly available to inform citizens of the location and occurrence of CSO events. Is there a written PNP?

Yes

For all CSO communities within the Great Lakes Basin, a written PNP is required. Is your community within the Great Lakes Basin?

Yes

For communities with a PNP, when was the PNP last updated?

2019

Use the space below to provide a narrative description of how any updates to CSO outfall signs and PNPs, as well as a summary of any other public notification systems (beyond NY-Alert) used to alert the public of CSO events.

The Buffalo Sewer Authority utilizes the NY-Alert system and the CSO outfall signs which are checked on an annual basis for condition as required to alert the public to the potential presence of CSO events. On the buffalo Sewer Authority website, Buffalo Sewer also maintains a map of CSOs and their current modeled probability of overflow based on a simplified linear regression of the model for each outfall. The PNP is being reviewed and updated; updates are expected to be implemented in 2024.

BMP No. 14 Characterization and Monitoring

(6 NYCRR 750-1.11(a), 2.5(a) and 2.7(g))
(EPA NMC No. 9: Monitoring to Characterize CSO Impacts and the Efficacy of CSO Controls)

Has the combined sewer system been modeled for use in determining or estimating the frequency of overflows and identifying CSO impacts?
Yes

Was baseline sampling conducted as part of LTCP development?
Yes

Was any Post Construction Compliance Monitoring (PCCM) sampling conducted in the reporting year or planned for the upcoming year?
Yes

In what years does the SPDES permit, Order on Consent, or other enforcement mechanism require PCCM sampling to be conducted?
2034

CSO discharge monitoring methods should be specified for each CSO outfall in Part II of this Annual Report. For all CSO outfalls that are not metered, explain how overflow volumes are either modeled or estimated to collect sufficient data and document permit compliance and the success of CSO BMP implementation. In addition, please provide a brief summary of the findings from the most recently submitted PCCM Report (including compliance with the selected CSO Policy Approach criteria and attainment of water quality standards).

Extensive characterization & metering undertaken during the development of the BSA's CSO LTCP. CSO outfall monitoring is achieved through bimonthly inspection of regulators. A system-wide hydraulic model was developed using flow meters & level gages. A system-wide water quality model was developed. In calibrating the metering data to the "Modified Typical Year" rain gages were installed throughout the City of Buffalo. The post-construction monitoring plan: submitted-03/17/15; approved-03/01/16. Recalibrated model submitted to regulators for comment-01/08/19; final approval-10/6/21. Recalibrated model demonstrated failure of approved LTCP to meet waterbody based activation goals; revised LTCP development and negotiations have been ongoing.

Owner/Operator Certification

Owner/Operator Certification Form Download

Download the certification form by clicking the link below. Complete, sign, scan, and upload the form.
[Owner/Operator Certification Form \(PDF\)](#)

Upload Owner/Operator Certification Form

Owner_Operator_Certification.pdf - 01/31/2024 12:09 PM
Comment
NONE PROVIDED

Attachments

Date	Attachment Name	Context	User
1/31/2024 12:09 PM	Owner_Operator_Certification.pdf	Attachment	Yasmin Abdul-Malik

Status History

	User	Processing Status
1/4/2024 1:17:32 PM	Yasmin Abdul-Malik	Draft
1/31/2024 12:10:15 PM	Yasmin Abdul-Malik	Deemed Complete
1/31/2024 12:10:15 PM	Yasmin Abdul-Malik	Submitted

Processing Steps

Step Name	Assigned To/Completed By	Date Completed
Form Submitted	Yasmin Abdul-Malik	1/31/2024 12:10:14 PM

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CERTAIN INFORMATION CONCERNING THE CITY OF BUFFALO
ECONOMIC AND DEMOGRAPHIC FACTORS

Major Taxpayers

The following table of the fifteen largest taxpayers indicates the distribution of taxable properties in the City. As indicated, two utilities are liable for approximately 5.8% and 1.6%, respectively, of the total tax levy for fiscal year 2023-24 and no other taxpayer individually accounts for more than 1.0% of the tax levy.

CITY OF BUFFALO
FIFTEEN LARGEST PAYERS OF CITY REAL PROPERTY TAXES⁽¹⁾⁽²⁾⁽³⁾
Fiscal Year Ending June 30, 2024

Rank	Taxpayer	Nature of Business	Net Assessed Valuation	Real Property Tax Levied	Ratio of Tax to Tax Levy
1	National Grid, PLC(5)	Utility	\$494,434,043	\$9,257,479	5.83%
2	National Fuel Gas Corporation(5)	Utility	137,574,738	2,575,865	1.62%
3	Gold Wynn Residential USA	Commercial Real Estate	59,487,865	1,092,757	0.69%
4	EGP 130 Buffalo, LLC	Commercial Real Estate	50,000,000	936,169	0.59%
5	Manufacturers and Trust Company(4)	Bank	49,961,000	935,439	0.59%
6	Consolidated Rail Corporation(5)	Shipping/Transportation	49,598,100	858,998	0.54%
7	Douglas Development Corporation	Commercial Real Estate	94,923,000	847,314	0.53%
8	LCO Building, LLC	Commercial Real Estate	41,044,800	768,498	0.48%
9	Uniquist Delaware, LLC	Condominium/Hotel	38,000,000	711,489	0.45%
10	CSX Transportation	Shipping/Transportation	36,476,145	633,035	0.40%
11	Verizon Communication, Inc.(5)	Telecommunications	32,682,301	611,923	0.39%
12	KEY Success, LLC	Commercial Real Estate	30,570,000	572,374	0.36%
13	Seneca-Larkin Holdings, LLC	Commercial Real Estate	19,671,800	368,323	0.23%
14	Fort Schuyler Management	SUNY Private Corp.	18,496,000	346,308	0.22%
15	Iskalo Development Corporation	Commercial Real Estate	20,488,000	339,705	0.21%
Total: Top Fifteen Taxpayers				<u>20,855,675</u>	<u>13.13%</u>
Total: Real Property Tax Levy				<u>\$ 158,900,000</u>	<u>100.00%</u>

Source: City of Buffalo, Department of Audit & Control, Division of Investment & Debt Management

⁽¹⁾Based on assessed values greater than \$100,000

⁽²⁾Does not include those properties which are exempt from taxes and are making Payments In-Lieu of Taxes (PILOT)

⁽³⁾Based on a 2023-24 non-homestead tax rate of \$18.72 per thousand

⁽⁴⁾Taxes on bank property only. Does not include taxes paid as mortgagee.

⁽⁵⁾Includes Special Franchise Fees/Tax

Employment

The economy of the Buffalo area underwent a transition in the decade from 1980 to 1990. Traditionally dominated by heavy manufacturing and petrochemical industries, the area lost manufacturing jobs in part from the decline in steelmaking employment at both Bethlehem Steel and Republic Steel. However, these losses were offset by increases in employment in trade, government, services, finance, insurance and real estate and contract construction.

Statistically, the Buffalo area's job categories compare well with the U.S. average with slight variances in two categories – finance/insurance and mining/construction.

The City remains committed to its downtown development strategy as a means of further diversifying its employment base. (See “ECONOMIC AND DEMOGRAPHIC FACTORS – Development Activity” herein.)

Major employers in the Buffalo area include the State, University of Buffalo, the U.S. Government, Kaleida Health, the County, Buffalo CSD, Catholic Health Systems and Manufacturers and Traders Trust Company.

Trends in Employment by Category⁽¹⁾

2010-2023

(000's Omitted)

Category	2010		2020		2022		2023	
	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States
Manufacturing	49.6	11,528.0	49.2	12,179.1	52.0	12,824.8	54.5	12,938.9
Trade, Transportation & Utilities	97.8	24,636.0	91.6	26,589.9	100.5	28,642.5	96.5	28,847.4
Retail Trade	60.8	14,440.4	54.0	14,853.1	57.3	15,475.1	55.6	15,590.5
Wholesale Trade	21.1	5,452.1	20.0	5,639.9	19.8	5,962.6	20.5	6,116.2
Government	95.0	22,490.0	85.3	21,908.5	83.4	22,171.3	87.3	22,781.3
Service Providing	469.7	112,166.0	440.6	122,117.3	465.5	131,397.3	475.8	134,452.8
Other Services	23.4	5,331.0	21.3	5,393.8	24.2	5,707.8	24.7	5,825.7
Finance & Insurance	24.2	5,761.0	28.8	6,499.6	26.3	6,672.2	25.8	6,731.1
Mining & Logging	18.9	705.0	19.6	619.0	21.4	604.9	21.5	1,244.7
	860.5	202,509.5	810.4	215,800.1	850.4	229,458.6	862.2	234,528.6

Source: U.S. Department of Labor - Bureau of Labor Statistics Data

⁽¹⁾Does not include all categories of employment

Total Non-Agricultural Employment by Category⁽¹⁾

2010-2023

(000's Omitted)

Category	2010		2020		2022		2023	
	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States	Buffalo MSA	United States
Manufacturing	5.8%	5.7%	6.1%	5.6%	6.1%	5.6%	6.3%	5.5%
Trade, Transportation & Utilities	11.4%	12.2%	11.3%	12.3%	11.8%	12.5%	11.2%	12.3%
Retail Trade	7.1%	7.1%	6.7%	6.9%	6.7%	6.7%	6.4%	6.7%
Wholesale Trade	2.5%	2.7%	2.5%	2.6%	2.3%	2.6%	2.4%	2.6%
Government	11.0%	11.1%	10.5%	10.2%	9.8%	9.6%	10.1%	9.7%
Service Providing	54.6%	55.4%	54.4%	56.6%	54.7%	57.3%	55.2%	57.3%
Other Services	2.7%	2.6%	2.6%	2.5%	2.9%	2.5%	2.9%	2.5%
Finance & Insurance	2.8%	2.8%	3.6%	3.0%	3.1%	2.9%	3.0%	2.9%
Mining & Logging	2.2%	0.3%	2.4%	0.3%	2.5%	0.3%	2.5%	0.5%
	100%	100%	100%	100%	100%	100%	100%	100%

Source: U.S. Department of Labor - Bureau of Labor Statistics Data

⁽¹⁾Does not include all categories of employment

Unemployment Rates

The following table indicates that the City's rate of unemployment is higher than the State and national percentages. City data in the table were determined by using the Census share methodology, which is based on the ratio of the City to the County with respect to employment figures. 2014-2023 data for the City is based on the 2020 Census.

UNEMPLOYMENT RATES ⁽¹⁾

Year	City	<u>Buffalo</u> MSA	<u>NY State</u> ⁽²⁾	<u>United</u> States
2014	7.9%	6.2%	6.2%	6.2%
2015	7.1%	5.6%	5.3%	5.3%
2016	6.3%	4.9%	4.9%	4.9%
2017	6.7%	5.4%	4.7%	4.4%
2018	5.8%	4.7%	4.2%	3.9%
2019	5.5%	4.4%	3.8%	3.7%
2020	12.6%	9.5%	10.1%	8.1%
2021	7.9%	5.7%	7.2%	5.4%
2022	5.0%	3.6%	7.0%	3.6%
2023	4.9%	3.6%	4.1%	3.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics

⁽¹⁾Total employment by place of residence

⁽²⁾Figures from 2014-2019 reflect revised population controls and model re-estimation

Population

The 2020 Census revealed that the City's population increased from 261,310 in 2010 to 278,349 in 2020.

POPULATION TREND 1990-2020

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Buffalo	328,123	292,648	261,310	278,349
Erie County	968,532	950,265	919,040	954,236
Buffalo MSA	1,189,288	1,170,111	1,135,509	1,166,902
New York State	17,990,455	18,976,457	19,378,102	20,201,249
United States	249,632,692	281,421,906	308,745,538	331,449,281

Source: U.S. Department of Commerce, Bureau of the Census

CITY OF BUFFALO HOUSING CHARACTERISTICS 1990-2020

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Year Round Housing Units	151,971	145,574	139,174	136,350
Occupied Housing Units	136,436	122,720	112,844	119,119
Persons Per Houshold	2.33	2.29	2.26	2.24

Source: U.S. Department of Commerce, Bureau of the Census

Development Demographics

Downtown Buffalo is also the regional hub of Western New York entertainment, drawing approximately seven million visitors per year. The largest draw is special events, which attract 1.3 million visits per year for the Taste of Buffalo, Canalside Summer Music Series, the M&T Lunchtime concert series, the National Buffalo Wing Festival, and other events. Sporting events draw 1.2 million visits for hockey, baseball and lacrosse, while some 700,000 patrons enjoy Theatre District events. The City's vibrant arts community and world-renowned architecture are also major tourism draws.

Western New York is home to the Buffalo Bills of the National Football League (NFL). Buffalo is home to the Buffalo Sabres of the National Hockey League (NHL), and the Buffalo Bisons the Triple-A baseball team affiliated with the Toronto Blue Jays.

Canalside, a year-round destination on the southern edge of downtown. More than 1.5 million visitors annually enjoy the attractions Canalside, which include concerts, ice skating, paddle boating, special events, and other activities. the \$27.0 million Explore & More - Ralph C. Wilson, Jr. Children's Museum. In addition, Canalside has added two new attractions; a solar-powered historic 1924 carousel housed inside a roundhouse enclosed in glass and a historic replica Longshed Boat Building which is a two-story gabled-roof wood structure.

Buffalo is the home of numerous institutions devoted to the arts including Kleinhans Music Hall, the home of the Buffalo Philharmonic Orchestra, and the world-famous Albright-Knox Art Gallery which broke ground on its \$160.0 million expansion. The gallery will house temporarily on the Northland Campus during construction and the new Buffalo AKG Art Museum opened in 2023.

The City's historic theater district provides the stage for legitimate theater with the largest concentration of theaters in New York State outside of New York City. Shea's Buffalo Theater, 710 Main Theatre, Alleyway Theatre, and the Irish Classical Theatre anchor the City's downtown theatre district.

The City is also the location of the Buffalo Museum of Science, the Buffalo and Erie County Historical Museum, the Buffalo Zoo, and the Botanical Gardens of Buffalo and Erie County.

Buffalo has seen an increase in film production activity in recent years. "A Quiet Place II", "Nightmare Alley" and "The Untitled Cabrini Film" have recently filmed in Buffalo. These productions provided a positive economic impact to region while filming in downtown Buffalo and throughout Western New York. Film productions have come to Buffalo for its historic architecture, pristine natural settings, low filming costs (estimated to be up to 30% cheaper than other cities), and New York State's Film Tax Credit incentives.

In addition to the University at Buffalo and SUNY Buffalo State College, the area is home to 20 other colleges & universities, for a total of 110,000 students and 32,000 employees in higher education, creating major economic impact, exceeding \$3.2 billion.

The City of Buffalo is the home to the corporate headquarters of M&T Bank. M&T Bank, founded in Buffalo in 1856, is one of the nation's largest 20 commercial banks, with \$143 billion in assets and more than 17,000 employees, a third of which are in the Buffalo area. M&T's footprint includes 700 branches in New York, Maryland, Pennsylvania, Virginia, Washington, D.C., West Virginia, Delaware, New Jersey and Florida. In addition, Key Bank, Bank of America, Citizens Bank, and several local banks also have a major branch presence in the region.

Buffalo is home to the headquarters of several major corporations, including Delaware North Companies, Rich Products, Labatt USA, the New Era Cap Company, ACV Auctions and Lactalis American Group.

The City's proximity to Canada has resulted in a positive economic impact, especially in retail and transportation. In addition to Canadian shoppers boosting sales tax revenue, Canadian travelers have also been credited with strengthening activity at the Buffalo Niagara International Airport. Canadians are estimated to make up 20-30% of passengers that use the airport, supporting 17,000 jobs with \$1.1 billion economic impact. With Canadian/American border closed there were no Canadians travelling from Buffalo Niagara International Airport.

The City is in the center of a transportation network of truck, rail, highway, water and air facilities.

The Port of Buffalo is eighth in size of the 54 Great Lakes ports and twenty-ninth in size of the 40 major U.S. ports. The Port's terminal facilities encompass 185,000 square feet of enclosed storage space for marine cargo and approximately 200 acres of open storage space. Foreign Trade Zone (the "FTZ") operation was enacted at the Port of Buffalo. Imported goods may be processed in the FTZ, sorted, stored and repackaged without payment of any duties until the goods are actually sold to importers in the United States or elsewhere. A total of 153 acres at the former Bethlehem Steel Plant has been designated as the FTZ and approximately 31 companies occupy the FTZ at the relocated Port of Buffalo.

Truck service is provided in the Buffalo area by various transcontinental, international and common carriers. Several freight and passenger lines, including Conrail, Amtrak and Canadian National Railways, provide rail service.

The Buffalo Niagara International Airport (BNIA), operated by the Niagara Frontier Transportation Authority (NFTA) is a regional airport serving the Buffalo-Niagara Metropolitan Area providing over 100 flights per day.

**Buffalo-Niagara International Airport
Passenger Volume Trend**

<u>Year</u>	<u>Passenger Volume</u>	<u>% Change from Prior Year</u>
2018	5,014,000	-
2019	4,892,000	-2.4%
2020	1,412,000	-71.1%
2021	2,875,000	103.6%
2022	3,990,000	38.8%
2023	4,555,000	14.2%

Source: U.S. Dept of Transportation Bureau of Transportation Statistics
As of December 2023

Development Activity

Completed Projects

57 Howard - WNY Housing Coalition

\$30.0 million

Redevelopment of a former Public School (PS 75) and the construction of 12 homes. The former school was transformed into a mix of 47 Studio Apartments, residential common space and commercial space with the homes will adding an additional 18 rental units. Commercial space is the new corporate offices of the Western New York (WNY) Veteran's Housing Coalition

695 Genesee – Mount Aaron Village	\$20.3 million
The construction of affordable townhomes and multi-family apartment buildings on nineteen vacant residential lots on Adams, Genesee and Grey Streets. The project consists of 59 units in four multi-family rental buildings. Of the four, one is a three-story building with 16 one-bedroom units and 27 two-bedroom units. The other three buildings have a total of 16 two-story, three-bedroom townhomes.	
253-269 Virginia - Hispanos Unidos de Buffalo Inc.	\$16.6 million
A supportive housing project which contains forty-six 1-bedroom rental units for low-income senior citizens ages 55 and older. La Plaza also includes a restaurant/café, laundry room, community room, space for a senior recreational program, social day care and other senior service programs, as well as office space for other not for profits.	
Albright Knox Gundlach Museum	\$195.0 million
The expansion and renovation of the former Albright-Knox Museum of Art.	
Barcalo Manufacturing Complex - Barcalo Buffalo LLC	\$35.0 million
The former Barcalo Manufacturing Complex in Buffalo's Old First Ward will be converted into 119 apartments and approximately 40,000 square feet of commercial space.	
<i>Under-Construction Projects</i>	
101 Swinburne - Community Services for Every1	\$18.0 million
Conversion of the academic building at the former St. John Kanty Roman Catholic Church into 37 affordable housing units with accessory parking. Additionally, the project will use the existing commercial kitchen, cafeteria and gymnasium to provide a human service facility with an outreach program.	
Pilgrim Village - SAA-EVI	\$92.0 million
Construction of a 132-unit affordable apartment building for families and a 105-unit apartment building for seniors. Additionally, the development will include 4,900 square feet of commercial space.	
791 Washington - Krog Group	\$105.0 million
Former TRICO building at 791 Washington Street will transform a historic factory building into approximately 243 apartments of various sizes, 250 interior parking spaces and approximately 60,000 square feet of commercial space.	
Elmwood Crossing Folwell Apartments – People, Inc.	\$15.0 million
Reuse of a vacant building at the former Women and Children's Hospital into 44 affordable housing units for seniors.	
Westside Homes Project – PUSH, Buffalo	\$21.0 million
The rehabilitation of four units in two buildings and construction of twelve new buildings on various sites consisting of 2-4 family homes and small multi-family buildings.	
Rail on Main - McGuire Development, Blackfish Investments	\$44.0 million
Conversion of a former industrial site into a new residential complex. The development will create 312 housing units, 1,500 square feet of retail, and 3,675 square feet of office space.	
356 Hertel - Kam Cleanup LLC	\$15.0 million
Renovation and repurposing of the historic John Kam Malt and Kiln House into 82 apartments, a self-storage facility and 14,000 square feet of retail space. Additionally, the project will include amenities such as an onsite dog park, dog wash, pedestrian gathering plaza and permanent and visitor bike storage.	

Cannabis Cultivation/Manufacturing - Zephyr Partners	\$200.0 million
Construction of a cannabis cultivation facility with processing, quality control, extraction, research and shipping/receiving facilities. Roughly 65% of the built structures will house the growing facilities while the other 35% will house the accessory functions.	
Silo City - Generation Development	\$70.0 million
Reuse of the former American Malting Company malthouse for residential and commercial uses. The development will create approximately 158 residential units and approximately 40k square feet of commercial space.	
Statler Hotel Project - Douglas Development	\$150.0 million
Renovation of the former Hotel Statler into 334 new residential units, 183 hotel rooms, structured parking, commercial space and event space.	
Terminal B - Erie County Harbor Development Corp	\$12.0 million
Transformation of an existing Terminal B warehouse into a concert and special event venue site, which will include site landscape, new utility service, improved site lighting, construction of two small structures and improvements to the pedestrian walkways.	
Heritage Point - Sinatra & Company Real Estate	\$30.0 million
Construction of two six-story mixed-use buildings on the former Buffalo Memorial Auditorium site. The development will feature 64 apartments, ground floor retail and commercial space for restaurants.	
The West End - Ciminelli Real Estate	\$20.0 million
Located on Buffalo's waterfront near Ralph Wilson Centennial park, building 20 upscale waterfront townhomes creating a dense, urban village setting.	
Veteran's Hospital – US Department of Veteran's Affairs	\$200.0 million
Renovation and updating of Veteran's Hospital, which includes, the construction of a 9,000-square-foot laboratory to be built as a second floor atop the research facility, two additional floors will be added to the existing parking ramp, infrastructure improvements across the campus and the renovations to outpatient clinics and inpatient units, including a new men's unit for post-traumatic stress disorder; medical equipment upgrades in operating and procedure rooms; and a new women's wellness unit.	
Mohawk Ramp – Douglas Development	\$200.0 million
Redevelopment of the city-owned Mohawk Parking Ramp and adjacent properties into 4,500 square feet of commercial space with a restaurant/cafe, an R&D lab and ground-floor retail, 200 residential units and 800 parking spaces.	
Ralph C Wilson Centennial Park – Wilson Foundation	\$110.0 million
Transformation of the existing LaSalle/Centennial Park into a regional waterfront destination that will create flexible spaces for strolling, picnicking, sledding, and all kinds of informal activities, which will include upgrades to existing sports fields, expanded pedestrian and bike paths, the planting of 2,000 trees and a new pedestrian bridge across Interstate 190..	
Salvation Army Renovation	\$86.0 million
Redevelopment of their Main Street in Allentown. Three existing buildings would be demolished and replaced by a seven-story, 147-unit apartment building, a three-story, 80-bed shelter and 16 two-story townhouses.	
Great Point Studios - Great Point Opportunity Fund B QOZB LLC	\$50.0 million
Construction of three sound stages – two 5,000 square feet and another 20,000 square foot – plus support facilities including dressing rooms, carpentry shops and set construction space. In all, the project will encompass 65,000 square feet.	

Sonwil Distribution Center

\$55.0 million

Construction of a 328,000 square feet distribution center which includes thirty-five truck bays that allow for weather-protected loading and unloading with dock levelers that are an automated pallet-like system that directly loads into 18-wheelers with technology that allows trucks to be unloaded in 11 minutes, twelve CSX rail docks and 1,500 feet of new track bed installed by Sonwil service, a second-story employee lounge with a fitness center and showers and two lounges with fireplaces for truckers to use.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The General Bond Resolution contains various covenants and security provisions certain of which are summarized below. Reference should be made to the General Bond Resolution for a full and complete statement of its provisions. All capitalized terms used in this Summary and not otherwise defined in the Official Statement of which this Summary is a part shall have the meanings set forth in the General Bond Resolution.

Definitions (Section 102)

Set forth below are certain terms used in this Summary and defined in the General Bond Resolution:

“Account” means one of the special accounts created and established pursuant to the General Bond Resolution.

“Accountant” means a reputable, experienced and independent certified public accountant (or a firm thereof), selected by the Authority and satisfactory to the Trustee and may be the accountant regularly auditing the books of the Authority

“Accreted Value” means, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (a “Periodic Compounding Date”) next preceding the date of computation, or the date of computation if it is a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation is not a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months. “Authorized Officer” means the Chairman, the Vice-Chairman, the Assistant Vice-Chairman, the Treasurer, the Comptroller, the Secretary, the Assistant Secretary, or the General Manager or other chief administrative officer of the Authority, and when used with reference to any act or certificate or other document, also means any person duly authorized to perform such act or sign such document.

“Aggregate Debt Service” means for any period, as of any date of calculation, the sum of the individual amounts of Debt Service for each Series during such period. “Bond Insurance Policy” means a bond insurance policy issued by a Bond Insurer with respect to a Series of Bonds.

“Annual Budget” means the budget or amended budget adopted or in effect as provided in Section 707 of the General Bond Resolution, which is summarized under “Annual Budget” below.

“Arbitrage and Use of Proceeds Certificate” means the Arbitrage and Use of Proceeds Certificate of the Authority executed and delivered on original issuance of any Series of Bonds.

“Authorized Newspaper” means a newspaper that is customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, printed in the English language,

containing financial news, and of general circulation in the Borough of Manhattan, City and State of New York.

“Balloon Date” means any date of a Principal Installment on Balloon Obligations in a Balloon Year or any date on which a Bondholder may elect to have Balloon Obligations redeemed, prepaid, purchased directly or indirectly by the Authority, or otherwise paid, in a Balloon Year.

“Balloon Obligations” means any Series of Bonds 25% or more of the Principal Installments of which is due or may be required to be paid in any 12-month period; provided that, in calculating the principal amount of such Bonds due or required to be redeemed, prepaid, purchased or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be redeemed or amortized prior to such 12-month period.

“Balloon Year” means any Fiscal Year in which more than 25% of the original principal amount of related Balloon Obligations mature or are subject to mandatory redemption or could, at the option of the holders thereof, be required to be redeemed, prepaid, purchased directly or indirectly by the Authority, or otherwise paid.

“Bond” means any bond authenticated and delivered pursuant to the General Bond Resolution.

“Bond Anticipation Notes” means obligations issued pursuant to Section 208 of the General Bond Resolution, which is summarized under “Bond Anticipation Notes” below.

“Bond Insurer” means an insurance company or association described in clause (b) of the definition of “Credit Facility” that has issued a Bond Insurance Policy with respect to a Series of Bonds.

“Bondholder”, or the term holder or words of similar import, shall mean, when used with reference to a Bond, any person who shall be the bearer of any Bond that is not registered or that is registered to bearer, or the registered owner of any Bond registered otherwise than to bearer.

“Book Entry Bond” means a Bond of a Series authorized to be issued to, and issued to and registered in the name of, a Depository for the participants in such Depository or the beneficial owner of such Bond.

“Capital Appreciation Bonds” mean any Bonds issued under the General Bond Resolution as to which interest is (a) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Supplemental Resolution authorizing such Capital Appreciation Bonds.

“Capital Costs” means all costs of acquisition, construction or completion of any part of the Sewer System, including Costs of Issuance of any Bonds issued to provide funds to pay the cost thereof, the costs of any demolitions or relocations necessary in connection therewith and any extensions, renewals, replacements, equipment, alterations, improvements, additions, machinery and equipment, betterments, paving, grading, excavation, blasting or removals and of all or any property, rights, easements and franchises deemed by the Authority to be necessary or useful or convenient therefor and may include, to the extent properly attributable to such acquisition, construction and completion:

- (a) obligations incurred for labor and materials and payments made to contractors, builders and materialmen in connection with construction or acquisition of any part of the Sewer System, and for the restoration of property damaged or destroyed in connection with such construction;

- (b) fees and expenses of the Trustee during construction, the cost of surety bonds to secure moneys in the Capital Improvement Fund, payments, taxes or other governmental charges lawfully levied or assessed during construction or on any property acquired, and premiums on insurance (if any) during such construction or acquisition;
- (c) fees and expenses for studies, surveys and reports, engineering, borings, testings, estimates of costs and revenues, preparation of plans and specifications and inspecting or supervising construction or acquisition, as well as for the performance of all other duties of engineers or architects in connection with the acquisition, construction, extension, renewal or improvement of the Sewer System or required by the General Bond Resolution;
- (d) expenses of administration properly chargeable to the acquisition, construction, reconstruction, renewal, extension, or improvement of the Sewer System, including legal expenses and fees, financing charges, costs of audits and fiscal advice and all other items of expense not elsewhere in this definition specified, incident to the acquisition, construction, reconstruction, renewal, extension or improvement of the Sewer System, including the acquisition of real estate, franchises, easements and rights-of-way therefor, including abstracts of title and title insurance, and including interest accruing on any Series of Bonds to and including a date six months following the completion of any improvement of the Sewer System financed by such Series of Bonds, if so provided in the Supplemental Resolution authorizing such Series, and any charges of the Trustee and Paying Agents with respect to the payment of such interest;
- (e) the cost and expense of acquiring by purchase or condemnation or by leasing such property, lands, rights-of-way, franchises, easements, and other interest in land as may be deemed necessary or convenient for the acquisition, construction or completion of any part of the Sewer System and options and partial payments thereon, and the amount of any damages incident to or consequent upon the same; and
- (f) any obligation or expense heretofore or hereafter expended or incurred by the Authority and any amounts heretofore or hereafter advanced by the Authority for any of the foregoing purposes.

“Capital Improvement Fund” means the Capital Improvement Fund that is established pursuant to Section 502 of the General Bond Resolution, which is summarized under “Establishment of Funds and Accounts” below.

“Certificate” means, as the context indicates, either (a) a signed document attesting to or acknowledging the matters therein stated or setting forth matters to be determined pursuant to the General Bond Resolution, (b) the report of an Accountant as to an audit or compliance called for by the General Bond Resolution, or (c) the report of the Consulting Engineer as to any matter called for by the General Bond Resolution and containing a statement to the effect that such Consulting Engineer has made an investigation sufficient to allow an informed opinion on the subject matter.

“Certified Interest Rate” means, a rate determined by a Financial Advisor as of any date of determination:

- (a) with respect to Bonds that were or will be, at the date of the original issuance thereof, the subject of a Counsel’s Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest

equal to the average of the Variable Rate Tax-Exempt Index for the five (5) years preceding such date of determination; and

- (b) with respect to Bonds that were not and will not be, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the average of the Variable Rate Taxable Index for the five (5) years preceding such date of determination.

"City" means the City of Buffalo, New York.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means, when used with respect to Balloon Obligations, a binding written commitment from a financial institution, surety or insurance company to refinance such Balloon Obligations on or prior to any Balloon Date thereof, including without limitation any Credit Facility for such Balloon Obligations.

"Common Debt Reserve Requirement" means, for all Common Debt Reserve Secured Bonds, the least of: (a) 10% of the aggregate original stated principal amount of all Common Debt Reserve Secured Bonds (provided that if any Common Debt Reserve Secured Bonds have more than a *de minimis* (2%) amount of original issue discount or premium, the issue price of such Common Debt Reserve Secured Bonds (net of pre-issuance accrued interest) is used to measure the 10% limitation in lieu of its stated principal amount); (b) the maximum amount of aggregate principal and interest on all Common Debt Reserve Secured Bonds coming due in any Fiscal Year; or (c) 125% of the average annual aggregate principal and interest on all Common Debt Reserve Secured Bonds.

"Common Debt Reserve Secured Bonds" means any Series of Bonds for which the Supplement Resolution authorizing such Bonds provides for such Bonds to be secured by the Common Debt Reserve Requirement.

"Construction Fund" means the Construction Fund established pursuant to Section 502 of the General Bond Resolution, which is summarized under "Establishment of Funds and Accounts" below.

"Consulting Engineer" means a reputable and experienced engineer or firm of engineers, selected by the Authority and, except with respect to duties to be performed pursuant to Section 714 of the General Bond Resolution, may include a registered professional engineer who is an employee of the Authority.

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary or provider of a Credit Facility or Reserve Fund Facility, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of the Bonds and any other cost, charge or fee in connection with the original issuance of Bonds.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to revenue bonds of municipalities and public agencies, selected by the Authority and satisfactory to the Trustee.

"Credit Facility" means, with respect to a Series of Bonds, a Bond Insurance Policy, an irrevocable letter of credit (and any confirming letter of credit), surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Authority is entitled to obtain money to pay the

principal and Sinking Fund Installments of and interest on particular Bonds whether or not the Authority is in default under the General Bond Resolution, which is issued or provided by:

- (a) a bank, a trust company, a national banking association, a savings bank, a saving and loan association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by at least one of the Rating Agencies;
- (b) an insurance company or association chartered or organized under the laws of any state of the United States of America, and either (i) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency, or (ii) obligations insured by a surety bond or an insurance policy issued by such insurance company or association are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by at least one of the Rating Agencies;
- (c) the Government National Mortgage Association or any successor thereto;
- (d) the Federal National Mortgage Association or any successor thereto;
- (e) a Federal Home Loan Bank; or
- (f) any other federal agency or instrumentality approved by the Authority.

“Credit Facility Agreement” means an agreement between the Authority and a Credit Issuer pursuant to which the Credit Issuer issues a Credit Facility.

“Credit Issuer” means any Bond Insurer or other issuer of a Credit Facility then in effect for all or part of the Bonds.

“Debt Reserve Fund” means the Debt Reserve Fund established pursuant to Section 502 of the General Bond Resolution, which is summarized under “Establishment of Funds and Accounts” below.

“Debt Reserve Requirement” means, with respect to any Series of Bonds, at the election of the Authority as set forth in the Supplemental Resolution authorizing such Series, either the Common Debt Reserve Requirement or a Separate Series Debt Reserve Requirement.

“Debt Service” for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series and (ii) that portion of the principal of and Sinking Fund Payments on such Bonds that would accrue during such period if such principal and Sinking Fund Payments were deemed to accrue on the same basis as interest; calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of payment on the due date thereof or redemption from Sinking Fund Payments; provided that:

- (a) With respect to any Bonds that bear interest at a Variable Rate and any Bonds secured by a Credit Facility if the interest thereon calculated as set forth below is expected to vary, the

interest coming due in any specified future period shall be determined as if the Variable Rate in effect at all times during such future period equaled, at the option of the Authority, either (i) the average of the actual Variable Rates that were in effect (weighted according to the length of the period during which each such Variable Rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (ii) the Certified Interest Rate.

- (b) With respect to any Bonds that bear interest at a rate that may increase or decrease based upon the satisfaction of or failure to satisfy certain specified criteria, the interest coming due in any future period shall be determined as if the rate of interest in effect at all times during such future period equaled the highest rate to which such Bonds could be subject during such future period.
- (c) For the purpose of calculating Debt Service on Balloon Obligations that: (i) are subject to a Commitment; or (ii) do not have a Balloon Year commencing within 12 months from the date of calculation; or (iii) are issued in anticipation of the issuance of Bonds that are not Balloon Obligations; or (iv) are issued pursuant to a Supplemental Resolution that contemplates that the principal of Bonds tendered for payment at the option of the holder thereof prior to the stated maturity of such Bonds will be paid from the proceeds of the remarketing of such tendered Bonds (or from the issuance of new Bonds authorized by such Supplemental Resolution), at the option of the Authority, the actual principal and interest on such Balloon Obligations shall be included in Debt Service, subject to the other assumptions contained in the General Bond Resolution, or such Balloon Obligations shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 30 years at an assumed interest rate (which shall be the interest rate certified by a Financial Adviser to be the interest rate at which the Authority could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Balloon Obligations and with a 30-year term). For the purpose of calculating Debt Service on Balloon Obligations not described in the preceding sentence, the principal payable on such Bonds during the Balloon Year shall be calculated as if paid on the Balloon Date.

For purposes of determining the annual amount payable in respect of any Series of Bonds designated by the Authority as a Refundable Principal Installment (including Bond Anticipation Notes), such indebtedness that is or would be a Refundable Principal Installment shall be treated on the date of calculation as if (i) from the date of issuance thereof the principal amount of such indebtedness had been payable as a part of equal annual installments of principal and interest over a period extending from the due date thereof through the 30th anniversary of the issue date of such Series, and (ii) interest accrues at a rate equal to the actual fixed rate of interest on such indebtedness or if such indebtedness is Variable Rate indebtedness, interest payable during such Fiscal Year shall be calculated in accordance with subsection (a) above.

- (d) Interest on Bonds shall be excluded from the determination of Debt Service to the extent amounts on deposit in the Capitalized Interest Account of the Construction Fund are scheduled to be applied thereto during such period.
- (e) Scheduled interest payments on EFC Bonds during any period shall be reduced to reflect the amount of any interest subsidy or corpus allocation percentage reasonably anticipated by the Authority to be available under any project financing and/or loan agreement entered into by the Authority and EFC or any successor thereof, or any similar state agency or instrumentality.

- (f) Scheduled interest payments on Tax Credit Bonds during any period shall be reduced to reflect Tax Credit Payments attributable to such scheduled interest payments.

For purposes of calculating the accrual of Principal Installments and interest on the Bonds, (i) Principal Installments of a Series will be deemed to accrue daily in equal amounts from the preceding Principal Installment date for such Series (but in no event shall any accrual be made for any Principal Installment more than one year prior to the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later); (ii) each fixed payment obligation (other than Principal Installments) will be deemed to accrue daily in equal amounts from the preceding relevant payment obligation date (but in no event more than one year prior to such payment obligation date or the initial incurrence of the payment obligation, whichever is later); and (iii) principal and interest portions of the Accreted Value of Capital Appreciation Bonds shall accrue in the manner provided in Section 210(B) of the General Bond Resolution.

“Debt Service Fund” means the Debt Service Fund established pursuant to Section 502 of the General Bond Resolution, which is summarized under “Establishment of Funds and Accounts” below.

“Depository” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Supplemental Resolution authorizing a Series of Bonds to serve as securities depository for the Bonds of such Series.

“Depository Bank” means any bank or trust company selected by the Authority as a depository of moneys to be held under the provisions of the General Bond Resolution, and may include the Trustee.

“EFC” means the New York State Environmental Facilities Corporation.

“EFC Bonds” means any Series of Bonds issued by the Authority pursuant to the General Bond Resolution and delivered to EFC as evidence of a loan by EFC to the Authority pursuant to Chapter 565 of the Laws of New York of 1989, as amended.

“Event of Default” means any event specified in Section 1002 of the General Bond Resolution.

“Fiduciary” means the Trustee or any Paying Agent or Depository Bank.

“Financial Adviser” means an investment banking or financial advisory firm, commercial bank or any other person who or which is retained by the Authority for the purpose of passing on questions relating to the availability and terms of specified types of bonds or the financial condition or operation of the Sewer System and is actively engaged in and, in the good faith opinion of the Authority, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Adviser has been retained.

“Fiscal Year” means a twelve month period commencing on the first day of July.

“Fitch” means Fitch Ratings and any assigns and successors thereto.

“Fund” means any fund established pursuant to Section 502 of the General Bond Resolution.

“Interest Payment Date” means any date upon which interest on the Bonds is due and payable in accordance with their terms.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are at the time legal investments by the Authority of the funds to be invested therein:

- (a) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America; *provided*, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee (“Direct Obligations”);
- (b) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities that are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FNMA”); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and Resolution Funding Corporation securities;
- (c) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s and “A” or better by Standard & Poor’s, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s and “A” or better by Standard & Poor’s;
- (d) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, “P-1” or better by Moody’s and “A-1” or better by Standard & Poor’s;
- (e) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term “Bank Deposit” rating of “P-1” or better by Moody’s and a “Short-Term CD” rating of “A-1” or better by Standard & Poor’s;
- (f) Deposits of any bank or savings and loan association that has combined capital, surplus and undivided profits of not less than \$3,000,000, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;
- (g) Investments in money-market funds rated “AAAm” or “AAAm-G” by Standard & Poor’s;
- (h) Repurchase agreements collateralized by Direct Obligations, GNMA, FNMA or FHLMC with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank insured by the Federal Deposit Insurance Corporation, if

such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated “P-1” or “A3” or better by Moody’s, and “A-1” or “A-” or better by Standard & Poor’s; provided:

- (i) A master repurchase agreement or specific written repurchase agreement governs the transaction;
- (ii) The securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent (“Agent”) for the Trustee, and such third party is: (A) a Federal Reserve Bank; (B) a bank that is a member of the Federal Deposit Insurance Corporation and that has combined capital, surplus and undivided profits of not less than \$50,000,000; or (C) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;
- (iii) A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. Part 306, in such securities, is created for the benefit of the Trustee;
- (iv) The repurchase agreement has a term of 10 years or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and
- (v) The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

“Moody’s” means Moody’s Investors Service and any assigns and successors thereto.

“Net Revenue Fund” means the Net Revenue Fund established pursuant to Section 502.

“Operating Expenses” means all reasonable or necessary current expenses of maintaining, repairing, operating and managing the Sewer System, including all salaries, administrative, general, commercial, architectural, engineering, advertising, auditing and legal expenses, insurance and surety bond premiums, consultants’ fees and charges, current payments to pension, retirement, health and hospitalization funds or in connection with any other employee benefit program, any taxes that may lawfully be imposed on the Sewer System or the income or operation thereof, payments by the Authority in lieu of taxes, costs of public hearings, ordinary and current rentals of equipment or other property, ordinary lease payments for real property or interest therein, usual expenses of maintenance and repair (including replacements), expenses, liabilities and compensation of any Fiduciary or of any trustee, paying agent or fiduciary for any obligation issued by the Authority other than under the General Bond Resolution, reasonable reserves for maintenance and repair, and all other expenses necessary, incidental or convenient for the efficient operation of the Sewer System, but only to the extent properly attributable to the Sewer System. Operating Expenses shall not include any allowance for depreciation or amortization.

“Operating Fund” means the Operating Fund established pursuant to Section 502 of the General Bond Resolution.

“Operating Reserve Requirement” means an amount equal to 60 days of Operating Expenses based on the Operating Expenses set forth in the Annual Budget for the Fiscal Year during which such Operating Reserve Requirement is calculated.

“Outstanding”, when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the General Bond Resolution except:

- (a) any Bonds cancelled by the Trustee at or prior to such date;
- (b) any Bond (or portion thereof) for the payment or redemption of which there shall be set aside and held in trust hereunder either:
 - (i) moneys in an amount sufficient to pay when due the principal or applicable Redemption Price thereof, together with all accrued interest,
 - (ii) Investment Securities, as described in Section 1201(B) of the General Bond Resolution, or obligations secured by such Investment Securities, in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as are necessary to provide moneys (whether as principal or interest), in an amount sufficient to pay when due the principal or applicable Redemption Price, together with all accrued interest, or
 - (iii) any combination of (b)(i) and (b)(ii) above,

and, if such Bond or portion thereof is to be redeemed, for which notice of redemption has been given as provided in Article VI of the General Bond Resolution or provision satisfactory to the Trustee has been made for the giving of such notice;
- (c) any Bond in lieu of or in substitution for which other Bonds have been authenticated and delivered; and
- (d) any Bond deemed to have been paid as provided in Section 1201(B) of the General Bond Resolution.

“Paying Agent” means any paying agent for the Bonds of any Series, and its successor or successors and any other person that may at any time be substituted in its place pursuant to General Bond Resolution.

“Principal Installment” means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, the principal amount of Bonds of such Series due on a certain future date, whether at stated maturity or as a result of mandatory redemption requirements, or which may, at the option of the holders thereof, be required to be redeemed, prepaid, purchased or otherwise paid, as set forth in the Supplemental Resolution authorizing such Series.

“Project” means the facilities, improvements and extensions to the Sewer System to be constructed with the proceeds of a Series of Bonds as specified in the Supplemental Resolution authorizing the issuance of such Bonds.

“Rate Consultant” means any nationally recognized independent accountant or firm of independent accountants, or management consultant or firm of management consultants, or independent engineer or firm of independent engineers (which must not be the firm then serving as the Accountant) selected by the Authority.

“Rate Stabilization Fund” means the Rate Stabilization Fund established pursuant to Section 502 of the General Bond Resolution.

“Rating Agencies” means Fitch, Moody’s and Standard & Poor’s.

“Rebate Fund” means the Rebate Fund established pursuant to Section 502 of the General Bond Resolution.

“Redemption Fund” means the Redemption Fund established pursuant to Section 502 of the General Bond Resolution.

“Redemption Price” means, when used with respect to a Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the General Bond Resolution.

“Refundable Principal Installment” means the Bond Anticipation Notes or any Series of Bonds, the principal of which the Authority intends to pay with monies that are not Revenues, provided that such intent shall have been expressed in the Supplemental Resolution authorizing such Series and provided further that such indebtedness shall be a Refundable Principal Installment only through the date that is thirty (30) days prior to the date on which such indebtedness comes due or such earlier time as the Board has determined to pay such indebtedness with moneys that are not Revenues.

“Refunding Bond” means any Bond authenticated and delivered on original issuance pursuant to Section 207 of the General Bond Resolution or thereafter authenticated and delivered in lieu of or substitution for such Bond pursuant to the General Bond Resolution.

“Reimbursement Obligation” means the obligation of the Authority to directly reimburse any Credit Issuer for amounts paid by such Credit Issuer under a Credit Facility, or any Reserve Fund Facility Provider for amounts paid by such Reserve Fund Facility Provider under a Reserve Fund Facility, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument. The term Reimbursement Obligation includes obligations pursuant to a Credit Facility Agreement either to make payments for interest based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, in return for the Credit Issuer’s fixed obligations under the Credit Facility or to make fixed payments for interest in return for the Credit Issuer’s payments based on such variables.

“Renewal and Extension Requirement” means the amount set forth in the Annual Budget as necessary as a reserve for extraordinary repairs or replacements in connection with the Sewer System and to pay Capital Costs expected to be incurred in the extension, improvement or renewal of the Sewer System, but for which Bonds or other obligations of the Authority are not expected to be issued.

“Reserve Fund Facility” means a surety bond, insurance policy, letter of credit (and any confirming letter of credit) or other financial guaranty or instrument, authorized by or pursuant to a Supplemental Resolution establishing a Series Debt Reserve Account, to be delivered in lieu of or substitution for all or a portion of the moneys otherwise required to be held in such Series Debt Reserve Account.

“Reserve Fund Facility Agreement” means an agreement between the Authority and a Reserve Fund Facility Provider pursuant to which the Reserve Fund Facility Provider provides a Reserve Fund Facility.

“Reserve Fund Facility Provider” means any provider of a Reserve Fund Facility then in effect for all or part of the Bonds.

“Revenues” means all rates, charges, rents, sewer rents, fees, assessments and other realized income derived or to be derived by or for the account of the Authority from or for the ownership, operation, use or services of the Sewer System, including the proceeds of any business interruption insurance, and any amounts paid into and credited to the Net Revenue Fund pursuant to the General Bond Resolution, but shall not include (a) any refundable customer deposit, (b) any amount received or receivable from the United States or the State (or any agency of either thereof) or from any other source as or on account of a contribution for or with respect

to (i) the construction, acquisition, improvement, extension, renewal or other development of any part of the Sewer System, or (ii) the financing or repayment of financing of any of the foregoing, (c) sanitation or other charges that the Authority collects not for services of the Sewer System but solely as a fiscal agent or in another such agency capacity, other than the net revenues of such sanitation or other charges retained by the Authority to the extent allocated to the Sewer System, or (d) any amount received by or paid to the Authority that is required to be charged or collected by or paid to the Authority under the terms of any grant agreement with the United States of America or any agency thereof or the State or any agency thereof and which is received by or paid to the Authority in an agency capacity under such grant agreement. For purposes of determining compliance with the coverage test set forth in Section 709(C) of the General Bond Resolution, the computation of Revenues with respect to any period of time shall be increased (to the extent set forth in Section 709(C) of the General Bond Resolution) by the amount of transfers during such period from the Rate Stabilization Fund to the Net Revenue Fund pursuant to Section 509 of the General Bond Resolution, and decreased by the amount of transfers during such period from the Net Revenue Fund to the Rate Stabilization Fund pursuant to Section 509 of the General Bond Resolution.

“Senior Bonds” means all Bonds of the Authority other than Bonds constituting Subordinated Indebtedness. The Existing Bonds are deemed to be Senior Bonds.

“Separate Series Debt Reserve Requirement” means, for any Series of Bonds for which the Supplemental Resolution authorizes a Separate Series Debt Reserve Requirement, the amount, if any, specified in such Supplemental Resolution as the Separate Series Debt Reserve Requirement; provided, however, that such amount shall not exceed the least of: (a) 10% of the aggregate original stated principal amount of the Bonds of such Series (provided that if such Bonds have more than a *de minimis* (2%) amount of original issue discount or premium, the issue price of such Bonds (net of pre-issuance accrued interest) is used to measure the 10% limitation in lieu of their stated principal amount); (b) the maximum amount of principal and interest on such Bonds coming due in any Fiscal Year; or (c) 125% of the average annual principal and interest on such Bonds.

“Separate Series Debt Reserve Secured Bonds” means any Series of Bonds for which the Supplemental Resolution authorizes said Bonds to be secured by a Separate Series Debt Reserve Requirement. The Existing Bonds are deemed to be Separate Series Debt Reserve Secured Bonds.

“Series” means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the General Bond Resolution regardless of variations in maturity, interest rate or other provisions.

“Series Debt Reserve Account” means each account in the Debt Reserve Fund related to a particular Series of Common Debt Reserve Secured Bonds or Separate Series Debt Reserve Secured Bonds that is required to be funded as provided in a Supplemental Resolution.

“Series Debt Reserve Requirement” for any Series of Bonds means the Common Debt Reserve Requirement or the Separate Series Debt Reserve Requirement set forth in the Supplemental Resolution authorizing such Series of Bonds.

“Sewer System” means the plants, structures and other real and personal property (including rights or easements therein) acquired, constructed, reconstructed, improved, maintained or operated or to be acquired, constructed, reconstructed, improved, maintained or operated by the Authority or the City for the purposes of the Authority, including sewers, conduits, pipelines, mains, pumping and ventilating stations, sewage treatment or disposal systems, plants and works, connections, outfalls, compensating reservoirs, lateral and outlet sewers, storm water drains, and other plants, structures, boats, conveyances, and other real and personal property, and rights and easements therein, and appurtenances necessary or useful and convenient for the

collection, treatment, purification or disposal in a sanitary manner of any sewage, liquid or solid wastes, night soil or industrial wastes, and for relieving the City from inadequate sanitary and storm water drainage, and also including any Project.

“Sinking Fund Payment” means, as of any particular date of calculation, the amount of money required to be paid at all events by the Authority on a single future date for the retirement of Outstanding Bonds that are expressed to mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond.

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and any assigns and successors thereto.

“State” means the State of New York.

“Subordinated Indebtedness” means any Bond payable from the Subordinated Indebtedness Fund.

“Subordinated Indebtedness Fund” means the Subordinated Indebtedness Fund established pursuant to Section 502 of the General Bond Resolution.

“Supplemental Resolution” means any resolution supplemental to or amendatory of this Resolution, adopted by the Authority in accordance with Article VIII of the General Bond Resolution.

“Surplus Fund” means the Surplus Fund established pursuant to Section 502 of the General Bond Resolution.

“Tax Credit Bonds” means any Bonds with respect to which the Authority has received a Counsel’s Opinion to the effect that the Authority is entitled to receive payments by the United States Department of the Treasury or other agency of the United States government in offset of the debt service on such Bonds.

“Tax Credit Payments” means any amounts payable to the Authority by the United States Department of the Treasury or other agency of the United States government with respect to Tax Credit Bonds.

“Trustee” means Manufacturers and Traders Trust Company, Buffalo, New York, and its successor or successors and any other person that may at any time be substituted in its place pursuant to the General Bond Resolution.

“Variable Rate” means a rate of interest applicable to the Bonds, other than a fixed rate of interest that applies to a particular maturity of the Bonds so long as that maturity of the Bonds remains Outstanding or a rate of interest that may increase or decrease based upon the satisfaction of or failure to satisfy certain specified criteria.

“Variable Rate Taxable Index” means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer.

“Variable Rate Tax-Exempt Index” means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer.

Resolution to Constitute Contract (Section 202)

In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the General Bond Resolution shall be a part of the contract of the Authority with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the holders from time to time of the Bonds and the coupons, if any, appertaining thereto. The pledge thereof and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all of such Bonds and coupons, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the General Bond Resolution.

Authorization of Bonds (Section 203)

In order to provide sufficient funds for the Capital Costs of the Sewer System or for the purpose of refunding any of its Bonds, Bonds of the Authority by the General Bond Resolution authorized to be issued from time to time without limitation as to amount except as therein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in the General Bond Resolution and in one or more Series as thereafter provided.

Conditions Precedent to Delivery of a Series of Bonds (Section 206)

All (but not less than all) the Bonds of a Series other than Refunding Bonds shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(A) a Counsel's Opinion to the effect that (1) the Authority has the right and power to adopt the General Bond Resolution under the Act as amended to the date of such Opinion; (2) the General Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable against the Authority except as such enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; (3) the General Bond Resolution creates the valid pledge that it purports to create, of all Revenues and proceeds of Bonds on deposit in any of the Funds and Accounts created under the General Bond Resolution, subject to the application thereof to the purposes and on the conditions permitted by the General Bond Resolution; (4) the Bonds of such Series are valid and binding revenue obligations of the Authority, enforceable in accordance with their terms and the terms of the General Bond Resolution except as limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; and (5) upon the execution, authentication and delivery thereof, the Bonds of such Series will have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with the General Bond Resolution;

(B) a written order as to the delivery of such Bonds, signed by an Authorized Officer;

(C) a copy of the Supplemental Resolution authorizing such Series, certified by an Authorized Officer, which shall specify:

- (1) the authorized principal amount and Series designation of such Bonds;
- (2) the purposes for which such Series is being issued, which shall be one or more of the following: (i) the making of deposits into the Construction Fund, (ii) the making of deposits in the amounts, if any, required by in the General Bond Resolution or such

Supplemental Resolution into the Net Revenue Fund or the Debt Reserve Fund, or both, or (iii) the refunding of any Bonds;

- (3) whether a Series Debt Reserve Account is established securing such Series of Bonds, and, if so, the Debt Reserve Requirement (which may be zero) and the terms and conditions upon which a Reserve Fund Facility may be used to fund all or a portion of the Debt Reserve Requirement;
- (4) the date, and the maturity date or dates, of the Bonds of such Series, each of which maturity dates shall fall upon an Interest Payment Date;
- (5) the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, and the Interest Payment Dates therefor;
- (6) the denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series, but such Bonds (other than EFC Bonds) shall be in the denomination of \$1,000 each or in denominations of such multiple or multiples (including \$1,000) thereof as may be authorized by such Supplemental Resolution;
- (7) if the Bonds of such Series are Book Entry Bonds, a copy of the agreement between the Authority and the Depository for such Bonds (unless the Trustee is a party to such agreement);
- (8) if the Bonds of such Series are to constitute Subordinated Indebtedness, a statement to such effect;
- (9) the Paying Agent and the place or places of payment of the Bonds of such Series or the manner of appointing and designating the same;
- (10) the Redemption Prices, if any, and, subject to the provisions of Article VI of the General Bond Resolution, the redemption terms for the Bonds of such Series;
- (11) the amount and due date of each Sinking Fund Payment, if any, for Bonds of like maturity of such Series, but the due date of any Sinking Fund Payment shall fall upon an Interest Payment Date;
- (12) if so determined by the Authority, provisions for the sale of the Bonds of such Series;
- (13) the forms of the Bonds of such Series, of the coupons to be attached to the coupon Bonds of such Series and of the Trustee's certificate of authentication and whether any Bonds of such Series are to be issued as Book Entry Bonds and the Depository therefor; and
- (14) any other provisions deemed advisable by the Authority as shall not conflict with the provisions hereof;

(D) a Certificate of an Authorized Officer, dated as of the date of such delivery, stating that the Authority has met the requirements of Section 714 of the General Bond Resolution with respect to such Series;

(E) the amount of the proceeds of such Series to be deposited pursuant to Section 401 of the General Bond Resolution in any Fund or Account held by the Trustee;

(F) a Certificate of an Authorized Officer, dated as of the date of such delivery, stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in of the General Bond Resolution; and

(G) if a Credit Facility or Reserve Fund Facility is to be provided in connection with such Bonds, such Credit Facility or Reserve Fund Facility;

(H) such further documents and moneys as are required by the provisions of Article VIII of the General Bond Resolution or any Supplemental Resolution adopted pursuant to Article VIII of the General Bond Resolution.

Provisions for Refunding Issues (Section 207)

All Refunding Bonds of a Series shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

- (1) the documents and moneys, if any, referred to in paragraphs (A), (B), (C) and (F) of the above section entitled "*Conditions Precedent to Delivery of a Series of Bonds*";
- (2) irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;
- (3) if the Bonds to be refunded are not to be redeemed within the next succeeding forty-five days, irrevocable instructions to the Trustee, satisfactory to it, to give notice of redemption of such Bonds, as provided in Article VI of the General Bond Resolution, on a specified date prior to their maturity;
- (4) either (a) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, or (b) Investment Securities, as described in clause (a) or (b) of the definition thereof in Section 102 of the General Bond Resolution (or obligations secured by such Investment Securities as to the payment of both principal and interest), the principal of and interest on which when due, together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys or Investment Securities shall be held by the Trustee or any one or more of the Paying Agents in a separate account for the Bonds to be refunded irrevocably in trust under of the General Bond Resolution; and
- (5) such further documents and moneys as are required by the provisions of Article VIII of the General Bond Resolution or any Supplemental Resolution adopted pursuant to Article VIII of the General Bond Resolution.

Neither Investment Securities nor moneys deposited with the Trustee pursuant to paragraph (4) above nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, but shall be held in trust for, the payment of the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, and any cash received from such principal or interest payments, if not needed for such purpose, may be applied to the payment of any obligations issued to provide funds for the acquisition of such Investment Securities, but otherwise shall,

to the extent practicable, be reinvested in such Investment Securities as are described in clause (b) of paragraph (4) above maturing at times and in an amount sufficient to pay when due the applicable principal or Redemption Price of such Bonds, together with such accrued interest.

Bond Anticipation Notes (Section 208)

Whenever the Authority shall authorize the issuance of a Series of Bonds, the Authority may, by resolution, authorize the issuance of notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have a priority over any other pledge of such proceeds created by the General Bond Resolution. The Authority may also pledge the Revenues to the payment of the interest on the principal of such notes.

Subordinate Lien Obligations (Section 209)

Nothing contained in the General Bond Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from authorizing and issuing bonds, notes, certificates, warrants or other evidences or indebtedness for any corporate use or purpose relating to the Sewer System payable as to principal and interest from the Revenues subject and subordinate to the deposits and credits required to be made to the Operating Fund and to the payment of Debt Service on any Senior Bonds, or from securing such bonds, notes, certificates, warrants or other evidences of indebtedness the payment thereof by a lien and pledge on the Revenues junior and inferior to the lien and pledge on Revenues created in the General Bond Resolution for the payment and security of the Senior Bonds and to the lien and pledge on Revenues created in the General Bond Resolution for the payment of the Trustee's reasonable fee and reimbursement for reasonable expenses.

Credit Facilities (Section 213)

In connection with the issuance of any Series of Bonds under the General Bond Resolution, the Authority may obtain or cause to be obtained one or more Credit Facilities providing for or securing payment of all or a portion of the principal installments or redemption price or premium, if any, or interest due or to become due on such Bonds, providing for the purchase of such Bonds by the Credit Issuer of such Credit Facility or providing funds for the purchase of such Bonds by the Authority. In connection therewith, the Authority may enter into a Credit Facility Agreement with the Credit Issuer of any such Credit Facility providing for, *inter alia*: (1) the payment of fees and expenses to such Credit Issuer for the issuance of such Credit Facility; (2) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (3) the security, if any, to be provided for the issuance of such Credit Facility.

The Authority may secure such Credit Facility by a Credit Facility Agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity or redemption provisions as specified by the Authority in the applicable Supplemental Resolution. The Authority may also provide for a Reimbursement Obligation in a Credit Facility Agreement.

Any such Credit Facility shall be for the benefit of and secure such Series of Bonds or portion thereof as specified in the applicable Supplemental Resolution.

Separate Systems (Section 214)

Nothing contained in the General Bond Resolution shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness, other than Bonds, to acquire, construct, develop, compile or otherwise obtain any separate or other system as permitted by the

Act, and any incidental properties to be constructed, developed, compiled or otherwise acquired in connection therewith, which system shall be a separate system and which bonds or other obligations or evidences of indebtedness shall be payable solely from the revenues or other income derived from the ownership or operation of such system; provided, however, that the Authority will not issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness for the purpose of acquiring or constructing such a separate system unless and until a report of a Rate Consultant shall be delivered to the Trustee to the effect that in the opinion of such Rate Consultant, the acquisition, construction or operation of such separate system will not result in a reduction of the Revenues below the amounts covenanted by Section 709 of the General Bond Resolution to be maintained.

Pledge Effected by the General Bond Resolution (Section 501)

There are by the General Bond Resolution pledged for the payment of the Bonds, in accordance with their terms and the provisions of the General Bond Resolution, subject only to the provisions of in the General Bond Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth in the General Bond Resolution: (A) all Revenues (except any investment earnings on any Funds or accounts of the Authority that are on deposit in the Rebate Fund or that are required to be deposited therein for rebate to the United States of America pursuant the provisions of the Code in order to comply with the Authority's covenants in any Supplemental Resolution for such Series of Bonds so as to ensure that interest on any Bonds that are issued as tax exempt obligations continues to be excludable from gross income under the Code), (B) all Funds and any Accounts (except amounts in the Rebate Fund and any Account of the Construction Fund held by EFC as provided in Section 502(B) of the General Bond Resolution, which Account shall secure only the Series of Bonds to which it relates), and (C) all other moneys, securities and other funds to be received, held or set aside by the Authority or by any Fiduciary pursuant to in the General Bond Resolution. The pledge shall be valid and binding from the time when it is made, and the Revenues, moneys, securities and other funds so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of such pledge and the obligation to perform the contractual provisions contained in the General Bond Resolution shall have priority over any or all other obligations and liabilities of the Authority, except that such lien shall be subordinate to and inferior to the cost of operation and maintenance of the Sewer System, and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. The lien securing Subordinate Indebtedness shall be subordinate to and inferior to the lien securing the Senior Bonds under the General Resolution.

Establishment of Funds and Accounts (Section 502)

The Authority, by the General Bond Resolution, established and created the following special trust funds:

- (1) Construction Fund;
- (2) Net Revenue Fund;
- (3) Debt Service Fund;
- (4) Debt Reserve Fund, in which there shall be established: (a) a Series Debt Reserve Account for all Series of Common Debt Reserve Secured Bonds; and (b) as applicable, a Series Debt Reserve Account for each Series of Bonds that has a Separate Series Debt Reserve Requirement;
- (5) Redemption Fund;

- (6) Subordinated Indebtedness Fund;
- (7) Surplus Fund; and
- (8) Rebate Fund.

All of said Funds shall be held by the Trustee; provided, however, that EFC may hold any Account of the Construction Fund related to a particular Series of EFC Bonds to the extent set forth in the Supplemental Resolution authorizing such Series of EFC Bonds. All moneys or securities deposited with the Trustee or any Depositary Bank pursuant to in the General Bond Resolution or with EFC pursuant to this paragraph shall be held in trust and applied only in accordance with the provisions of the General Bond Resolution and shall be considered trust funds for the purposes of in the General Bond Resolution.

The Trustee shall, at the request of the Authority, establish within any Fund such Accounts as shall be designated in a Supplemental Resolution or the written instructions of an Authorized Officer and shall in like manner establish within any Account such sub-accounts for the purposes of such Accounts as shall be so designated.

In addition to the Funds held by the Trustee, the Authority shall establish a Capital Improvement Fund, an Operating Fund and a Rate Stabilization Fund, which shall be held by one or more Depositaries designated by and under the supervision of the Authority. The Capital Improvement Fund shall be used for the payment of Capital Costs of the Sewer System. The Operating Fund shall be used for the collection of Revenues and the payment of Operating Expenses and shall provide amounts for deposit in the Net Revenue Fund as provided in Section 504 of the General Resolution. The Rate Stabilization Fund shall be used to manage the receipt of Revenues and payment of expenses by the Authority. The Authority may at any time transfer amounts on deposit in the Capital Improvement Fund, the Operating Fund and the Rate Stabilization Fund to the Net Revenue Fund for application in accordance with Sections 504(B), 504(D) and 504(E) of the General Resolution.

Construction Fund (Section 503)

The Authority shall establish within the Construction Fund a separate Account for each Project for which a Series of Bonds is issued. There shall be deposited from time to time in the applicable Account of the Construction Fund any amount required to be deposited therein pursuant to in the General Bond Resolution and any Supplemental Resolution and any other amounts received and determined to be deposited therein from time to time that are not otherwise required to be applied in accordance with in the General Bond Resolution.

Amounts in each separate Account of the Construction Fund shall be expended only: (1) to pay Capital Costs of the Project for which such account was established; (2) if the Supplemental Resolution authorizing a Series of Bonds provides for a Capitalized Interest Account for such Bonds, to pay interest on such Bonds from such Capitalized Interest Account; and (3) to the extent that the amounts in any other Fund or Account are insufficient or unavailable therefor, to pay the principal of and interest on the Bonds of such Series when due, but in the case of (3) above only in the event that there shall have been filed with the Trustee: (a) a Certificate of an Authorized Officer in form and substance satisfactory to the Trustee stating that the Revenues expected to be received thereafter together with such other specified amounts as are expected to be made available therefor by the Authority will be insufficient to pay in full all Outstanding Bonds when and as the same shall become due in accordance with their terms and in reasonable detail, the basis for such certification; and (b) a Counsel's Opinion that such payment will not result in a violation of any existing law.

The Authority shall submit to the Trustee or EFC, as applicable, monthly a requisition setting forth the amount and, in reasonable detail, itemizing the Capital Costs of any Project and interest expected to be

paid in the following month from the Account, including the Capitalized Interest Account, in the Construction Fund established for such Project, together with a Certificate of an Authorized Officer identifying such requisition and stating that the amount to be withdrawn from such Account pursuant to such requisition is a proper charge thereon. The Trustee or EFC, as applicable, shall thereafter advance to the Authority at the beginning of each month the amount shown in such requisition. The Authority may at any time or from time to time as necessary submit to the Trustee or EFC, as applicable, a supplemental requisition and Certificate of an Authorized Officer in conformity with the foregoing requirements, and upon receipt thereof the Trustee or EFC, as applicable, shall promptly advance to the Authority the amount specified in such supplemental requisition. All moneys so received by the Authority from each Account shall be applied to the payment of the Capital Costs of the Project for which such Account was established.

The Trustee or EFC, as applicable, shall, upon written instruction of an Authorized Officer, transfer any amount of the proceeds of Bonds remaining in any Account of the Construction Fund to the Capital Improvement Fund or the Debt Reserve Fund, but only upon receipt of the Certificate of an Authorized Officer stating that all Capital Costs theretofore incurred in connection with the Project for which such Account was established and interest payable from any Capitalized Interest Account established for such Project have been paid or duly provided for. In lieu of making such transfer the Authority may, by delivering to the Trustee or EFC, as applicable, written instructions of an Authorized Officer, direct the Trustee or EFC, as applicable, to apply such amounts to the redemption of Bonds in accordance with the provisions of Article VI of the General Resolution. Notwithstanding the foregoing, any such excess proceeds in a Construction Fund Account held by EFC will, if directed by EFC, be applied either to restore any Series Debt Reserve Account relating to the Series of EFC Bonds to which such Construction Fund Account relates or to the Debt Service Fund to pay debt service on the Series of EFC Bonds to which such Construction Fund Account relates.

Net Revenue Fund (Section 504)

The Authority shall cause all Revenues to be deposited promptly in the Operating Fund, except as otherwise expressly provided in the General Bond Resolution. As soon as practicable after the twenty-fifth day of each month, after reserving therein any amount deemed necessary to provide a reserve for the payment of the following month's Operating Expenses based on the Annual Budget (as the same may be amended as provided in Section 707 of the General Bond Resolution), the balance remaining in the Operating Fund shall be paid to the Trustee for deposit in the Net Revenue Fund.

The Trustee shall transfer from the Net Revenue Fund to the Debt Service Fund, no later than the last day of the month in which the Authority makes a payment to the Trustee in accordance with the preceding paragraph, an amount for each Series of Outstanding Senior Bonds equal to the sum of: (1) an amount equal to 1/6 of the amount of interest falling due on the Bonds of such Series on the next Interest Payment Date, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of interest on the next Interest Payment Date, as set forth in the Supplemental Resolution authorizing such Series; and (2) an amount equal to 1/12 of the amount of principal falling due on the next date upon which an installment of principal (including a Sinking Fund Installment) falls due on the Bonds of such Series, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of principal (including a Sinking Fund Installment) on such date, as set forth in the Supplemental Resolution authorizing such Series. In making the credits required by this paragraph, any amounts required to be credited to the Debt Service Fund or otherwise paid to a Paying Agent representing accrued interest received on the sale of Bonds, interest capitalized from the proceeds of the Bonds of the Series, any earnings on moneys in the Debt Service Fund and any other transfers and credits otherwise made or required to be made to the Debt Service Fund or otherwise paid to a Paying Agent shall be taken into consideration and allowed for.

The Trustee shall pay out of the Net Revenue Fund to the Authority for deposit in the Operating Fund at any time or from time to time the amount specified in a Certificate of an Authorized Officer of the Authority

as necessary for the payment of Operating Expenses due to the insufficiency of amounts available for such purpose in the Operating Fund.

On or before the last day of each month, the Trustee shall apply amounts then on deposit in the Net Revenue Fund to the making of the following payments or transfers, but only to the extent available and in the order specified below:

- (1) There shall be transferred to the Debt Reserve Fund the amounts, if any, required pursuant to Section 506(C) of the General Resolution with respect to Series Debt Reserve Accounts securing Senior Bonds.
- (2) If the Trustee receives a written direction from an Authorized Officer, there shall be transferred to the Operating Fund the amount, if any, specified in such written direction as necessary to cause the amount on deposit in the Operating Fund to equal the Operating Reserve Requirement.
- (3) There shall be transferred to the Subordinated Indebtedness Fund an amount for each Series of Outstanding Subordinated Indebtedness equal to the sum of: (a) an amount equal to 1/6 of the amount of interest falling due on the Bonds of such Series on the next Interest Payment Date, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of interest on the next Interest Payment Date, as set forth in the Supplemental Resolution authorizing such Series; and (b) an amount equal to 1/12 of the amount of principal falling due on the next date upon which an installment of principal (including a Sinking Fund Installment) falls due on the Bonds of such Series, or such other proportionate amount as shall be necessary to ensure monthly deposits for the payment in full of principal (including a Sinking Fund Installment) on such date, as set forth in the Supplemental Resolution authorizing such Series. In making the credits required by this paragraph, any amounts required to be credited to the Subordinated Indebtedness Fund or otherwise paid to a Paying Agent representing accrued interest received on the sale of Bonds, interest capitalized from the proceeds of the Bonds of the Series, any earnings on moneys in the Subordinated Indebtedness Fund and any other transfers and credits otherwise made or required to be made to the Subordinated Indebtedness Fund or otherwise paid to a Paying Agent shall be taken into consideration and allowed for.
- (4) There shall be transferred to the Debt Reserve Fund the amounts, if any, required pursuant to Section 506(C) of the General Resolution with respect to Series Debt Reserve Accounts securing Subordinated Indebtedness.

On or before the last day of each Fiscal Year, after making all of the payments and transfers described in the second, third and fourth paragraphs above, the Trustee shall apply amounts then on deposit in the Net Revenue Fund to the making of the following payments or transfers, but only to the extent available and in the order specified below:

- (1) There shall be transferred to the Capital Improvement Fund an amount equal to the Renewal and Extension Requirement for such Fiscal Year.
- (2) There shall be transferred to the Rate Stabilization Fund the amount, if any, designated in a Certificate of an Authorized Officer.
- (3) Any amount remaining after the above payments or transfers have been made shall be deposited in the Surplus Fund.

No amounts shall be withdrawn from the Net Revenue Fund except as provided in this section entitled “*Net Revenue Fund*”.

Debt Service Fund (Section 505)

The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents for any of the Bonds (1) on or before each Interest Payment Date, the amounts required for the payment of principal, if any, and interest due on the Outstanding Bonds on such date and (2) on or before the day preceding the redemption date or date of purchase, the amounts required for the payment of accrued interest on Bonds redeemed or purchased for retirement unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

The amounts accumulated in the Debt Service Fund for each Sinking Fund Payment may, and if so directed by an Authorized Officer shall, be applied (together with amounts with respect to interest on the Bonds for which such Sinking Fund Payment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Payment as follows:

- (1) to the purchase of Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price payable for such Bonds when such Bonds are redeemable by application of such Sinking Fund Payment plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine; or
- (2) to the redemption of such Bonds pursuant to Article VI of the General Bond Resolution, if then redeemable by their terms, at or below the Redemption Price referred to in clause (1) above.

Upon the purchase or redemption of any Bond pursuant to the above paragraph, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to Bonds of the same Series and maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited against future Sinking Fund Payments in direct chronological order. The portion of any Sinking Fund Payment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto as provided in Section 507(B) the General Bond Resolution (or the original amount of any such Sinking Fund Payment if no such amount shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Payment for the purpose of calculation of Sinking Fund Payments due on a future date.

As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Payment, the Trustee shall proceed to call for redemption, pursuant to Section 603 of the General Bond Resolution, on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Payment of the Bonds of such Series and maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Debt Service Fund (and, to the extent it does not have moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price, out of the Net Revenue Fund) to the appropriate Paying Agents on or before each such Redemption Date, the amount required for the redemption of the Bonds so called for redemption and such amount shall be applied by such Paying Agents to such redemption.

Debt Reserve Fund (Section 506)

There shall be deposited in the Debt Reserve Fund all amounts required to be deposited therein pursuant to the General Bond Resolution and any other amounts received and determined to be deposited therein by the Authority. The Series Debt Reserve Account maintained for all Common Debt Reserve Secured Bonds shall be funded at all times to the Common Debt Reserve Requirement, and each other Series Debt Reserve Account shall be funded at all times to the applicable Separate Series Debt Reserve Requirement as set forth in the applicable Supplemental Resolution.

Amounts on deposit in each Series Debt Reserve Account shall be applied, to the extent other funds are not available therefor in the Net Revenue Fund, to pay the principal of and Sinking Fund Payments, if any, and interest on the Bonds secured by such Series Debt Reserve Account when due, whether by call for redemption or otherwise. Whenever on any valuation date as provided in Section 514(A) of the General Resolution the amount in any Series Debt Reserve Account exceeds the Series Debt Reserve Requirement with respect to the Bonds secured by such Series Debt Reserve Account, the Trustee may, if directed by the Certificate of an Authorized Officer of the Authority, withdraw from such Series Debt Reserve Account the amount of any excess therein over the Series Debt Reserve Requirement for such Bonds as of the date of such withdrawal and deposit the moneys so withdrawn into the Operating Fund.

In lieu of or in substitution for moneys, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of Bondholders of a Series for all or any part of the applicable Debt Reserve Requirement; provided (1) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (a) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (b) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category at the time such surety bond or insurance policy is issued by at least one of the Rating Agencies, and (2) that any letter of credit shall be issued by a bank, a trust company, a national banking association, a savings bank, a savings and loan association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by at least one of the Rating Agencies. Such Reserve Fund Facility shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any Interest Payment Date or redemption date on which a deficiency exists that cannot be cured by moneys in any other fund or account held pursuant to in the General Bond Resolution and available for such purpose. For the purposes of this sections entitled “*Debt Service Fund*” and Section 514 of the General Bond Resolution, in computing the amount on deposit in the applicable Series Debt Reserve Account, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation. In connection a Reserve Fund Facility, the Authority may enter into a Reserve Fund Facility Agreement with the Reserve Fund Facility Provider of any such Reserve Fund Facility providing for, *inter alia*: (1) the payment of fees and expenses to such Reserve Fund Facility Provider for the issuance of such Reserve Fund Facility; (2) the terms and conditions of such Reserve Fund Facility and the Series of Bonds affected thereby; and (3) the security, if any, to be provided for any obligations of the Authority with respect to such Reserve Fund Facility.

If any Series Debt Reserve Account contains both a Reserve Fund Facility and cash, the cash shall be drawn down completely prior to any draw on the Reserve Fund Facility. If more than one Reserve Fund Facility is on deposit in a Series Debt Reserve Account, amounts required to be drawn thereon shall be done on a pro rata basis. The Authority agrees to pay all costs owing in regard to any Reserve Fund Facility from the amounts pledged under Section 501 of the General Bond Resolution, first to reimburse the Reserve Fund Facility Provider for amounts advanced under such Reserve Fund Facility, second, to replenish any cash deficiencies in such Series Debt Reserve Account, and third, to pay the Reserve Fund Facility Provider applicable expenses and interest on amounts advanced under the Reserve Fund Facility. The General Bond Resolution shall not be discharged or defeased while any obligations are owing in regard to a Reserve Fund Facility on deposit in such Series Debt Reserve Account. The Authority will not optionally redeem Bonds secured by a Reserve Fund Facility unless all amounts owing in regard to such Reserve Fund Facility on deposit in the Series Debt Reserve Account for such Bonds have been paid in full.

If at any time it shall be necessary to use moneys in any Series Debt Reserve Account for the purpose of paying principal or interest on Bonds as to which there would otherwise be a default, then the moneys so used shall be replaced within twenty-four (24) months by depositing in such Series Debt Reserve Account twenty-four (24) substantially equal consecutive monthly deposits, commencing not later than the month following the occurrence of such deficiency.

Redemption Fund (Section 507)

There shall be deposited in the Redemption Fund any amounts that are required to be deposited therein pursuant to the General Bond Resolution and any other amounts available therefor and determined by the Authority to be deposited therein. Subject to the provisions of the General Bond Resolution or any Supplemental Resolution, the Trustee shall apply all amounts so deposited to the redemption of Bonds at the times and in the manner provided in Section 602 of the General Bond Resolution.

At least forty-five (45) days prior to any day upon which Bonds are to be redeemed from amounts in the Redemption Fund, the Trustee may apply amounts in the Redemption Fund to the purchase of any such Bonds if the purchase price paid for such Bonds does not exceed the principal amount of such Bonds unless such Bonds may be redeemed within six months after such purchase in which event such price shall not exceed the applicable Redemption Price. Upon the purchase or redemption of Bonds for which Sinking Fund Payments have been established from amounts in the Redemption Fund, there shall be credited toward each such Sinking Fund Payment thereafter to become due with respect to Bonds of the same Series and maturity as the Bonds so purchased or redeemed an amount as nearly as may be practicable in whole multiples of \$1,000 bearing the same ratio to such Sinking Fund Payments as the total payment amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Payments to be credited. If, however, there shall be filed with the Trustee written instructions of an Authorized Officer specifying a different method for crediting Sinking Fund Payments upon any such purchase or redemption of Bonds and the Trustee shall consent to such method, then such Sinking Fund Payments shall be credited as shall be provided in such instructions.

The Trustee shall sell or redeem Investment Securities to the extent necessary to provide money to make any required payment pursuant to this section entitled “*Redemption Fund*” and, at the direction of the Authority, shall sell or redeem Investment Securities to make any deposit, purchase payment or redemption as permitted pursuant to this section entitled “*Redemption Fund*”.

Subordinated Indebtedness Fund (Section 508)

Amounts on deposit in the Subordinated Indebtedness Fund shall be applied by the Trustee solely to the maintenance of reserves for, or the payment of, Subordinated Indebtedness, or as otherwise provided by the resolution of the Authority authorizing each issue of Subordinated Indebtedness.

If at any time the amount in any Series Debt Reserve Account in the Debt Reserve Fund with respect to any Senior Bonds shall be less than the Series Debt Reserve Requirement with respect to such Senior Bonds, the Trustee shall withdraw from the Subordinated Indebtedness Fund and deposit in the Debt Reserve Fund, for allocation to such Series Debt Reserve Account, the amount necessary (or all the moneys in said Fund, if less than the amount necessary) to make up such deficiency.

If, upon the payment in full of all Subordinated Indebtedness, any amount remains on deposit in the Subordinated Indebtedness Fund, such amount shall be transferred to the Net Revenue Fund.

Rate Stabilization Fund (Section 509)

The Rate Stabilization Fund authorized by Section 502 of the General Bond Resolution shall be held by the Authority in an Account separate and apart from all other funds and Accounts of the Authority and payments therefrom shall be made as provided in the General Bond Resolution. Moneys may be transferred by the Authority to the Rate Stabilization Fund from the Net Revenue Fund as provided in Section 504 of the General Bond Resolution as determined by an Authorized Officer. At any time, the Authority shall transfer from the Rate Stabilization Fund to the Net Revenue Fund an amount determined by an Authorized Officer.

Surplus Fund (Section 510)

There shall be deposited in the Surplus Fund all amounts required to be deposited therein pursuant to the General Bond Resolution and any other amounts received and determined to be deposited therein by the Authority.

Amounts in the Surplus Fund may at any time, as directed by the Certificate of an Authorized Officer, be transferred to the Capital Improvement Fund, the Redemption Fund or the Operating Fund or be paid to the Authority for any lawful purpose of the Authority in connection with the Sewer System.

To the extent that moneys on deposit in the Net Revenue Fund are insufficient to make the required interest and principal payments on Senior Bonds, moneys in the Surplus Fund shall be transferred to the Net Revenue Fund, and then there shall be withdrawals from the Rate Stabilization Fund, Capital Improvement Fund, Construction Fund, Debt Reserve Fund, Subordinated Indebtedness Fund and Operating Fund, in that order, to cure any such deficiencies.

Deposits (Section 511)

In lieu of Investment Securities (except as provided in Section 1201 of the General Bond Resolution), the Trustee shall at the written direction of an Authorized Officer deposit amounts or cause amounts to be deposited from any Fund held by the Trustee or under its control pursuant to the terms of the General Bond Resolution in interest bearing time deposits or certificates of deposit, or shall make other similar banking arrangements with itself or a member bank or banks of the Federal Reserve System or a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation or its successor. Each such interest bearing time deposit or certificate of deposit or other similar banking arrangement shall permit the moneys so placed to be available at the times at which moneys are needed to be expended and, except to the extent that any such deposit shall be less than \$5,000 or be insured by the United States of America or the Federal Deposit Insurance Corporation or its successor, all moneys in each such interest bearing time deposit or certificate of deposit or

other similar banking arrangement shall be continuously and fully secured by Investment. Securities having a market value equal at all times to the amount of the deposit, certificate or other similar banking arrangement.

In order to permit such amounts to be available for use at the time when needed, any amounts held under the General Bond Resolution by any Fiduciary, as such, may, if and as directed by an Authorized Officer, be deposited in the commercial banking department of such Fiduciary that may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. Any such Fiduciary shall allow and credit on such amounts at least such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

All amounts of more than \$5,000 deposited by any Fiduciary pursuant to the paragraph above shall be continuously and fully secured by lodging with the Trustee as custodian, as collateral security, Investment Securities having a market value (exclusive of accrued interest) not less than the amount of such deposit. It shall not be necessary, unless required by applicable law, for any Fiduciary to give security under this section entitled "*Deposits*" for the deposit of any amounts to the extent that such deposit is insured by the Federal Deposit Insurance Corporation or its successor, or that are held in trust and set aside by them for the payment of the principal or Redemption Price or interest on any Bonds, or for the Trustee or any Depositary Bank to give security for any moneys that shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

All amounts so deposited by any Fiduciary shall be credited to the particular Fund or Account from which such amounts were derived, but any income derived in connection with such deposits shall be credited to, and shall be deposited as received in, the Operating Fund; except that any income derived in connection with deposits in the Debt Reserve Fund shall be credited to, and deposited as received in, the Debt Reserve Fund.

Investment of Certain Funds (Section 512)

Subject to the right of the Authority to direct the investment or deposit of funds under the General Bond Resolution, moneys in any Fund or Account held by the Trustee shall be invested and reinvested or deposited and redeposited by the Trustee, whenever it shall be requested in writing by an Authorized Officer to do so, on terms that in the judgment of the Authority provide reasonable liquidity, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Authority through an Authorized Officer may direct the Trustee to invest and reinvest the moneys in any such Fund or Account in Investment Securities so that the maturity date or dates of redemption at the option of the holder thereof shall coincide as nearly as practicable with the times at which moneys are needed to be so expended. The Investment Securities purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account, and the Trustee shall keep the Authority advised as to the details of all such investments. Whenever it shall be requested in writing by an Authorized Officer to do so, the Trustee shall sell at the best price reasonably obtainable per industry standard practices, or present for redemption, any Investment Securities held by the Trustee in such Fund or Account. The Trustee shall not be liable for any depreciation in the value of any investment made pursuant to the General Bond Resolution or for any loss arising from any such investment.

Investment Securities purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of the General Bond Resolution shall be deemed at all times to be a part of such Fund or Account but the income or interest earned and gains realized in excess of losses suffered by a Fund or Account due to the investment thereof shall be deposited in the Operating Fund as Revenues or shall be reinvested and credited to the Operating Fund; except that any such excess amount in the Debt Reserve Fund shall be deposited in or credited to the Debt Reserve Fund.

Whenever it shall be requested in writing by an Authorized Officer to do so, the Trustee shall sell at the best price reasonably obtainable per industry standard practices, or present for redemption or exchange, any Investment Security purchased by it pursuant to the General Bond Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made. The Trustee shall advise the Authority in writing, on or before the fifteenth day of each July and January, of all investments held for the credit of each Fund and Account in its custody under the provisions of the General Bond Resolution as of the end of the preceding month.

Any moneys that are held in any Fund or Account created and established by, or maintained pursuant to, the General Bond Resolution may be invested in common with the moneys held in any other such Fund or Account.

Rebate Fund (Section 513)

Notwithstanding any other provision of Article V of the General Bond Resolution, an Authorized Officer of the Authority shall instruct the Trustee in writing to deposit into the Rebate Fund any investment earnings on any Funds or Accounts thereof established under the General Bond Resolution to the extent required pursuant to Arbitrage and Use of Proceeds Certificate executed by the Authority in connection with the delivery of any Series of Bonds.

The Authority shall determine the amounts (as well as the dates of payment) that are subject to rebate to the United States government pursuant to the provisions of the Code (in order to ensure that interest on any Bonds that are issued as tax exempt obligations continues to be excludable from federal income taxation) in accordance with the terms of the Arbitrage and Use of Proceeds Certificate executed by the Authority in connection with delivery of any Series of Bonds. The amounts that are required to be rebated to the United States government shall be withdrawn from the Rebate Fund at such times and paid by the Trustee to the United States government whenever it shall be requested in writing by an Authorized Officer to do so.

If there is not a sufficient amount in the Rebate Fund for any required payment to the United States government, the Authority shall promptly pay, from moneys that are on deposit in the Operating Fund, the Net Revenue Fund, the Surplus Fund or such other amounts in any other Fund that are available for such purpose pursuant to the General Bond Resolution, the amount that is necessary to make up such deficiency.

Valuation and Sale of Investments (Section 514)

In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at amortized value unless purchased at a premium above par, in which case such obligation shall be valued at par. Amortized value means par, if the obligation was purchased at par or, when used with respect to an obligation purchased at a discount below par, the value as of any given date obtained by dividing the total amount of the discount at which such obligation was purchased by the number of days remaining to the maturity of such obligation on the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since the date of such purchase and deducting the amount thus calculated from the purchase price. Valuation shall be made on the tenth day prior to each Interest Payment Date, and on any particular date shall not include the amount of interest then earned or accrued to such date on any such moneys or investment.

Except as otherwise provided in the General Bond Resolution, the Trustee shall sell at the best price reasonably obtainable per industry standard practices, or present for redemption, any obligation purchased as an investment whenever it shall be requested in writing by an Authorized Officer to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it.

Redemption of Bonds (Section 605)

When the Trustee shall receive notice from the Authority of its election to redeem Bonds pursuant to Section 602 of the General Bond Resolution, and when redemption of Bonds is required pursuant to Section 603 of the General Bond Resolution, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the numbers or other distinguishing marks of such Bonds so to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall, upon written instruction of an Authorized Officer, give such notice either by (i) delivery of a copy of such notice not less than thirty days before the redemption date, to the registered owners of any Bonds that are to be redeemed, at their last addresses, if any, appearing upon the registry books, or, in the case of Book Entry Bonds, to the Depository for such Book Entry Bonds in accordance with such Depository's standard practices, or (ii) publication once a week for at least two successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty days nor more than sixty days prior to the redemption date, but such delivery or publication shall not be a condition precedent to such redemption and failure so to deliver or publish any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

In the case of an optional redemption, the notice may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent no later than the redemption date, or (ii) that the Authority retains the right to rescind such notice at any time prior to the scheduled redemption date if the Authority delivers a certificate of an Authorized Officer to the Paying Agent instructing the Paying Agent to rescind the redemption notice (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in the General Bond Resolution. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Authority to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

Payment of Redeemed Bonds (Section 606)

Notice having been given in the manner provided in Section 605 of the General Bond Resolution, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, together with, in the case of Bonds not registered as to principal or interest, all appurtenant coupons maturing subsequent to the redemption date, such Bonds shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by coupons that shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If, on the redemption date, moneys for the redemption of all the Bonds of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds of such Series and maturity so called for redemption shall cease to accrue and become payable, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. If said moneys shall not be so available on the redemption date, such Bonds or

portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment of Bonds (Section 701)

The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any Series of Bonds.

Extension of Payment of Bonds and Coupons (Section 702)

The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the coupons or claims for interest by the purchase or funding of such Bonds, coupons or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled, in case of any default under the General Bond Resolution, to the benefit of the General Bond Resolution or to any payment out of the Funds or Accounts established pursuant to the General Bond Resolution, including the investments, if any, thereof, or out of any assets or revenues pledged under the General Bond Resolution (except moneys held in trust for the payment of particular Bonds, coupons or claims for interest pursuant to the General Bond Resolution) prior to benefits accorded to or the payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest. Nothing in the General Bond Resolution shall be deemed to limit the right of the Authority to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Further Assurance (Section 704)

At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular, the rights, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or that the Authority may become bound to pledge or assign.

Powers as to Bonds and Pledge (Section 705)

The Authority is duly authorized under all applicable laws to authorize and issue the Bonds and to adopt the General Bond Resolution and to pledge the revenues and assets purported to be pledged by the General Bond Resolution in the manner and to the extent provided in the General Bond Resolution. The revenues and assets so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the General Bond Resolution, and all corporate or other action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of the General Bond Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the General Bond Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other assets and revenues, including rights therein pledged under the General Bond Resolution and all the rights of the Bondholders under the General Bond Resolution against all claims and demands of all persons whomsoever.

Operation and Maintenance of Sewer System (Section 706)

The Authority shall at all times operate, or cause to be operated, the Sewer System properly and in a sound and economical manner and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Sewer System may be properly and advantageously conducted. Nothing contained in the General Bond Resolution shall, however, require the Authority to construct, operate, maintain, preserve, repair, replace, renew or reconstruct a part of the Sewer System if there shall have been filed with the Trustee: (1) the Certificate of an Authorized Officer stating that in the opinion of the Authority abandonment of operation of such part is economically justified and is not prejudicial to the interest of the Authority or the Bondholders, and (2) the Certificate of a Consulting Engineer concurring with said opinion.

The Authority shall establish and enforce reasonable rules and regulations governing the operation, use and services of the Sewer System. All compensation, salaries, fees and wages paid by the Authority in connection with the maintenance, repair and operation of the Sewer System shall be reasonable and shall not, in the judgment of the Authority, exceed the amounts that would be paid for such services by other public and private bodies. The Authority shall observe and perform all of the terms and conditions contained in the Act, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Sewer System.

The Authority shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Sewer System, or upon any part thereof or upon any revenue therefrom, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the Sewer System, and shall not create or suffer to be created any lien or charge upon the Sewer System or any part thereof or upon the revenues therefrom, except the pledge and lien created by the General Bond Resolution for the payment of the Bonds. The Authority shall pay or cause to be discharged, or will make adequate provisions to satisfy and discharge within ninety days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects that, if unpaid, might by law become a lien upon the Sewer System or any part thereof or on the Revenues. Nothing in this section entitled "*Operating and Maintenance of Sewer System*" shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

The Authority shall employ a Consulting Engineer, whose duties shall be to make any certificates and perform any other acts required or permitted of the Consulting Engineer under the General Bond Resolution, to make an inspection of the Sewer System at least once during every consecutive two Fiscal Years, and, not more than sixty or less than forty-five days before the end of the second such Fiscal Year, to submit to the Authority advice and recommendations as to the proper maintenance, repair and operation of the Sewer System during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purposes. Copies of the reports of the Consulting Engineer and of the advices, recommendations and estimates made as provided above shall be delivered by the Authority to the Trustee.

The Authority shall at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to utility systems of like character against loss of or damage to the Sewer System and against public and other liability to the extent reasonably necessary to protect the interests of the Authority and the Bondholders. If any useful part of the Sewer System shall be damaged or destroyed, the Authority shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the Authority and shall be applied to the necessary costs involved in such repair and replacement and, to the

extent not so applied, shall be deposited in the Capital Improvement Fund. In the event that the costs of such repair and replacement of the damaged property exceeds the proceeds of such insurance available for payment of the same, moneys in the Capital Improvement Fund shall be used to the extent necessary for such purposes.

Annual Budget (Section 707)

The Authority shall not less than forty-five days before the beginning of any Fiscal Year prepare and file with the Trustee a preliminary budget showing for the ensuing Fiscal Year estimated Operating Expenses, Aggregate Debt Service, Revenues, amounts necessary for the payment of Subordinated Indebtedness and amounts expected to be transferred prior to the first day of August from the Surplus Fund to the Operating Fund. Such preliminary budget and any Annual Budget shall set forth a five year capital project plan, including estimates of all Capital Costs and associated Debt Service for each year, and may set forth such additional material as the Authority may determine.

On or before the first day of each Fiscal Year, the Authority shall finally adopt the Annual Budget for such Fiscal Year. Copies of the Annual Budget shall be promptly filed, with the Trustee, and such Annual Budget shall not be effective until it is so filed.

If for any reason the Authority shall not have adopted the Annual Budget before the first day of any Fiscal Year, the preliminary budget for such year, or otherwise the budget for the preceding Fiscal Year, shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted. For any purpose of computation under the provisions of Article V of the General Bond Resolution, the budget for the preceding Fiscal Year shall be deemed to have been adopted for any Fiscal Year until the Annual Budget for such Fiscal Year shall be adopted and a copy thereof filed with the Trustee.

The Authority may at any time adopt an amended Annual Budget for the then current Fiscal Year, but no such amended Annual Budget shall supersede any prior budget until the Authority shall have filed with the Trustee a copy of said amended Annual Budget.

Limitations on Operating Expenses (Section 708)

The Authority shall not incur Operating Expenses in any year in excess of the reasonable and necessary amount thereof and shall not expend any amount or incur any indebtedness for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget, if any, then in effect. Nothing in this paragraph shall limit the amount that the Authority may expend for Operating Expenses in any year provided any amounts expended therefor in excess of the Annual Budget shall be received by the Authority from some source other than the Revenues and the Authority shall not make or receive any reimbursement therefor out of Revenues.

Rates and Charges (Section 709)

With respect to all direct or indirect connection with, and all use and services of, the Sewer System, the Authority shall make, impose, charge and collect service rates, charges, fees and tolls in accordance with the Act. At least annually, the Authority shall cause the Rate Consultant to review and verify the adequacy of the rates and charges then in effect to meet the coverage test as set forth in the third paragraph under this section "*Rates and Charges*".

The present schedule of rates and charges for services furnished by the Sewer System both within and outside the territorial limits of the Authority, including the service charges, minimum deposits, connection charges and meter rates, and the rules and regulations of the Authority relating therefor, may be adjusted or revised provided that the resulting Revenues satisfy the requirements set forth in the following paragraph. All users receiving services from the Sewer System shall pay therefor at the established rates. There shall be no

free services rendered by the Sewer System except that the Authority may but is not required to exempt from sewer rent based on assessed valuation property exempted from real property taxes imposed by the City. Free services may be rendered by the Authority to the City for municipal buildings and other customary municipal purposes.

From time to time and as often as it shall appear necessary, the rates, charges, rents, sewer rents, fees and assessments established for the Sewer System will be adjusted whenever necessary or proper so that the Revenues collected in each Fiscal Year will be at least equal to the sum of (1) the amount estimated to be required in the current Fiscal Year to pay Operating Expenses, plus (2) the greater of (a) 120% of Debt Service on Senior Bonds for such Fiscal Year or (b) the sum for such Fiscal Year of (i) 100% of the Debt Service on Senior Bonds and Subordinated Indebtedness, (ii) the amounts estimated to be required to meet Debt Reserve Requirements with respect to any Bonds, (iii) the Renewal and Extension Requirement, and (iv) the Operating Reserve Requirement. In calculating Revenues pursuant to this paragraph, the Authority shall include transfers from the Rate Stabilization Fund to the Net Revenue Fund during such Fiscal Year (as provided in Section 509 of the General Bond Resolution), but only to the extent of 20% of Debt Service on Senior Bonds for such Fiscal Year, and transfers from the Net Revenue Fund to the Rate Stabilization Fund during such Fiscal Year (as provided in Sections 504(E)(1) and 509 of the General Bond Resolution).

If the Authority fails to adjust rates, charges, rents, sewer rents, fees and assessments as provided above, but the Authority in the next Fiscal Year has promptly taken all available measures to adjust such rates, charges, rents, sewer rents, fees and assessments as advised by a Rate Consultant retained by the Authority to review the operations of the System, there shall be no Event of Default as described in Section 1002 of the General Bond Resolution until at least the end of such next Fiscal Year and then only if Revenues are less than the amount required by this section entitled “*Rates and Charges*”.

Copies of every schedule of rates, charges, rents, sewer rents, fees and assessments and revisions thereof, prescribed or adopted by the Authority shall be promptly filed with the Trustee.

Accounts and Reports (Section 710)

The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Sewer System or under the General Bond Resolution and which, together with all other books and papers of the Authority including insurance policies, shall at all reasonable times be subject to the inspection of the Trustee or the holder or holders of not less than 5% in principal amount of the Bonds then Outstanding or their attorneys duly authorized in writing.

The Authority shall annually, within one hundred days after the close of each Fiscal Year, file with the Trustee an annual report for said Fiscal Year, accompanied by an Accountant’s Certificate as to the examination of the financial statements therein (describing such statements as fairly presenting the information therein in conformity with generally accepted accounting principles and the provisions of the General Bond Resolution), relating to the Sewer System and including statements in reasonable detail of: (1) the financial condition as of the end of said Fiscal Year and income and expenses for said Fiscal Year; (2) the number of users of the Sewer System for said Fiscal Year and of the service charges, annual charges and other revenues collected in such Fiscal Year; (3) Operating Expenses and the rates of service charges for said Fiscal Year; and (4) with respect to each Fund or Account created by the General Bond Resolution, the receipts therein and disbursements therefrom during said Fiscal Year and the amounts held therein at the end of said Fiscal Year. Within thirty days after the filing of any such annual report, the Authority shall deliver or cause to be delivered copies of said annual report to Bondholders as and to the extent referred to in Section 901 of the General Bond Resolution.

Sale or Encumbrance (Section 711)

No part of the Sewer System shall be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of, except that the Authority may sell, exchange or lease at any time and from time to time any property or facilities constituting part of the Sewer System and not useful or necessary in the construction, reconstruction or operation thereof or the costs of which have been paid from sources other than the Bonds, but any proceeds of any such sale or exchange received and not used to replace the property so sold or exchanged (including the proceeds of any condemnation award with respect to the Sewer System) shall be paid to the Trustee and deposited in the Capital Improvement Account, and any proceeds of any such lease received shall be deposited as Revenues.

Indebtedness and Liens (Section 712)

The Authority shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by a pledge of or other lien or charge on the Revenues (including amounts that the Authority may thereafter be entitled to expend for Operating Expenses) and shall not create or cause to be created any lien or charge on such Revenues or on any amounts held by any Fiduciary under the General Bond Resolution; but this section entitled "*Indebtedness and Liens*" shall not prevent the Authority from issuing bonds or notes or other obligations for the purposes of the Authority payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the General Bond Resolution shall be discharged and satisfied as provided in Section 1201 of the General Bond Resolution, or from issuing Subordinated Indebtedness.

The Authority shall not hereafter issue any bonds or other evidences of indebtedness under any resolution of the Authority adopted prior to adoption of the Existing Resolution.

Jurisdiction, Control, Possession and Supervision of Sewer System (Section 713)

The Authority shall make no contract requiring payment for labor or to contractors, builders or materialmen on account of the construction or reconstruction of any part of the Sewer System, unless such part is located on lands to which title or over which an easement or jurisdiction, control, possession and supervision, in any case sufficient for the purpose of the Authority, is owned or can be acquired by the Authority or the City or unless such part is lawfully located in a public street or highway or is part of the Sewer System located on land in which a right or interest less than a fee simple interest, easement jurisdiction, control, possession or supervision has been acquired from the United States of America, the State or a political subdivision thereof or a public utility and such lesser right or interest has been approved by an opinion of counsel as sufficient for the purposes of the Authority.

Issuance of Bonds (Section 714)

Except in the case of: (A) Refunding Bonds; or (B) additional Bonds issued to pay the capital cost of completing a Project for which Bonds have previously been issued, the Authority shall not issue additional Bonds unless the Revenues for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the date of issuance of such additional Bonds (excluding any transfers between the Net Revenue Fund and the Rate Stabilization Fund during this period) are at least equal to the sum of: (1) the amount required or estimated to be required in any future Fiscal Year described in the following clause (2) to pay Operating Expenses; plus (2) the greater of (a) 120% of the maximum Debt Service on Senior Bonds for any future Fiscal Year (calculated with respect to all Senior Bonds then Outstanding and the additional Bonds); or (b) 100% of the maximum Debt Service on the aggregate of any Senior Bonds and Subordinated Indebtedness for any future Fiscal Year (calculated with respect to all Bonds then Outstanding and the additional Bonds), excluding any amounts provided as capitalized interest from the proceeds of such

Bonds but including Debt Service on such Bonds and on additional Bonds estimated by the Certificate of a Consulting Engineer as required to be issued to complete the Project to be financed with the proceeds of such Bonds; provided, however, that Revenues for such twelve (12) month period may be adjusted for purposes of this paragraph: (X) to reflect for such period revisions in the rates, fees, rentals and other charges of the Authority for the services of the System made after the commencement of such period and preceding the date of issuance of the additional Bonds; (Y) to reflect any increase in Revenues due to any new facilities of the Sewer System having been placed into use and operation subsequent to the commencement of such period and preceding the date of issuance of the additional Bonds, as certified by the Consulting Engineer; and (Z) to include an amount equal to the average annual contribution to Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of issuance of such additional Bonds, as certified by the Consulting Engineer.

Supplemental Resolutions (Section 801)

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

- (1) to close the General Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Bond Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;
- (2) to add to the covenants and agreements of the Authority in the General Bond Resolution other covenants and agreements to be observed by the Authority that are not contrary to or inconsistent with the General Bond Resolution as theretofore in effect;
- (3) to add to the limitations and restrictions in the General Bond Resolution other limitations and restrictions to be observed by the Authority that are not contrary to or inconsistent with the General Bond Resolution are theretofore in effect;
- (4) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the General Bond Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the General Bond Resolution;
- (5) to authorize Bonds of a Series and, in connection therewith specify and determine the matters and things referred to in Section 206 of the General Bond Resolution, and also any other matters and things relative to such Bonds that are not contrary to or inconsistent with the General Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;
- (6) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the General Bond Resolution, of the Revenues or of any other moneys, securities or funds; and
- (7) to modify any of the provisions of the General Bond Resolution in any respect whatever, provided that: (a) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding; and (b) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of

the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof.

Powers of Amendment (Section 902)

Any modification or amendment in the General Bond Resolution or of the rights and obligations of the Authority and of the holders of the Senior Bonds and coupons under the General Bond Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903 of the General Bond Resolution: (1) of the holders of a majority in principal amount of the Senior Bonds Outstanding at the time such consent is given; (2) in case less than all of the several Series of Senior Bonds then Outstanding are affected by the modification or amendment, of the holders of a majority in principal amount of the Senior Bonds of each Series so affected and Outstanding at the time such consent is given; and (3) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of a majority in principal amount of the Senior Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; except that if such modification or amendment will, by its terms, not take effect so long as any Senior Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Senior Bonds shall not be required and such Senior Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Senior Bond, or shall reduce the percentages or otherwise affect the classes of Senior Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the General Bond Resolution if the same adversely affects or diminishes the rights of the holders of Senior Bonds of such Series, including the rights of such holders with respect to the pledge securing the payment of the Senior Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Senior Bonds of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all holders of Senior Bonds.

Any modification or amendment in the General Bond Resolution or of the rights and obligations of the Authority and of the holders of the Subordinated Indebtedness and coupons under the General Bond Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903 of the General Bond Resolution: (1) of the holders of a majority in principal amount of the Subordinated Indebtedness Outstanding at the time such consent is given; (2) in case less than all of the several Series of Subordinated Indebtedness then Outstanding are affected by the modification or amendment, of the holders of a majority in principal amount of the Subordinated Indebtedness of each Series so affected and Outstanding at the time such consent is given; and (3) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of a majority in principal amount of the Subordinated Indebtedness of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; except that if such modification or amendment will, by its terms, not take effect so long as any Subordinated Indebtedness of any specified like Series and maturity remain Outstanding, the consent of the holders of such Subordinated Indebtedness shall not be required and such Subordinated Indebtedness shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Subordinated Indebtedness under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Indebtedness or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Subordinated Indebtedness, or shall reduce the percentages or otherwise affect the classes of Subordinated Indebtedness the consent of the holders

of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the General Bond Resolution if the same adversely affects or diminishes the rights of the holders of Subordinated Indebtedness of such Series, including the rights of such holders with respect to the pledge securing the payment of the Subordinated Indebtedness of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Subordinated Indebtedness of any particular Series or maturity would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all holders of Subordinated Indebtedness.

Any Supplemental Resolution that is adopted in accordance with the provisions of this section entitled “*Powers of Amendment*” shall also require the written consent of the Bond Insurer of any Bonds or Subordinated Indebtedness Outstanding at the time such Supplemental Resolution shall take effect if such Bond Insurer is not in payment default under its Bond Insurance Policy.

Consent of Bondholders (Section 903)

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the section above entitled “*Powers of Amendment*”, to take effect when and as provided in this section entitled “*Consent of Bondholders*”. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders, where applicable, for their consent thereto in form satisfactory to the Trustee, shall be delivered by the Authority to Bondholders (but failure to deliver such copy and request shall not affect the validity of the Supplemental Resolution when consented to as provided in this section entitled “*Consent of Bondholders*”). Such Supplemental Resolution shall not be effective unless and until: (1) there shall have been filed with the Trustee: (a) the written consents of holders of the percentages of Outstanding Bonds specified in the section above entitled “*Powers of Amendment*”; and (b) a Counsel’s Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed in accordance with the provisions of the General Bond Resolution, is authorized or permitted by the General Bond Resolution and is valid and binding upon the Authority; and (2) a notice shall have been given as hereinafter provided in this section entitled “*Consent of Bondholders*”.

The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1114 of the General Bond Resolution. A Certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1114 of the General Bond Resolution shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such bond or any bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this section entitled “*Consent of Bondholders*” is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1114 of the General Bond Resolution. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that holders of such required percentages of Bonds have filed such consents. Such written statement

shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this section entitled “*Consent of Bondholders*”, may be given to Bondholders by the Authority by delivering such notice to Bondholders or, alternatively by publishing the same in the Authorized Newspapers at least once not more than ninety days after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for has been filed (but failure to deliver or publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this section entitled “*Consent of Bondholders*”). The Authority shall file with the Trustee proof of the delivery or publication of such notice to Bondholders. A record, consisting of the papers required or permitted by this section entitled “*Consent of Bondholders*” to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the holders of all Bonds and coupons at the expiration of forty days after the filing with the Trustee of the proof of the delivery or publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty day period; except that any Fiduciary and the Authority during such forty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Notwithstanding the foregoing provisions of this section entitled “*Consent of Bondholders*”, the consent of Bondholders of any Series of Bonds to be issued under a Supplemental Resolution to an amendment of the General Bond Resolution that requires consent pursuant to the provisions of the section above entitled “*Powers of Amendment*” shall be deemed given by such Bondholders if: (1) the nature of the proposed amendment of the General Bond Resolution is disclosed in the official statement or other offering document pursuant to which such Series of Bonds is offered and sold to the public; and (2) the underwriters or initial purchasers for resale of such Series of Bonds consent in writing to such Supplemental Resolution and file such written consent with the Trustee, or are deemed by their purchase of Bonds of such Series to have consented to such Supplemental Resolution, which consent will have the same effect as a consent of a Bondholder filed with the Trustee pursuant to the second paragraph of this section entitled “*Consent of Bondholders*”.

Events of Default (Section 1002)

If one or more of the following events (in the General Bond Resolution called “Events of Default”) shall happen, that is to say,

- (1) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Sinking Fund Payment on any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or otherwise; or
- (2) if default shall be made in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable, and such default shall continue for a period of five days; or
- (3) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions contained in the General Bond Resolution, any Supplemental Resolution or in the Bonds, and such default shall continue for a period of forty-five days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the holders of not less than 25% in principal amount of the Senior Bonds Outstanding; or

(4) if the Authority shall file a petition or otherwise seek relief under any federal or state bankruptcy or similar law;

then, upon the happening and continuance of any Event of Default specified in clause (1) or (2), the Trustee shall (by notice in writing to the Authority), or, upon the happening and continuance of any Event of Default specified in clause (3) or (4), the Trustee may, and upon the written request of the holders of not less than 25% in principal amount of the Senior Bonds Outstanding the Trustee shall, in any such case unless the principal of all the Bonds then Outstanding shall already have become due and payable, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the General Bond Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest upon the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the General Bond Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the General Bond Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the holders of a majority in principal amount of the Senior Bonds Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the holders of the Senior Bonds as aforesaid at the time of such request, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the holders of a majority in principal amount of the Senior Bonds then Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Application of Revenues and Other Moneys After Default (Section 1004)

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority or a Depositary Bank in any fund or account under the General Bond Resolution, and (ii) as promptly as practicable after receipt thereof, the Revenues.

During the continuance of an Event of Default, the Trustee shall apply such Revenues and the income therefrom as follows and in the following order:

- (1) to the payment of the reasonable and proper charges, and expenses of the Trustee and of the Consulting Engineers;
- (2) to the payment of the amounts required for reasonable and necessary Operating Expenses, including reasonable and necessary reserves and working capital therefor, and for the reasonable repair and replacement of the Sewer System, necessary to prevent loss of Revenues, as certified to the Trustee by the Consulting Engineers. The books of record and account of the Authority relating to the Sewer System shall at all times be subject to the inspection of Consulting Engineers during the continuance of such Event of Default; and
- (3) to the payment of the interest and principal or Redemption Price then due on the Bonds, subject to the provisions of Section 702 of the General Bond Resolution, as follows:

- (a) unless the principal of all of the Bonds shall have become or have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

- (b) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Authority under the General Bond Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds that shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the General Bond Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under the General Bond Resolution, and all Revenues shall thereafter be applied as provided in Article V of the General Bond Resolution. No such payment over to the Authority by the Trustee or resumption of the application of Revenues as provided in Article V of the General Bond Resolution shall extend to or affect any subsequent default under the General Bond Resolution or impair any right consequent thereon.

Proceedings Brought by Trustee (Section 1005)

If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, if the Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the holders of the Bonds under the General Bond Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the General Bond Resolution, or in aid of the execution of any power granted in the General Bond Resolution, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by Counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the General Bond Resolution.

All rights of action under the General Bond Resolution may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The holders of a majority in principal amount of the Senior Bonds at the time Outstanding may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the General Bond Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the General Bond Resolution and provided to be exercised by the Trustee upon the occurrence of an Event of Default; and, as a matter of right against the Authority, without notice or demand and without regard to the adequacy of the security for the Bonds, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by the Authority in any Fund or Account under the General Bond Resolution and of the Revenues, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it under the General Bond Resolution or agreed or provided to be delivered to or deposited or pledged with it under the General Bond Resolution.

Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the holders of a majority in principal amount of the Senior Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the General Bond Resolution by any acts that may be unlawful or in violation of the General Bond Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

Restriction on Bondholders' Action (Section 1006)

No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the General Bond Resolution or the execution of any trust under the General Bond Resolution or for any remedy under the General Bond Resolution, unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in Article X of the General Bond Resolution, and the holders of at least 25% in principal amount of the Senior Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this section entitled "*Restriction of Bondholders' Action*" or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more holders of Bonds or coupons shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the General Bond Resolution, or to enforce any right under the General Bond Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the General Bond Resolution shall be instituted, had and maintained in the manner provided in the General Bond Resolution and for the equal benefit

of all holders of the Outstanding Bonds and coupons, subject only to the provisions of Section 702 of the General Bond Resolution.

Nothing in the General Bond Resolution or in the Bonds or in the coupons contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any holder to enforce such payment of his Bond.

Control by Bond Insurer (Section 1009)

To the extent a Bond Insurer makes any payment of principal of or interest on Bonds in accordance with its Bond Insurance Policy, such Bond Insurer shall become subrogated to the rights of the recipients of such payments in accordance with the terms of its Bond Insurance Policy. Upon the occurrence and continuance of an Event of Default, a Bond Insurer of a Series of Bonds, if such Bond Insurer is not in payment default under its Bond Insurance Policy, shall be deemed to be the sole owner of such Bonds for purposes of (A) directing and controlling the enforcement of all rights and remedies with respect to such Series of Bonds, including any waiver of an Event of Default, and (B) exercising any voting right or privilege or giving any consent or direction or taking any other action that the Bondholders of such Bonds are entitled to take pursuant to Article X of the General Bond Resolution. No provision expressly recognizing or granting rights in or to a Bond Insurer shall be modified without the consent of such Bond Insurer. A Bond Insurer's rights under this section entitled "*Control by Bond Insurer*" shall be suspended during any period in which such Bond Insurer is in default in its payment obligations under its Bond Insurance Policy (except to the extent of amounts previously paid by such Bond Insurer and due and owing to such Bond Insurer) and shall be of no force or effect if its Bond Insurance Policy is no longer in effect or if the Bond Insurer asserts that its Bond Insurance Policy is not in effect or if the Bond Insurer waives such rights in writing. The rights granted to a Bond Insurer under Section 1009 of the General Bond Resolution are granted in consideration of such Bond Insurer issuing its Bond Insurance Policy. The Authority shall provide each Bond Insurer immediate notice of any Event of Default described in Section 1002(1) of the General Bond Resolution or 1002(2) of the General Bond Resolution and notice of any other Event of Default occurring under the General Bond Resolution within 30 days of the occurrence thereof. Each Bond Insurer of any Bonds shall be considered a third party beneficiary of the General Bond Resolution with respect to such Bonds.

Compensation (Section 1105)

The Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the General Bond Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the General Bond Resolution. The Authority further agrees to indemnify and save each Fiduciary harmless against any liabilities that it may incur in the exercise and performance of its powers and duties under the General Bond Resolution and that are not due to its willful misconduct or gross negligence.

Defeasance (Section 1201)

If the Authority shall pay or cause to be paid to the holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the General Bond Resolution, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as

may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys, securities and funds held by them pursuant to the General Bond Resolution that are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption.

Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the paragraph above. Any Bond and all coupons appertaining to such Bond shall, prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the paragraph above if: (1) in case such Bond is to be redeemed on any date prior to its maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption, as provided in Article VI of the General Bond Resolution, on said date of such Bond; (2) there shall have been deposited with the Trustee either moneys in an amount that shall be sufficient, or Investment Securities the principal of and the interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if any, and Sinking Fund Payments and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be; and (3) in the event such Bond is not by its terms subject to redemption within the next succeeding sixty days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to deliver, as soon as practicable, a notice to the holders of such Bond and coupons, or to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice to the holders of such Bond and coupons, and to deliver, as soon as practicable, a notice to any Credit Issuer or Reserve Fund Facility Provider with respect to such Bonds, that the deposit required by (2) above has been made with the Trustee and that said Bond and coupons are deemed to have been paid in accordance with this section entitled “*Defeasance*” and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bond. Neither Investment Securities or moneys deposited with the Trustee pursuant to this section entitled “*Defeasance*” nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, and interest on said Bonds; except that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this section entitled “*Defeasance*”, Investment Securities mean and include only such obligations as are described in clauses (a) or (b) of the definition of Investment Securities in Section 102 of the General Bond Resolution (or obligations secured by such Investment Securities as to the payment of both principal and interest).

If, through the deposit of moneys by the Authority or otherwise, the Fiduciaries shall hold, pursuant to the General Bond Resolution, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds and coupons, or in the case of Bonds in respect of which the Authority shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such Redemption Date, then at the request of the Authority all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it under the General Bond Resolution, shall be held by the Trustee for the payment or redemption of Outstanding Bonds and coupons.

Anything in the General Bond Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons that remain unclaimed for six

years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Bonds became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged; except that, before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be published at least twice, at an interval of not less than seven days between publications, in the Authorized Newspapers notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than ten nor more than twenty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Credit Issuer as Bondholder (Section 1202)

If provided in or authorized by the Supplemental Resolution with respect to such Series of Bonds authorizing the issuance of a Series of Bonds, the Authority may provide for the rights of the Credit Issuer in connection with Bonds of such Series, which rights may include that, whenever by the terms of the Resolution the Bondholders of any percentage in principal amount of Outstanding Bonds may exercise any right or power, consent to any amendment, change, modification or waiver, or request or direct the Trustee to take an action, such Credit Issuer may be deemed to be the Bondholder of such Bonds to the extent of such Credit Facility, provided the Credit Issuer is not in default in its payment obligations under such Credit Facility.

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**FORM OF PROPOSED BOND COUNSEL OPINION REGARDING
THE SERIES 2025A BONDS**

[Closing Date]

Buffalo Sewer Authority
City Hall Room 1038
Buffalo, New York 14202

Ladies and Gentlemen:

We have acted as Bond Counsel to the Buffalo Sewer Authority (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York (the “State”) created by the Buffalo Sewer Authority Act, being Title 8 of Article 5 of the Public Authorities Law of the State, as amended to the date hereof (the “Act”), in connection with the issuance by the Authority of \$_____ aggregate principal amount of Sewer System Revenue Bonds, Series 2025A (the “Series 2025A Bonds”).

The Series 2025A Bonds are issued under and pursuant to the Act, and under and pursuant to the Amended and Restated Sewer System Revenue Bond Resolution adopted by the Authority on May 26, 2021 (as amended and supplemented, the “General Bond Resolution”), and the Supplemental Sewer System Revenue Bond Resolution, Series 2025A adopted by the Authority on March 12, 2025 (the “Series 2025A Bonds Supplemental Resolution”), authorizing the Series 2025A Bonds (the General Bond Resolution as supplemented by the Series 2025A Bonds Supplemental Resolution being herein called the “Resolution”). All capitalized terms used and not otherwise defined herein shall have the respective meanings given to them in the Resolution.

The Series 2025A Bonds are being issued to finance certain projects, [fund the Series Debt Reserve Fund in connection with the Series 2025A Bonds] and pay the costs of issuing the Series 2025A Bonds.

The Series 2025A Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution. The Authority reserves the right hereafter to issue additional bonds on the terms and conditions, secured and payable, and for the purposes, as provided in the General Bond Resolution.

As Bond Counsel to the Authority, we have examined the validity of the Series 2025A Bonds and certain other matters as expressly set forth below. We have examined the Constitution and statutes of the State, including the Act, certified copies of proceedings of the Authority authorizing the issuance of the Series 2025A Bonds, including the Resolution, and a specimen Series 2025A Bond, and have made such other examination of applicable law and fact as we have considered necessary or appropriate for the purposes of rendering the opinions hereinafter set forth.

The Internal Revenue Code of 1986, as amended (the “Code”) imposes various requirements that must be met at and subsequent to the issuance and delivery of the Series 2025A Bonds in order that interest on the Series 2025A Bonds be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the use of proceeds of the Series 2025A Bonds and the facilities financed by such proceeds, restrictions on the investment of such proceeds and other amounts, the rebate of certain earnings in respect of such investments to the United States, and required ownership by a governmental unit of the facilities financed by the Series 2025A Bonds. Failure to comply with such requirements may cause interest on the Series 2025A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of their issuance irrespective of the date on which such noncompliance occurs. The

Authority has covenanted to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2025A Bonds from gross income under Section 103 of the Code.

Based on the foregoing, and subject to the assumptions and limitations referred to below, we are of the opinion that:

(1) The Authority is a body corporate and politic constituting a public benefit corporation duly created and validly existing under the laws of the State, including the Act.

(2) The Authority has the right and power under the Act to adopt the General Bond Resolution, and the General Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable against the Authority in accordance with its terms, and no other authorization for the General Bond Resolution is required. The Series 2025A Bonds Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the General Bond Resolution and is authorized or permitted by the General Bond Resolution.

(3) The Resolution creates the valid pledge which it purports to create of (a) all Revenues, except for certain moneys or securities on deposit or required to be deposited in the Rebate Fund established pursuant to the Resolution, (b) all moneys or securities (except amounts in the Rebate Fund and any Account of the Construction Fund held by the New York State Environmental Facilities Corporation) on deposit in the Funds and Accounts established pursuant to the Resolution, and (c) all other moneys and securities to be received, held or set aside by the Authority or by any Fiduciary pursuant to the Resolution.

(4) The Authority is duly authorized and entitled to issue the Series 2025A Bonds, and the Series 2025A Bonds have been duly and validly authorized and issued by the Authority in accordance with law, including the Act, and in accordance with the Resolution. The Series 2025A Bonds constitute valid and binding obligations of the Authority as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Act and of the Resolution. The Series 2025A Bonds are special obligations of the Authority, payable solely from the funds of the Authority as provided in the Resolution. Under the Act, the Series 2025A Bonds shall not constitute a debt of the State, or the City of Buffalo, and neither the State, nor the City of Buffalo shall be liable thereon. All conditions precedent to the delivery of the Series 2025A Bonds have been met.

(5) Under existing law, and assuming compliance with certain covenants described herein, and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Authority, interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2025A Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code; however, interest on the Series 2025A Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code.

In rendering the foregoing opinions, we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2025A Bonds from gross income under Section 103 of the Code. In the event of the inaccuracy or incompleteness of any such representation, certifications of fact or statements of reasonable expectation, or of the failure by the Authority to comply with any such covenants, the interest on the Series 2025A Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance and delivery of the Series 2025A Bonds, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2025A Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of

a Series 2025A Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

(6) Under the existing law, interest on the Series 2025A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other federal, state or local tax consequences with respect to the Series 2025A Bonds, except as stated in paragraphs (5) and (6) above. Our opinion speaks as of its issue date and does not contain or provide any opinion or assurance regarding the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service. We express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Series 2025A Bonds from gross income for federal income tax purposes.

The opinions expressed in paragraphs (1) through (4) above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights, and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforceability is considered in a proceeding in equity or at law. Furthermore, no opinion is expressed as to the availability of any particular remedy.

We express no opinion as to the accuracy, adequacy, sufficiency or completeness of the Official Statement (or any update or amendment thereof or supplement thereto) of the Authority relating to the Series 2025A Bonds, or any other financial or other information that has been or may be supplied to purchasers or prospective purchasers of the Series 2025A Bonds.

This letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred.

This letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this letter to reflect any action hereafter taken or not taken, or any facts or circumstances, or changes in law or in interpretations thereof, that may hereafter occur, or for any other reason.

Very truly yours,

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”), dated _____, 2025, by and between the Buffalo Sewer Authority (the “Authority”) and Manufacturers and Traders Trust Company, as Trustee (the “Trustee”), is in connection with the issuance by the Authority of its \$_____ aggregate principal amount of “Sewer System Revenue Bonds, Series 2025A” (the “Bonds”). The Bonds are being issued pursuant to the “Amended and Restated Sewer System Revenue Bond Resolution” of the Authority, duly adopted by the Authority on May 26, 2021 (as amended and supplemented, the “General Bond Resolution”), and the “Supplemental Sewer System Revenue Bond Resolution,” duly adopted by the Authority on March 12, 2025 (the “Supplemental Resolution”; the General Bond Resolution, as supplemented by the Supplemental Resolution and as further amended and supplemented from time to time in accordance with the terms thereof shall be referred to herein as the “Resolution”). Capitalized terms used in this Agreement that are not defined in this Agreement shall have the respective meanings ascribed thereto in the Resolution. Pursuant to the Resolution, the parties hereto agree as follows:

Section 1. Purpose; Beneficiaries. This Agreement is entered into solely to assist the Participating Underwriter (defined below) in complying with subsection (b)(5) of the Rule (defined below). This Agreement constitutes a written undertaking for the benefit of the beneficial owners (within the meaning of the Rule) of the Bonds (such beneficial owners being sometimes referred to herein as the “owners”).

Section 2. Definitions. The following words and terms used in this Agreement shall have the following respective meanings:

- (a) “Annual Report” shall mean any Annual Report that is provided by the Authority to the Trustee, that is consistent with the requirements of Sections 3 and 4 of this Agreement.
- (b) “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York, New York, Wilmington, Delaware, or other such appropriate place of payment are authorized or obligated by law, regulation or executive order to remain closed.
- (c) “EMMA” shall mean the MSRB’s Electronic Municipal Market Access system, or its successor as designated by the MSRB.
- (d) “MSRB” shall mean the Municipal Securities Rulemaking Board.
- (e) “Official Statement” shall mean the Official Statement of the Authority dated [____], 2025, prepared and disseminated by the Authority in connection with the issuance and sale of the Bonds.
- (f) “Participating Underwriter” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.
- (g) “Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Agreement, including any official interpretation thereof.

(h) “SEC” shall mean the United States Securities and Exchange Commission.

Section 3. Provision of Annual Reports. The Authority shall provide to the Trustee the Annual Report with respect to each fiscal year of the Authority, commencing with fiscal year ended June 30, 2025, by no later than 210 business days after the end of the respective fiscal year. The Trustee shall submit such Annual Report to EMMA as the sole repository for the central filing of electronic disclosure pursuant to the Rule, in each case within 5 business days after receipt by the Trustee.

Upon its submission of the Annual Report to EMMA, the Trustee shall notify the Authority (email being sufficient) that the Annual Report has been submitted to EMMA pursuant to the requirements of this Agreement, and stating the date such Annual Report was submitted by the Trustee to EMMA.

Section 4. Content of Annual Report. The Annual Report shall include updated versions of the following financial information and operating data as contained in the Official Statement, for each respective fiscal year of the Authority, as follows:

- (i) The annual audited financial statements of the Authority for the preceding fiscal year, which may be combined in a single report. The financial statements of the Authority are required to be prepared in accordance with generally accepted accounting principles applicable to the Authority, except as may otherwise be required by State law. If the audited financial statements of the Authority are not available as of the date, as required herein, for the submission of the Annual Report, the unaudited financial statements of the Authority shall be included as part of the Annual Report. Thereafter, promptly upon completion of the audited financial statements of the Authority, the audited financial statements of the Authority shall be submitted to EMMA.
- (ii) The Comprehensive Annual Financial Report of the Authority, which shall include, without limitation, the following tables as set forth in the Official Statement:
 - a. Table #2 Authority Departments and Employees
 - b. Table #3 Employees and Spouses Receiving Retirement Benefits
 - c. Table #4 Total Benefit Expenses of the Authority, Last Five Fiscal Years
 - a. Table #5 Source of Service Area Flow to the Bird Island Plant, Last Ten Fiscal Years Including the 10-Year Average Percentage
 - d. Table #6 Service Contracts with the Outside Districts
 - e. Table #7 Number of Sewer Customers by Type, Last Ten Fiscal Years
 - f. Table #8 Ten Largest Authority Customers
 - g. Table #13 Revenue from Sewer Rents Based on Assessed Valuation, Last Five Fiscal Years
 - h. Table #14 Revenue from Sewer Rents Based on Water Use, Last Five Fiscal Years
 - i. Table #21 Operating Revenues: Charges for Services by Source, Last Ten Fiscal Years

- j. Table #22 Changes in Fund Balance, Governmental Funds, Last Ten Fiscal Years
- k. Table #23 Coverage Ratio Calculations, Last Ten Fiscal Years
- l. Table #24 Days Cash on Hand, Last Ten Fiscal Years (annually only)
- m. Table #25 Operating Expenses, Last Ten Fiscal Years
- n. Table #27 Five Year Capital Plan; and
- o. Table #28 Debt Service Schedule

Any or all of the items that must be included in the Annual Report may be incorporated by reference to other documents that have been submitted to EMMA, including official statements delivered in connection with other financings issued by, or on behalf of, the Authority or related public entities thereof. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference.

The Authority's annual financial statements for each fiscal year shall consist of the statement of net position, statement of activities, balance sheet and the related statements of revenue, expenditures and changes in fund balances prepared in accordance with generally accepted accounting principles applicable to the Authority, except as may otherwise be required by State law. Such financial statements shall be audited by a firm of certified public accountants appointed by the Authority.

The Trustee is disseminating the Annual Report and the other notices referenced herein at the direction of the Authority, and (i) has no duty or responsibility as to the legal correctness or accuracy of the form or content of said Annual Report or notices or any other information provided pursuant to this Agreement, and (ii) has no duty to determine if the Annual Report, notices or other information provided pursuant to this Agreement complies with the terms of this Agreement.

All documents submitted to EMMA shall be accompanied by identifying information as prescribed by the MSRB. If the Annual Report has not been submitted to EMMA by the filing deadline set forth in Section 3, above, the Authority shall submit, or cause the Trustee to submit, to EMMA a notice substantially in the form of Exhibit A.

Section 5. Reporting of Listed Events. The Authority shall direct the Trustee, in writing, to file with EMMA notice of the occurrence of any of the following events with respect to the Bonds, which notice shall be completed in a timely manner, not in excess of ten business days after the occurrence of the applicable event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;

- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of security holders if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the Bonds if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the Authority;
- (m) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect Bondholders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (l), above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority. For purposes of the events identified in subparagraphs (o) and (p), above, the term “financial obligation” means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged

as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii).

All documents submitted to EMMA shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Enforceability of the Agreement; Termination. To the extent permitted by law, the provisions of this Agreement are enforceable against the Authority and the Trustee in accordance with the terms hereof by any owner of a Bond, including, without limitation, any beneficial owner acting as a third party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Trustee). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Authority and the Trustee and to compel the Authority and the Trustee and any of their officers, agents or employees to perform and carry out their duties under such provisions of this Agreement; provided, however, that the sole remedy for a violation of this Agreement shall be limited to an action to compel specific performance of the obligations of the Authority and the Trustee under this Agreement and shall not include any rights to monetary damages. This Agreement shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer in effect, whichever occurs first.

Section 7. Amendments. This Agreement may be amended, changed or modified by the parties hereto, without the consent of, or notice to, any owners of the Bonds, (a) to comply with, or conform to, the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to establish with the Trustee any necessary or desirable compliance provisions or procedures, (c) to add to the covenants of the Authority or the Trustee for the benefit of the owners of the Bonds, (d) to modify the content, presentation and format of the annual financial information, as included in the Annual Report, from time to time, as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertaking of the Authority in this Agreement responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clauses (a), (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and the Authority shall have delivered to the Trustee an opinion of counsel to this effect, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Authority or the Trustee (such as the firm serving at the time as bond counsel to the Authority) or by the vote or consent of the Registered Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment, which consent shall be obtained as provided in this Agreement with respect to consents of Registered Owners. Any amendment, change or modification to this Agreement shall be in writing and signed by the parties hereto. All fees, costs and expenses (including reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment, modification or supplement shall be payable by the Authority.

If this Agreement is amended with respect to the annual financial information to be submitted by the Authority hereunder, the annual financial information containing the amended financial information will explain, in narrative form, the reasons for the amendment and the impact of the

change in the type of financial information being provided. If this Agreement is amended with respect to the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and the financial statements or information prepared on the basis of the former accounting principles. Such comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison will also be quantitative. The Authority shall direct the Trustee to submit notice of any change in the accounting principles to EMMA as promptly as practicable after such change has been determined.

Section 8. Disclaimer. The Authority shall not be required to file any information regarding matters other than those specifically described in Sections 3, 4 and 5 hereof, nor shall any such filing constitute a representation by the Authority or raise any inference that no other material events have occurred with respect to the Authority or the Bonds or that all material information regarding the Authority or the Bonds has been disclosed. The Authority shall have no obligation under this Agreement to update information provided pursuant to this Agreement except as specifically required hereby.

Section 9. Resolution. Any failure by the Authority or the Trustee to perform in accordance with this Agreement shall not constitute an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of an Event of Default shall not apply to any such failure.

Section 10. Duties, Immunities and Liabilities of the Trustee. The Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement, and the Authority hereby agrees to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the cost and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct in the performance of its duties hereunder. The obligations of the Authority pursuant to this Section 9 shall survive resignation or removal of the Trustee and payment of the Bonds.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

Nothing in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder.

The Trustee shall be entitled to compensation for its services as have been separately agreed to pursuant to that certain fee agreement, dated as of December 17, 2024, and executed by or on behalf of the Authority, the provisions of which are hereby incorporated by reference, which compensation shall be paid by the Authority. Such compensation is intended for the Trustee's services as contemplated by this Agreement.

The terms of this paragraph shall survive termination of this Agreement and/or the earlier resignation or removal of the Trustee.

Section 11. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York and applicable law of the United States of America.

Section 13. Jurisdiction. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Erie County in the State of New York, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 14. Merger. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Trustee is a party, will be and become the successor to the Trustee under this Agreement and will have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance of any further act.

Section 15. Severability. If a court of competent jurisdiction declares any provision hereof invalid, it will be ineffective only to the extent of such invalidity, so that the remainder of the provision and of this Agreement will continue in full force and effect.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

BUFFALO SEWER AUTHORITY

By: _____

MANUFACTURES AND TRADERS TRUST
COMPANY, as Trustee

By: _____

EXHIBIT A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Buffalo Sewer Authority
 Name of Bond Issue: Sewer System Revenue Bonds, Series 2025A
 Name of Obligated Person: Buffalo Sewer Authority
 Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the Buffalo Sewer Authority (the “Authority”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated _____, 2025, between the Authority and Manufacturers and Traders Trust Company, as trustee (the “Trustee”).

DATED _____, 20__

 Manufacturers and Traders Trust Company,
 as Trustee

cc: Buffalo Sewer Authority

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

Concurrently with the issuance of the Series 2025A Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Debt Service Reserve Insurance Policy relating to the Series 2025A Bonds (the “Reserve Policy”) in the form attached hereto as Exhibit A.

The Reserve Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.spglobal.com/en. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation by buy, sell or hold the Series 2025A Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2025A Bonds. BAM does not guarantee the market price or liquidity of bonds (including the Series 2025A Bonds), nor does it guarantee that the rating on bonds (including the Series 2025A Bonds) will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will be similarly made available when published.

BAM makes no representation regarding the Series 2025A Bonds or the advisability of investing in the Series 2025A Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with regard to the accuracy of the information regarding BAM, supplied by BAM and represented in this Appendix G.

EXHIBIT A

Specimen Municipal Bond Debt Service Reserve Insurance Policy



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY (SA)

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

Effective Date: _____

BONDS: [Bonds]

Termination Date: The earlier to occur of (i) the date on which the Bonds are no longer outstanding under the Security Documents and (ii) _____ [date]

MAXIMUM POLICY LIMIT: \$ _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “**Business Day**” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. “**Debt Service Reserve Agreement**” means the Debt Service Reserve Agreement, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time. “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “**Nonpayment**” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “**Notice**” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy or other acceptable electronic delivery, from and signed by the Trustee or the Paying Agent, which notice shall be in a form and substance satisfactory to BAM and shall specify and include (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions, (e) the date such claimed amount becomes or became Due for Payment, (f) representations and agreements regarding the assignment and subrogation rights of BAM, and (g) such other provisions as BAM may reasonably require. A form of such Notice can be obtained from BAM upon request. “**Owner**” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof,

except that “Owner” shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. “**Policy Limit**” means the lesser of (i) Maximum Policy Limit set forth above and (ii) the dollar amount of the debt service reserve fund (or the portion thereof) required to be maintained for the Bonds by the Security Documents from time to time (the “Reserve Account Requirement”). The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Reserve Account Requirement applicable to the Bonds, as provided in the Security Documents. “**Security Documents**” means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement or any similar document and any additional or supplemental document executed in connection with the Bonds. “**Term**” means the period from and including the Effective Date until the Termination Date. “**Termination Date**” means the earlier to occur of (i) the date on which the Bonds are no longer outstanding under the Security Documents and (ii) _____ [date].

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL
ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy: 212-235-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the “Policy”), issued by Build America Mutual Assurance Company (“BAM”). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy, or if not defined therein, in the Debt Service Reserve Agreement.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Debt Service Reserve Agreement and, as of the date hereof, the Policy Limit is \$_____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL
ASSURANCE COMPANY

By: _____
Name: _____
Title: _____

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BUFFALO

SEWER AUTHORITY



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