

New Issue-Book-Entry

\$58,035,000*
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
School Facility Refunding Revenue Bonds
(City School District of the City of Buffalo Project),
Series 2023A

Dated: Delivery Date

Due: as shown on inside cover

The Erie County Industrial Development Agency School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2023A (the "Series 2023A Bonds"), are being issued by the Erie County Industrial Development Agency (the "Issuer") to refinance the renovation and/or equipping of certain public school facilities for use by the City School District of the City of Buffalo (the "Buffalo CSD") in accordance with Chapter 605 of the Laws of 2000 of the State of New York, as amended (the "Buffalo Schools Act").

The Series 2023A Bonds will be secured by and issued pursuant to an Indenture of Trust (Series 2009 Project) dated as of November 1, 2009 (the "Original Indenture") between the Issuer and Manufacturers and Traders Trust Company, as trustee, as supplemented and amended by the First Supplemental Indenture of Trust (Series 2009 Project) dated as of April 1, 2013 (the "First Supplemental Indenture"), the Second Supplemental Indenture of Trust (Series 2009 Project) dated as of October 1, 2016 (the "Second Supplemental Indenture"), and the Third Supplemental Indenture of Trust (Series 2009 Project) dated as of November 1, 2023 (the "Third Supplemental Indenture", together with the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture, collectively referred to hereinafter as the "Indenture"), each between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "Trustee").

The Series 2023A Bonds will be special limited obligations of the Issuer payable from amounts due from the Buffalo CSD under an Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2009 (the "Original Installment Sale Agreement"), as amended by a First Amendment to Installment Sale Agreement (Series 2009 Project) dated as of April 1, 2013 (the "First Amendment to Installment Sale Agreement"), as amended by a Second Amendment to Installment Sale Agreement (Series 2009 Project) dated as of October 1, 2016 (the "Second Amendment to Installment Sale Agreement") and as further amended by that certain Third Amendment to Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2023 (the "Third Amendment to Installment Sale Agreement"), together with the Original Installment Sale Agreement, the First Amendment to Installment Sale Agreement and the Second Amendment to Installment Sale Agreement (collectively, the "Installment Sale Agreement"), each between the Issuer and the Buffalo CSD.

The Buffalo CSD's obligation to pay installment purchase payments under the Installment Sale Agreement is executory only to the extent of State Aid appropriated and available to the Buffalo CSD for such payment. Payment of State Aid to the Buffalo CSD is subject to annual appropriation of the State of New York (the "State"). Pursuant to a Third Amended and Restated State Aid Trust Agreement, dated as of May 1, 2022, as amended (the "State Aid Trust Agreement"), among the Buffalo CSD, each Series Trustee (hereinafter defined), the City of Buffalo (the "City") and Manufacturers and Traders Trust Company, as depository bank (the "Depository Bank"), all State Aid made payable to the Buffalo CSD will be deposited into a State Aid Depository Fund with the Depository and, upon appropriation by the Buffalo CSD, such State Aid will be disbursed for the payment of principal and interest on the Series 2023A Bonds, other bonds issued in accordance with Chapter 605 of the Laws of 2000 of the State of New York, as amended (the "Buffalo Schools Act") and other purposes of the Buffalo CSD.

The Series 2023A Bonds are payable solely from (i) the payment of installment purchase payments by the Buffalo CSD under the Installment Sale Agreement and (ii) the pledge of certain funds, including a bond fund, under the Indenture. In the event the Buffalo CSD fails to make an installment purchase payment under the Installment Sale Agreement, it is provided in the Buffalo Schools Act and the Indenture that, upon receipt by the New York State Comptroller (the "State Comptroller") of a certificate from a Series Trustee on behalf of the Issuer as to the amount of such failed payment, the State Comptroller shall withhold any State Aid from the Buffalo CSD payable thereto to the extent of the amount so stated in such certificate as not having been made, and shall immediately pay over to such Series Trustee on behalf of the Issuer the amount so withheld. The obligations of the Buffalo CSD under the Installment Sale Agreement to pay installment purchase payments are not general obligations of the Buffalo CSD or the City and neither the full faith and credit nor the taxing powers of the Buffalo CSD or the City are pledged to the payment of installment purchase payments under such agreement. The obligation of the Buffalo CSD under the Installment Sale Agreement to pay installment purchase payments in any Fiscal Year of the Buffalo CSD constitutes a current expense of the Buffalo CSD for such Fiscal Year and shall not constitute an indebtedness or moral obligation of the Buffalo CSD, the City or the State within the meaning of any constitutional or statutory provision or other laws of the State. The only source of moneys available for the payment of the principal of and interest on the Series 2023A Bonds is installment purchase payments made by the Buffalo CSD under the Installment Sale Agreement to the extent of State Aid appropriated by the State and available to the Buffalo CSD and appropriated by the Buffalo CSD to make such payments, and the intercept by the State Comptroller of State Aid lawfully appropriated by the State and available therefor from time to time for the benefit of the Buffalo CSD. The Series 2023A Bonds are neither a general obligation of the Issuer, nor a debt or indebtedness of Erie County or the State and neither Erie County nor the State shall be liable thereon. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS."

The Series 2023A Bonds will be issued in fully registered form registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See "THE SERIES 2023A BONDS — Registration and Payment — Book-Entry System."

The Series 2023A Bonds will bear interest payable semiannually on the first day of May and the first day of November of each year commencing May 1, 2024, and are not subject to redemption prior to maturity. See "THE SERIES 2023A BONDS — Redemption of the Series 2023A Bonds."

In the opinion of Hodgson Russ LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming compliance with the tax covenants referred to herein, (i) interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2023A Bonds is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that interest on the Series 2023A Bonds is, under existing statutes, exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2023A Bonds. See "TAX MATTERS" herein.

The Series 2023A Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its counsel, Harris Beach PLLC, Buffalo, New York; for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York; and for the Buffalo CSD and the City by the Corporation Counsel of the City of Buffalo. Capital Markets Advisors, LLC serves as independent financial advisor to the Buffalo CSD and the City. It is expected that the Series 2023A Bonds will be available for delivery through the facilities of DTC in New York, New York on or about November __, 2023.

Citigroup
Loop Capital Markets

Dated: _____, 2023

* Preliminary, subject to change

\$58,035,000*
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHOOL FACILITY REFUNDING REVENUE BONDS
(CITY SCHOOL DISTRICT OF THE CITY OF BUFFALO PROJECT),
SERIES 2023A

<u>May 1,*</u>	<u>Principal*</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP Numbers†</u>
2026	\$17,525,000			
2027	\$19,750,000			
2028	\$20,760,000			

* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized by the Issuer or the Underwriters to give any information or to make any representations with respect to the Series 2023A Bonds, other than the information and representations contained in this Official Statement. If given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2023A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Series 2023A Bonds have not been registered under the Securities Act of 1933, as amended, and neither has the Indenture been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Series 2023A Bonds in accordance with applicable provisions of securities laws of the states in which the Series 2023A Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2023A Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Certain information in this Official Statement has been supplied by the Issuer, the Buffalo CSD, the City and other sources that the Issuer and the Underwriters believe are reliable. Neither the Issuer nor the Underwriters guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Issuer or the Underwriters. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Buffalo CSD or the City since the date hereof.

The Issuer assumes no responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions “THE ISSUER” and “NO LITIGATION” (but only with respect to the Issuer), all of which other information has been furnished by others.

The Buffalo Fiscal Stability Authority (“BFSA”) has provided the information contained under the caption “PROGRAM PARTICIPANTS – The Buffalo Fiscal Stability Authority.” The BFSA makes no representation as to the accuracy, completeness or fairness of any other information included in this Official Statement.

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 a part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information.

References in this Official Statement to the Act, the Buffalo Schools Act, the Indenture, the State Aid Trust Agreement, the Installment Sale Agreement, the Ground Lease and the Ground Sublease (each as herein defined) do not purport to be complete. Reference is made to the Act, the Buffalo Schools Act, the Indenture, the State Aid Trust Agreement, the Installment Sale Agreement, the Ground Lease and the Ground Sublease for full and complete details of their respective provisions. Copies of the Indenture, the State Aid Trust Agreement, the Installment Sale Agreement, the Ground Lease and the Ground Sublease are on file with the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including the appendices, must be considered in its entirety.

The contents of this Official Statement are not to be construed as legal, business or tax advice. Prospective investors should consult their own attorneys and business and tax advisors as to legal, business and tax advice. In making an investment decision, prospective investors must rely on their own examination of the terms of the offering of the Series 2023A Bonds, including the merits and risks involved. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any Series 2023A Bonds.

This Official Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the State and the Buffalo CSD and the amount of State Aid paid to the Buffalo CSD, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the Issuer, the Underwriters or the Buffalo CSD that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Buffalo CSD. These forward-looking statements speak only as of the date of this Official Statement. The Issuer, the Underwriters and the Buffalo CSD disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Buffalo CSD’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2023A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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\$58,035,000*
Erie County Industrial Development Agency
School Facility Refunding Revenue Bonds
(City School District of the City of Buffalo Project),
Series 2023A

INTRODUCTION

General

This Official Statement sets forth certain information concerning the issuance and sale by the Erie County Industrial Development Agency (the “Issuer”) of its \$58,035,000* aggregate principal amount of its School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2023A (the “Series 2023A Bonds”). The Series 2023A Bonds will be secured by and issued pursuant to an Indenture of Trust (Series 2009 Project) dated as of November 1, 2009 (the “Original Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee, as supplemented and amended by the First Supplemental Indenture of Trust (Series 2009 Project) dated as of April 1, 2013 (the “First Supplemental Indenture”), the Second Supplemental Indenture of Trust (Series 2009 Project) dated as of October 1, 2016 (the “Second Supplemental Indenture”), and the Third Supplemental Indenture of Trust (Series 2009 Project) dated as of November 1, 2023 (the “Third Supplemental Indenture”, together with the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture, collectively referred to hereinafter as the “Indenture”), each between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Trustee”).

Authorization

The Series 2023A Bonds will be issued pursuant to the Issuer’s enabling legislation, constituting Title I of Article 18-A of the General Municipal Law of the State of New York (the “State”), as amended (enacted into law as Chapter 1030 of the Laws of 1969 of the State), and Chapter 293 of the Laws of 1970 of the State, as amended (collectively, the “Act”); and Chapter 605 of the Laws of 2000 of the State, as amended by Chapter 59 of the Laws of 2003 of the State, as amended by Chapter 421 of the Laws of 2004 of the State, as amended by Chapter 283 of the Laws of 2006 of the State, as amended by Chapter 403 of the Laws of 2008 of the State, as amended by Chapter 492 of the Laws of 2008 of the State, as amended by Chapter 497 of the Laws of 2008 of the State and as amended by Chapter 209 of the Laws of 2009 of the State (collectively, as the same may further be amended, the “Buffalo Schools Act”); and resolutions of the Issuer adopted on September 11, 2002, as amended on October 16, 2002 and on June 11, 2003, and as amended and restated on November 10, 2004, and as further amended on April 11, 2005, June 11, 2007, July 9, 2007, January 17, 2008, October 19, 2009 and May 16, 2011, March 26, 2012, March 25, 2013, May 20, 2015, August 24, 2016, April 28, 2021, April 27, 2022, and October 25, 2023.

Purpose of the Series 2023A Bonds

The Series 2023A Bonds are being issued under the Indenture for the purpose of (i) refunding all of the Outstanding Erie County Industrial Development Agency School Facility Revenue Bonds (City School District of the City of Buffalo Project) 2013A School Facility Revenue Bonds (the “Series 2013A Bonds”), of which \$59,935,000* is currently outstanding and is expected to be refunded; and (ii) financing certain costs of issuance of the Series 2023A Bonds. The Series 2023A Bonds are payable from amounts due from the City School District of the City of Buffalo (the “Buffalo CSD”) pursuant to an Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2009 (the “Original Installment Sale

* Preliminary subject to change.

Agreement”), as amended by a First Amendment to Installment Sale Agreement (Series 2009 Project) dated as of April 1, 2013 (the “First Amendment to Installment Sale Agreement”), as amended by a Second Amendment to Installment Sale Agreement (Series 2009 Project) dated as of October 1, 2016 (the “Second Amendment to Installment Sale Agreement”) and as further amended by that certain Third Amendment to Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2023 (the “Third Amendment to Installment Sale Agreement”), together with the Original Installment Sale Agreement, the First Amendment to Installment Sale Agreement and the Second Amendment to Installment Sale Agreement (collectively, the “Installment Sale Agreement”). See “PLAN OF FINANCING.”

The Program

The Series 2023A Bonds are being issued to refinance a portion of the costs of a comprehensive redevelopment program of the Buffalo CSD’s public schools (the “Program”). The Buffalo Schools Act was enacted to encourage the City of Buffalo (the “City”) and the Buffalo CSD to cooperatively undertake new and innovative ways of renovating, building and financing public schools within the City. The Joint Schools Construction Board (the “JSCB”) was created and empowered for limited specific purposes by an amendment to the City Charter and by resolutions of the Common Council of the City of Buffalo (the “Common Council”) and the Board of Education of the Buffalo CSD (the “Board of Education”). Pursuant to the provisions of the Buffalo Schools Act and the Comprehensive Program Packaging and Development Services Provider Agreement between the JSCB and LPCiminelli, Inc. (formerly known as Louis P. Ciminelli Management Co. Inc.) (the “Program Provider”) dated June 5, 2002 (the “PPDS Agreement”), the Program Provider was selected as the JSCB’s Program Packaging and Development Services Provider (the “PPDS Provider”) to implement the Program. The Program was undertaken as a five-phase program and is now complete. The limited purposes for which the JSCB was created and functioned have been fulfilled by virtue of the Program having been completed and, accordingly, the JSCB, by operation of the relevant sections and provisions of the Buffalo Schools Act and the City Charter, has been dissolved, and the Buffalo CSD and the City stand jointly in place and stead of the JSCB.

Program Financings

On September 16, 2003, the Issuer issued the School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2003 (the “Series 2003 Bonds”) to fund the first phase (“Phase I”) of the Program. The Series 2003 Bonds were refunded in whole from the proceeds of the issuance and sale of the Series 2011B Bonds (herein defined). On December 22, 2004, the Issuer issued the School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2004 (the “Series 2004 Bonds”) in the aggregate principal amount of \$310,125,000 to fund a portion of the costs of the second phase (“Phase II”) of the Program. The Series 2004 Bonds were refunded in whole from the proceeds of the issuance and sale of the Series 2012A Bonds (herein defined). On August 23, 2007, the Issuer issued the School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2007A (the “Series 2007A Bonds”) in the aggregate principal amount of \$180,000,000 to fund the balance of the costs of Phase II and a portion of the costs of the third phase (“Phase III”) of the Program. On February 28, 2008, the Issuer issued the School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2008A (the “Series 2008A Bonds”) in the aggregate principal amount of \$173,225,000 to fund the balance of the costs of Phase III of the Program. The Series 2007A Bonds and the Series 2008A Bonds were refunded in whole from the proceeds of the issuance and sale of the Series 2015A Bonds (hereinafter defined). On November 19, 2009, the Issuer issued the School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2009A (the “Series 2009A Bonds”) in the aggregate principal amount of \$294,905,000 to fund the costs of the fourth phase (“Phase IV”) of the Program. The Series 2009A Bonds were refunded in part from the proceeds of the issuance and sale of the Series 2013A Bonds (herein defined). A portion of the outstanding Series 2009A Bonds were refunded from the proceeds of the issuance and sale of the Series 2016A Bonds. On June 15, 2011, the Issuer issued the School Facility

Revenue Bonds (City School District of the City of Buffalo Project), Series 2011A (the “Series 2011A Bonds”) in the aggregate principal amount of \$165,315,000 to fund the costs of the fifth phase (“Phase V”) of the Program. On May 19, 2021, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2021A (the “Series 2021A Bonds”) in the aggregate principal amount of \$80,320,000 to refund all of the outstanding Series 2011A Bonds. On July 1, 2011, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2011B (the “Series 2011B Bonds”) in the aggregate principal amount of \$112,560,000 to refund all of the outstanding Series 2003 Bonds. On May 19, 2021, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2021B (the “Series 2021B Bonds”) in the aggregate principal amount of \$28,815,000 to refund all of the outstanding Series 2011B Bonds. On April 19, 2012, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2012A (the “Series 2012A Bonds”) in the aggregate principal amount of \$209,540,000 to refund all of the outstanding Series 2004 Bonds, which Series 2012A Bonds were refunded with the proceeds of the Series 2022A Bonds (hereinafter defined). On May 11, 2022, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2022A (the “Series 2022A Bonds”) in the aggregate principal amount of \$71,150,000 to refund all of the outstanding Series 2012A Bonds. On April 25, 2013, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2013A (the “Series 2013A Bonds”) in the aggregate principal amount of \$62,540,000 to refund a portion of the outstanding Series 2009A Bonds, which Series 2013A Bonds will be refunded with the proceeds of the Series 2023A Bonds. On June 24, 2015, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project) Series 2015A (the “Series 2015A Bonds”) in the aggregate principal amount of \$236,975,000 to refund all of the outstanding Series 2007A Bonds and the Series 2008A Bonds. On October 12, 2016, the Issuer issued the School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2016A (the “Series 2016A Bonds”) in the aggregate principal amount of \$133,580,000 to refund a portion of the outstanding Series 2009A Bonds. The remaining Series 2009A Bonds matured on May 1, 2019. The Series 2013A Bonds, the Series 2015A Bonds, the Series 2016A Bonds, the Series 2021A Bonds, the Series 2021B Bonds, Series 2022A Bonds and the Series 2023A Bonds are referred to collectively herein as the “Project Bonds.”

All Outstanding Series 2013A Bonds (the “2013A Refunded Bonds”) are being refunded by the Series 2023A Bonds.*

\$412,625,000* aggregate principal amount of Project Bonds are currently outstanding exclusive of the refunding of the 2013A Refunded Bonds and the issuance of the Series 2023A Bonds. \$411,200,000* principal amount of Project Bonds are anticipated to be outstanding upon the refunding of the 2013A Refunded Bonds and the issuance of the Series 2023A Bonds. The Project Bonds have been issued, or, in the case of the Series 2023A Bonds will be issued, by the Issuer pursuant to the Indenture (each, including the Indenture, being a “Series Indenture,”) and the Series Trustee. All facilities financed by the Project Bonds have been made subject to a separate ground lease or a ground sublease and a separate lease agreement or an installment sale agreement or similar instrument (each such installment sale agreement being a “Series Facilities Agreement”).

Structure of the Series 2023A Bonds

Pursuant to a Ground Lease (Series 2009 Project) dated as of November 1, 2009 (the “Ground Lease”) by and between the City and the Buffalo CSD, as lessors, and the Issuer, as lessee, the City and the Buffalo CSD leased certain educational facilities relating to Phase IV of the Program (collectively, the “Series 2009 Facilities”), other than School #84 (as defined herein), to the Issuer. Pursuant to the Original

* Preliminary subject to change

Installment Sale Agreement, the Issuer sold its leasehold interest in the Series 2009 Facilities (other than School #84) to the Buffalo CSD.

Pursuant to a Lease Agreement dated as of June 1, 2007, as extended by a First Lease Extension Agreement dated as of November 1, 2009, each by and between Erie County, New York, as landlord (the “County”), and the Buffalo CSD, as tenant, the County leased the Erie County Health Care Center for Children #84 (“School #84”) to the Buffalo CSD. Pursuant to a Ground Sublease (Series 2009 Project) dated as of November 1, 2009 (the “Ground Sublease”) by and between the Buffalo CSD, as lessor, and the Issuer, as sublessee, the Buffalo CSD subleased School #84 to the Issuer. Pursuant to the Original Installment Sale Agreement, the Issuer sold its subleasehold interest in School #84 to the Buffalo CSD. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS – Ground Lease”, “– Ground Sublease” and “–Installment Sale Agreement.”

Pursuant to the Indenture, the Issuer will issue the Series 2023A Bonds for the benefit of the Buffalo CSD in order to refund the 2013A Refunded Bonds, and reserves the right, upon the request of the Buffalo CSD, to issue Additional Bonds under the Indenture. To accomplish the refunding of the 2013A Refunded Bonds, a portion of the proceeds from the sale of the Series 2023A Bonds will be deposited into the Escrow Funds (as defined herein) pursuant to the Refunding Escrow Trust Agreements (as defined herein) in order to provide for the defeasance of the 2013A Refunded Bonds. See “PLAN OF FINANCING.”

Security for the Series 2023A Bonds

Principal of and interest on the Series 2023A Bonds will be separately secured by (i) installment purchase payments made by the Buffalo CSD under the Installment Sale Agreement and (ii) the pledge of certain funds, including the Bond Funds established, under the Indenture. In the event the Buffalo CSD fails to make an installment purchase payment under the 2023A Installment Sale Agreement, the Buffalo Schools Act and the Indenture provides that, upon receipt by the New York State Comptroller (the “State Comptroller”) of a certificate from the Trustee on behalf of the Issuer as to the amount of such failed payment, the State Comptroller shall withhold from the Buffalo CSD, New York State building and operating aid (“State Aid”) payable to the Buffalo CSD to the extent of the amount so stated in such certificate as not having been made, and shall immediately pay over to such Series Trustee on behalf of the Issuer the amount so withheld. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid Intercept.” The Buffalo Schools Act further provides that (x) any amount of State Aid so paid by the State Comptroller shall not obligate the State to make, nor entitle the Buffalo CSD to receive, any additional amounts of State Aid, (y) nothing contained in the Buffalo Schools Act shall be deemed to prevent the State from modifying, reducing or eliminating any program or programs of State Aid, and (z) the State shall not be obligated by the terms of the Buffalo Schools Act to maintain State Aid at any particular level or amount.

The Buffalo CSD’s obligation to pay installment purchase payments under the Installment Sale Agreement is executory only to the extent of State Aid appropriated and available to the Buffalo CSD, and appropriated by the Buffalo CSD to the payment of installment purchase payments under the Installment Sale Agreement, and no liability on account thereof shall be incurred by the Buffalo CSD beyond the amount of such State Aid so available and appropriated; *provided, however*, that failure of the Buffalo CSD, for any reason (including a failure by the State or the Buffalo CSD to appropriate State Aid), to make an installment purchase payment under the Installment Sale Agreement is nevertheless deemed a failure to make a payment thereunder for purposes of the Installment Sale Agreement, as well as the Buffalo Schools Act and the State Aid intercept implementing provisions of the Indenture. Payment of State Aid to the Buffalo CSD is subject to annual appropriation of the State. Except to the extent limited as provided above, the obligation of the Buffalo CSD to pay installment purchase payments under the Installment Sale

Agreement and to perform its obligations thereunder shall be absolute and unconditional; and such installment purchase payments and other amounts shall be payable without any rights of setoff, recoupment, counterclaim or deduction and without any right of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee (as applicable), any purchaser of any Series 2023A Bond or any other person and whether or not any or all of the facilities financed or refinanced with the proceeds of the Series 2023A Bonds are used or occupied by the Buffalo CSD or available for use or occupancy by the Buffalo CSD. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS,” “BONDHOLDERS’ RISKS — Additional Series of Project Bonds” and “APPENDIX D — Summary of Certain Provisions of the Installment Sale Agreement.”

The Buffalo CSD, the City, the Trustee, and Manufacturers and Traders Trust Company, as depository bank (the “Depository Bank”), have entered into a Third Amended and Restated State Aid Trust Agreement dated as of May 1, 2022 (the “State Aid Trust Agreement”). In accordance with the State Aid Trust Agreement, the Comptroller of the City (the “City Comptroller”) and the Buffalo CSD have instructed the State Comptroller to pay all State Aid directly to a designated fund (the “State Aid Depository Fund”) held with the Depository Bank. Provided the Buffalo CSD has made an appropriation for the payment of installment purchase payments under the Installment Sale Agreement and Annual Payment Obligations on 2022 MBBA Refunding Bonds (described herein), amounts in the State Aid Depository Fund will be transferred periodically to the Bond Fund established under the Indenture, as appropriate (and to each equivalent fund under each other Series Indenture) toward the payment of the Series 2023A Bonds and other series of Project Bonds outstanding under each other Series Indenture, to the funding of the Annual Payment Obligations on the 2022 MBBA Refunding Bonds and any balance remaining will be transferred to the Buffalo CSD. Amounts in the State Aid Depository Fund will be transferred by the Depository to each Bond Fund periodically on a Ratable Basis from each December 1 until each March 31 of each Fiscal Year (the “Collection Period”) and will be credited against the Buffalo CSD’s obligation to pay its annual installment purchase payments under the Installment Sale Agreement due on April 1 of each year and its Annual Payment Obligations on 2022 MBBA Refunding Bonds. No amounts shall be paid to The Bank of New York Mellon, as trustee for the 2022 MBBA Refunding Bonds until all amounts payable to each Series Trustee have been paid in full. Although the State Aid Trust Agreement requires an immediate transfer of State Aid from the State Aid Depository Fund to each Bond Fund during the Collection Period, amounts held in the State Aid Depository Fund are not subject to the lien of the Indenture, and are not pledged as security for the payment of the Series 2023A Bonds until such amounts have been transferred by the Depository to the Trustee and deposited in the Bond Fund under the Indenture.

Notwithstanding the April 1 Installment Purchase Payment date under the Installment Sale Agreement, the Installment Sale Agreement provides that, if the Buffalo CSD fails to appropriate by November 1, 2024 (or by any subsequent November 1 that the Series 2023A Bonds remain Outstanding), State Aid Revenues in an amount sufficient to pay the Installment Purchase Payment due on the immediately succeeding April 1 (less any amounts on deposit in the Bond Fund and available on such November 1), then: (y) the Buffalo CSD shall promptly deliver written notice of such failure to appropriate to the Issuer or the Trustee, and (z) the next succeeding April 1 payment date for the annual Installment Purchase Payment shall instead be the November 15 immediately preceding such April 1 payment date as if that November 15 were the originally scheduled annual Installment Purchase Payment date; and if for any reason the annual Installment Purchase Payment due on such November 15 is not made by such date, any such failed payment shall constitute a failure to make a payment under the Installment Sale Agreement for purposes thereof, and under the Buffalo Schools Act and the State Aid intercept implementing provisions of the Indenture.

The aggregate of estimated maximum annual Installment Purchase Payments for all Project Bonds outstanding (including the Series 2023A Bonds and excluding the 2013A Refunded Bonds) is \$91.2* million. The amount of State Aid projected, as of September 30, 2023, to be received by the Buffalo CSD in its Fiscal Year ending June 30, 2024, for all funds is \$975.7 million. The amount of State Aid for all funds received by the Buffalo CSD in Fiscal Year 2022-23 was \$895.1 million, and over the past five Fiscal Years from Fiscal Year 2017-18 through and including Fiscal Year 2022-23, the amount of State Aid received for all funds by the Buffalo CSD has averaged approximately \$832.6 million per year.

The amount of State Aid for all funds that was originally expected to be received by the Buffalo CSD under the State’s 2022-23 Enacted Budget was \$897.4 million. The amount of State Aid for all funds that is expected to be received by the Buffalo CSD under the State’s 2023-24 Budget is \$975.7 million and the amount of State Aid for all funds that is included in the Buffalo CSD’s Fiscal Year 2023-24 budget is \$975.7 million. The amount of State Aid for all funds that is expected to be received by the Buffalo CSD under the State’s 2023-24 Enacted Budget will be revised, from time to time, during the Fiscal Year as the Buffalo CSD provides additional information to the State. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid — Approval of the 2022-23 and 2023-24 Budgets of the Buffalo CSD” with respect to the timing of the approval of the Buffalo CSD Fiscal Year 2023-24 Budget. See also “BONDHOLDERS’ RISKS — The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19”.

During the Collection Period from December 1 until March 31 of each of the following Fiscal Years of the Buffalo CSD year, the Buffalo CSD received State Aid receipts for all funds in the following amounts:

COLLECTION PERIOD RECEIPTS

(in millions)

Fiscal Year

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u> ⁽¹⁾
December	77.5	87.1	73.0	71.4	84.8	90.1	79.3
January	142.9	165.2	180.1	118.1	121.2	178.9	221.4
February	68.6	73.5	73.9	102.4	151.0	79.3	69.9
March	<u>203.8</u>	<u>189.8</u>	<u>204.5</u>	<u>211.5</u>	<u>196.0</u>	<u>226.5</u>	<u>213.1</u>
Total	492.8	515.6	531.5	503.4	553.0	574.8	583.7

⁽¹⁾ Projected based on the State’s 2023-24 Enacted Budget.

No assurance can be given that the foregoing amounts of State Aid will continue, or be appropriated by the State in such amounts in future Fiscal Years. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid — *Enacted 2022-23 and 2023-24 State Budgets*” and “PROGRAM PARTICIPANTS — The Buffalo CSD and Board of Education.”

The amount of State Aid paid to the Buffalo CSD is also dependent, in part, upon the financial condition of the State. See “BONDHOLDERS’ RISKS — The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19” and “— Competing Claims to State Aid.” See also “APPENDIX A

* Preliminary subject to change.

— Audited Financial Statements of the Board of Education of the City School District of the City of Buffalo for Fiscal Year Ended June 30, 2023.”

Pursuant to the Indenture, the Issuer has assigned to the Trustee substantially all of its rights under the Installment Sale Agreement, including the right to receive and collect the installment purchase payments payable by the Buffalo CSD thereunder. Pursuant to the Indenture, the Issuer has also pledged and assigned to the Trustee, for the benefit of the holders of the Series 2023A Bonds, substantially all of its right, title and interest in and to State Aid and the funds, monies or securities held under the Indenture, including amounts held in the applicable Bond Funds established therefor.

The Series 2023A Bonds are not subject to optional redemption in accordance with the provisions of the Indenture.

THE SERIES 2023A BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM STATE AID PAYABLE BY THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT, AND THE PLEDGE OF CERTAIN FUNDS INCLUDING THE RELATED BOND FUND UNDER THE INDENTURE. IN THE EVENT THE BUFFALO CSD FAILS TO MAKE AN INSTALLMENT PURCHASE PAYMENT UNDER THE INSTALLMENT SALE AGREEMENT, IT IS PROVIDED IN THE BUFFALO SCHOOLS ACT AND THE INDENTURE THAT, UPON RECEIPT BY THE STATE COMPTROLLER OF A CERTIFICATE FROM THE TRUSTEE ON BEHALF OF THE ISSUER, AS TO THE AMOUNT OF SUCH FAILED PAYMENT, THE STATE COMPTROLLER SHALL WITHHOLD ANY STATE AID FROM THE BUFFALO CSD PAYABLE THERETO TO THE EXTENT OF THE AMOUNT SO STATED IN SUCH CERTIFICATE AS NOT HAVING BEEN MADE, AND SHALL IMMEDIATELY PAY OVER TO THE TRUSTEE ON BEHALF OF THE ISSUER THE AMOUNT SO WITHHELD. THE OBLIGATION OF THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT TO PAY INSTALLMENT PURCHASE PAYMENTS IS NOT A GENERAL OBLIGATION OF THE BUFFALO CSD OR THE CITY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE BUFFALO CSD OR THE CITY ARE PLEDGED TO THE PAYMENT OF INSTALLMENT PURCHASE PAYMENTS UNDER THE INSTALLMENT SALE AGREEMENT. THE OBLIGATIONS OF THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT TO PAY INSTALLMENT PURCHASE PAYMENTS IN ANY FISCAL YEAR OF THE BUFFALO CSD CONSTITUTE A CURRENT EXPENSE OF THE BUFFALO CSD FOR SUCH FISCAL YEAR AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OR MORAL OBLIGATION OF THE BUFFALO CSD, THE CITY OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR OTHER LAWS OF THE STATE OF NEW YORK. THE ONLY SOURCE OF MONEYS AVAILABLE FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2023A BONDS IS INSTALLMENT PURCHASE PAYMENTS MADE BY THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT, TO THE EXTENT OF STATE AID APPROPRIATED BY THE STATE AND AVAILABLE TO THE BUFFALO CSD AND APPROPRIATED BY THE BUFFALO CSD TO MAKE SUCH PAYMENTS, AND THE INTERCEPT BY THE STATE COMPTROLLER OF STATE AID LAWFULLY APPROPRIATED BY THE STATE AND AVAILABLE THEREFOR FROM TIME TO TIME FOR THE BENEFIT OF THE BUFFALO CSD.

Certain capitalized terms used in this Official Statement which are not defined herein shall have the meanings assigned to them in “APPENDIX B — Certain Definitions” or in “APPENDIX G — Summary of Certain Provisions of the State Aid Trust Agreement.”

Brief descriptions of the Issuer, the Series 2023A Bonds, the security for the Series 2023A Bonds, the Program, the refunding of the 2013A Refunded Bonds, the Buffalo CSD, the City and the Buffalo Fiscal Stability Authority (“BFSA”) are set forth below, or in the Appendices hereto. Summaries of certain

financing documents are set forth below or in the Appendices hereto. The summaries do not purport to be complete or definitive, each such summary is qualified in its entirety by reference to each such document for a complete description of all of the terms and provisions thereof, copies of which are on file with, and are available at the offices of the Trustee, and no part of such summaries are to be construed as a representation or a guarantee of the accuracy or completeness by the Issuer, other than the information under the captions, “THE ISSUER” and “NO LITIGATION” (but only with respect to the Issuer).

The Form of the Continuing Disclosure Agreement for the Series 2023A Bonds is set forth in APPENDIX F. The Form of Opinion of Bond Counsel is set forth in APPENDIX E.

THE PROGRAM

Authorization

The Program was developed by the JSCB in conjunction with the Program Provider pursuant to the Buffalo Schools Act, the resolutions of the Board of Education and the Common Council, and the Charter of the City, and encompassed a comprehensive redevelopment program for the reconstruction of existing public schools and the construction of new public schools for the Buffalo CSD. Prior to the Program, few new public schools had been built in the City and many elementary and secondary schools in the City were in need of substantial improvement, renovation and reconstruction. The Buffalo Schools Act was enacted to encourage the City and the Buffalo CSD to cooperatively undertake new and innovative ways of renovating, building and financing public schools within the City.

Program Overview

To date, \$1.304 billion aggregate principal amount of Project Bonds (excluding Project Bonds issued for refunding purposes) have been issued and are dedicated to the Program. Each phase of the Program has been completed. Currently no additional phases are anticipated to be undertaken for the Program.

In September 2003, the Issuer issued its Series 2003 Bonds to provide funds for Phase I of the Program (the “Series 2003 Project”). The Series 2003 Project provided for the general reconstruction of nine school facilities and included site work, exterior and interior building improvements, mechanical and electrical upgrades, and the renovation and improvement of Buffalo CSD’s telecommunications system and an energy program on a district-wide basis. Phase I was completed in April 2005. The Series 2003 Bonds were refunded in whole from proceeds of the sale of the Series 2011B Bonds. The Series 2011B Bonds were refunded in whole from proceeds of the sale of the Series 2021B Bonds.

In December 2004, the Issuer issued its Series 2004 Bonds to provide funds for a portion of the cost of Phase II of the Program (the “Series 2004 Project”). The Series 2004 Project provided for the reconstruction of 13 existing schools, continuation of the construction of the district-wide technology and energy upgrades to create a state-of-the-art educational environment, and renovation of an outdoor sports facility for use district-wide. A portion of the proceeds of the Series 2007A Bonds was applied to finance additional costs relating to Phase II of the Program. Phase II of the Program was completed in July 2008. The Series 2004 Bonds were refunded in whole from proceeds of the sale of the Series 2012A Bonds. The Series 2012A Bonds were refunded in whole from the proceeds of the sale of the Series 2022A Bonds.

In August 2007, the Issuer issued its Series 2007A Bonds to provide funds for a portion of the cost of Phase II of the Program and a portion of the cost of Phase III of the Program (the “Series 2007 Project”). The Series 2007 Project provided for the general reconstruction of four school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology

and energy upgrades begun with the Series 2003 Project. The technology portion of the Series 2004 Project and of the Series 2007 Project included an ongoing program known as E-RATE to renovate and improve the Buffalo CSD's telecommunications system on a district-wide basis. The Series 2007A Bonds were refunded in whole from proceeds of the sale of the Series 2015A Bonds.

In February 2008, the Issuer issued its Series 2008A Bonds to provide funds for the balance of the cost of Phase III of the Program (the "Series 2008 Project"). The Series 2008 Project provided for the general reconstruction of five school facilities including site work, exterior and interior building improvements and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2008 Project included E-RATE to renovate and improve the Buffalo CSD's telecommunications system on a district-wide basis. These improvements are designed to deliver the flexible educational spaces, instructional technology and social support necessary to enhance student achievement. Phase III of the Program is complete. The Series 2008A Bonds were refunded in whole from proceeds of the sale of the Series 2015A Bonds.

In November 2009, the Issuer issued its Series 2009A Bonds to provide funds for Phase IV of the Program (the "Series 2009 Project"). The Series 2009 Project provided for the general reconstruction of ten school facilities, including site work, exterior and interior building improvements and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2009 Project includes expanded security cameras and an access control system on a district-wide basis. These improvements were designed to deliver the flexible educational spaces, instructional technology and social support necessary to enhance student achievement. Phase IV of the Program was completed in June of 2013. The Series 2009A Bonds were refunded in part from proceeds of the sale of the Series 2013A Bonds and from the proceeds of the sale of the Series 2016A Bonds. All of the 2013A Refunded Bonds are expected to be refunded from the proceeds of the sale of the Series 2023A Bonds.

In July 2011, the Issuer issued its Series 2011A Bonds to provide funds for Phase V of the Program (the "Series 2011A Project"). The Series 2011A Project provided for the general reconstruction of seven school facilities, including site work, exterior and interior building improvements and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2011A Project includes the creation of data server hubs for the Buffalo CSD at two school locations and improved network technology and access on a district-wide basis. Phase V of the Program is complete. The Series 2011A Bonds were refunded in whole from proceeds of the sale of the Series 2021A Bonds.

PROGRAM PARTICIPANTS

The City

The City was incorporated in 1832 and operates under a Charter adopted in 2001 that was based on a substantial revision of a Charter adopted in 1927 pursuant to the home-rule laws of the State. In its Charter, the City adopted the strong Mayor-Council form of government. The Mayor, as chief executive officer, is the head of the Executive Department and oversees all administrative functions. The Common Council performs all legislative duties.

The City is responsible for and maintains police, fire, sanitation and water services, streets and several parks and playgrounds. Although the City is also responsible, in large measure, for the financing of local primary and secondary educational expenditures, the Board of Education of the Buffalo CSD, comprised of independently elected members, administers the City's school system.

The Mayor, elected by general election for a four-year term and eligible to succeed himself, has the power to appoint and remove the non-elected heads of City departments, boards, commissions and agencies.

The fiscal affairs of the City are the responsibility of the City Comptroller, who is elected by the general electorate to a four-year term and is eligible to succeed himself. The City Comptroller supervises the debt management function and the temporary investment of monies for both the City and the Buffalo CSD. The City Comptroller has the power to prevent any additions to the adopted operating or capital budget of the City by refusing to sign the required certificate of necessity.

The legislative body of the City is the Common Council. In addition to the legislative power to adopt local laws, ordinances and resolutions, the Common Council has the specific power to override the Mayor's veto of any ordinance or local law approved by the Common Council, and to review and approve the operating and capital budgets and most mayoral appointments.

The City Charter requires that the Mayor, on or before May 1 of each year, submit a proposed budget to the Common Council which must be in balance and prepared in accordance with generally accepted accounting principles ("GAAP"). In addition, on or before May 1, under the BFSA Act, the City and the Buffalo CSD, as a Covered Organization (as such terms are defined below) are each required to submit a balanced budget and four-year financial plan to the BFSA for its review. On May 22, 2023, Common Council voted to amend and pass the City's budget for the 2024 Fiscal Year. On May 1, 2023, the Mayor submitted the proposed budget to the Common Council. On June 14, 2023, the City and the Buffalo CSD submitted the budget and four-year financial plan to the BFSA. See "— The Buffalo Fiscal Stability Authority — *BFSA Review of Financial Plans and Budgets*" below.

The Buffalo Fiscal Stability Authority

In May 2003, the State declared a state of fiscal crisis with respect to the City and on July 3, 2003, the Governor signed into law Chapter 122 of the Laws of 2003 of the State, as amended from time to time (the "BFSA Act"), creating the BFSA. The BFSA is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation with a broad range of financial control and oversight powers over the City. Such oversight includes reviewing and commenting on the terms of any proposed borrowing by the City and certain non-exempted "Covered Organizations" (as defined in the BFSA Act and include, among others, the Buffalo CSD).

The BFSA is governed by a board of nine directors, seven of which are appointed by the Governor of the State. Of the seven directors appointed by the Governor, one must be a resident of the City, one is to be appointed following the recommendation of the State Comptroller, and one is to be appointed on the joint recommendation of the Temporary President of the Senate and the Speaker of the Assembly. The Mayor of the City and the County Executive serve as ex officio directors. The Governor designates the Chairperson and Vice Chair from among the directors. Five directors constitute a quorum.

The BFSA Act provides that the BFSA shall have different financial control and oversight powers depending upon whether the City's financial condition causes it to be in a "control period" or an "advisory period." Pursuant to the BFSA Act, an advisory period may not begin until the BFSA has determined that: "(a) for each of the three immediately preceding City Fiscal Years, the City has adopted and adhered to budgets covering all expenditures, other than capital items, the results of which did not show a deficit, without the use of any BFSA assistance as provided for within the BFSA Act, when reported in accordance with generally accepted accounting principles, and; (b) the City Comptroller and the State Comptroller jointly certify that securities were sold by the City during the immediately preceding City fiscal year in the general public market and that there is a substantial likelihood that such securities can be sold by the City in the general public market from such date through the end of the next succeeding City fiscal year in amounts that will satisfy substantially all of the capital and cash flow requirements of the City during that period in accordance with the four-year financial plan then in existence." On May 29, 2012, the BFSA made a determination that all provisions of the BFSA Act with respect to transitioning into an advisory

period had been met and resolved to enter into an advisory period effective July 1, 2012. An advisory period shall continue through June 30, 2037, unless a control period is re-imposed.

Under the BFSA Act, the BFSA began its existence during a City control period, which means that the BFSA commenced operation with its maximum authorized complement of financial control and oversight powers, as described below. Under an advisory period, the BFSA operates with a reduced set of financial oversight powers and responsibilities. After an advisory period has been established, a control period may be re-imposed on the City upon a determination that a fiscal crisis is imminent or that any of the following events has occurred or that there is a substantial likelihood and imminence of its occurrence: (a) the City shall have failed to adopt a balanced budget, financial plan or budget modification as required by Sections 3856 and 3857 of the BFSA Act; (b) the City shall have failed to pay the principal of or interest on any of its bonds or notes when due; (c) the City shall have incurred an operating deficit of one percent or more in the aggregate results of operations of any major fund of the City or a Covered Organization during its fiscal year assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles, subject to the provisions of the BFSA Act; (d) the Chief Fiscal Officer's certification at any time, at the request of the BFSA or on the Chief Fiscal Officer's initiative, which certification shall be made from time to time as promptly as circumstances warrant and reported to the BFSA, that on the basis of facts existing at such time such officer could not make the certification described in subdivision one of Section 3851 of the BFSA Act; or (e) the City shall have violated any provision of the BFSA Act.

During an advisory period, the BFSA is empowered, among other things, (i) to review the operation, management, efficiency and productivity of City operations and of any Covered Organization's operations, and to make reports and recommendations thereon; (ii) to review and comment on the budget, financial plan and financial plan modifications of the City and any of the Covered Organization's; (iii) to audit compliance with the City and any of the Covered Organization's financial plans; (iv) to review and comment on the terms of any proposed borrowing, including the prudence of each proposed issuance of bonds or notes by the City; (v) to assess and comment on the impact of any collective bargaining agreement to be entered into by the City; and (vi) to impose a control period upon making one of the statutory findings. See “– The Buffalo Fiscal Stability Authority – *BFSA Review of Financial Plans and Budgets*” below for additional information.

While currently under an advisory period, a control period could be re-imposed in the event of the occurrence of certain events as described above. During a control period, the BFSA would be empowered, among other things, (i) to approve or disapprove contracts, including collective bargaining agreements to be entered into by the City or any Covered Organization, binding or purporting to bind the City or any Covered Organization; (ii) to approve or disapprove the terms of borrowings by the City and Covered Organizations; (iii) to approve, disapprove or modify the City's financial plans and take any action necessary in order to implement the financial plan should the City or any Covered Organization fail to comply with any material action necessary to fulfill the plan, including issuing binding orders to the appropriate local officials; (iv) to set a maximum level of spending for any proposed budget of any Covered Organization; (v) to impose a wage or hiring freeze, or both, with respect to employees of the City or any Covered Organization; (vi) to review the operation, management, efficiency and productivity of the City and any Covered Organization; and (vii) upon a determination that no condition exists which would permit imposition of a control period to terminate the control period.

BFSA Review of Financial Plans and Budgets

The BFSA entered into an advisory period effective July 1, 2012. The BFSA is empowered under an advisory period to review and comment on the budget and financial plans of the City and the Covered Organizations. If the BFSA determines that the financial plan is complete and complies with the standards

set forth in the BFSA Act, the BFSA shall make a certification to the City setting forth revenue estimates agreed to by the BFSA in accordance with such determination. In the event the BFSA disagrees with elements of the financial plan as provided for within the BFSA Act, the BFSA shall provide notice thereof to the City, with copies to the Director of the Budget, the State Comptroller, the Chair of the Assembly Ways and Means Committee and the Chair of the Senate Finance Committee, if in the judgment of the BFSA, such financial plan: (i) is incomplete; (ii) fails to contain projections of revenues and expenditures that are based on reasonable and appropriate assumptions and methods of estimation; (iii) fails to provide that the operations of the City and the Covered Organizations will be conducted within the cash resources available; or (iv) fails to comply with the provisions of the BFSA Act or other requirements of law. The BFSA Act requires that the Financial Plan be considered as a whole including the City and all Covered Organizations under the BFSA Act. See “– The Buffalo Stability Authority – *BFSA Oversight Actions*” below for additional information.

BFSA Debt Issuances

The BFSA has the power to issue bonds and notes for various City purposes, including the restructuring of a portion of the City’s outstanding debt. Pursuant to the BFSA Act, such bonds or notes are payable from City tax revenues, Buffalo CSD tax revenues and State Aid revenues. City tax revenues consist of the portion of the net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County, currently at the rate of 4.75%, that are payable to the City under the local sales tax agreement among the City, the County and the cities of Lackawanna and Tonawanda (the “Local Sales Tax Agreement”) authorized by Section 1262(c) of the State Tax Law on the sale and use of tangible personal property and services in the County (the “Local Sales Tax”). The BFSA Act requires the County to impose the Local Sales Tax at a rate of no less than 3% through the period ending June 30, 2037. Under the Local Sales Tax Agreement, the City is presently entitled to receive a pro rata share, on the basis of population, of (i) an amount equal to 10.0087% of the net collections from such 3%, which is shared among the City, Lackawanna and Tonawanda, and (ii) an amount equal to 25.6858% of the net collections from such 3%, which amount is shared among the City, Lackawanna, Tonawanda and the towns within the County. In addition, pursuant to Section 1262-q of the State Tax Law, as amended, during the period beginning January 1, 2007, through and including November 30, 2023, the County is required to allocate to the cities and towns within the County the first \$12.5 million of any net collections from the additional 1% of sales and compensating use taxes authorized by Section 1210(i)(4) of the State Tax Law, which allocation must be made in the manner and proportion required by the Local Sales Tax Agreement, and therefore result in additional City sales tax revenues of approximately \$5.7 million. The Buffalo CSD tax revenues consist of the portion of the County’s net collections from the Local Sales Tax that is payable to the Buffalo CSD by the County pursuant to Section 1262(a) of the State Tax Law. The Buffalo CSD presently receives a pro rata share, on the basis of average daily attendance of public school pupils who are residents of the County, of an amount equal to 29.0% of the net collections from such 3%, which amount is shared among all school districts with territory in the County.

State Aid revenues consist of all general purpose local government aid, emergency financial assistance to certain cities, emergency financial assistance to eligible municipalities, supplemental municipal aid, and any successor type of aid and any new aid appropriated by the State as local government assistance for the benefit of the City, which are paid or payable to the BFSA pursuant to the BFSA Act, except as otherwise prescribed by the State Legislature. BFSA bonds and notes are not secured by or payable from State Aid and the BFSA has no lien on or right to receive State Aid.

The BFSA has issued five series of bonds on behalf of the City and Buffalo CSD in a total aggregate principal amount of \$156.6 million. As of October 1, 2023, a total of \$0.3 million of such bonds is outstanding. The original bonds (Series 2004A, 2005A, 2005B&C, 2006A and 2007A) were issued to finance or refinance capital projects for the City and Buffalo CSD. In relation to each of such five series,

the City issued and sold to BFSA corresponding general obligation bonds which were purchased by BFSA with the proceeds of its own bonds.

BFSA AMOUNTS BORROWED ON BEHALF OF THE CITY (000's Omitted)

<u>Calendar Year Issued</u>	<u>Amount Outstanding at October 1, 2023</u>	<u>Series</u>	<u>Interest Rate</u>	<u>Final Maturity</u>
2015	\$320	2015A	5.0%	2025

Source: Buffalo Fiscal Stability Authority

BFSA Oversight Actions Related to the City's 2023-24 Fiscal Year

On May 1, 2023, the City submitted to BFSA the 2024-27 four-year financial plan that included the City of Buffalo, the Buffalo Urban Renewal Agency, and the Buffalo Municipal Housing Authority, along with the proposed City 2023-24 budget for review and determination whether the financial plans were complete and complied with the standards set forth in the BFSA Act §3857, subd. 2. The 2024-27 four-year financial plan excluded the individual financial plan of the Buffalo CSD. The BFSA reviewed the 2024-27 financial plan on May 17, 2023, and on June 5, 2023, declared such plan to be incomplete. The BFSA furthermore required the City to submit supporting documentation and/or reasonable underlying assumptions for certain revenue estimates, to submit a revised City of Buffalo Recovery Plan that provided adequate resources for federal stimulus for revenue loss as included in the proposed City 2023-24 budget and related four-year financial plan, and to submit the Buffalo CSD 2024-27 financial plan upon completion. Such items were to be submitted no later than June 12, 2023. On June 21, 2023, the BFSA reviewed the City's adopted 2023-24 budget and again found the 2024-27 financial plan to be incomplete; the BFSA again required the City to submit supporting documentation and/or reasonable underlying assumptions for certain revenue estimates, to submit a revised City of Buffalo Recovery Plan that provided adequate resources for federal stimulus for revenue loss as included in the proposed City 2023-24 budget and related four-year financial plan, and to submit the Buffalo CSD 2024-27 financial plan upon completion, no later than June 30, 2023. The City submitted the final 2024-27 financial plan on July 7, 2023, which contained the financial plan of the Buffalo CSD, and reviewed such financial plan on July 26, 2023. The BFSA contingently approved the 2024-27 financial plan based on approval of the draft revised City of Buffalo Recovery Plan, which had been submitted to the City of Buffalo Common Council but had not yet been acted upon. This contingency was resolved on July 27, 2023, upon approval of the revised City of Buffalo Recovery Plan by the City of Buffalo Common Council.

On July 26, 2023, the BFSA reviewed a proposed labor agreement between the Buffalo Municipal Housing Authority (BMHA) and the American Federation of State, County, and Municipal Employees, Local 264, representing approximately 6 managerial members, 46 white-collar members, and 52 blue-collar members; additionally a labor agreement with Local 17-S International Union of Operating Engineers, representing approximately 18 members, was reviewed. The total estimated cost for these agreements over the 2024-27 financial plan is \$4.7 million; a draft financial plan modification is to be completed by BMHA. On October 5, 2023, the BFSA reviewed a proposed labor agreement between the City and the American Federation of State, County, and Local Municipal Employees, AFL-CIO, Local 2651, representing approximately 51 building inspectors. Total incremental costs of the contract are estimated at \$3.4 million over the 2024-27 financial plan; no modified financial plan was required. Also on October 5, 2023, BFSA reviewed and commented on the proposed 2024 City capital budget and related five-year capital plan.

In accordance with the BFSFA Act, for so long as an advisory period shall remain in effect, the City and the non-exempted Covered Organizations are required to submit their budget modifications to the BFSFA to address changing expenditures and revenue projections.

BFSFA Oversight Actions Related to the City's 2022-23 Fiscal Year

On May 2, 2022, the City submitted to BFSFA the 2023-26 four-year financial plan that included the City of Buffalo and Covered Organizations, along with the proposed City 2022-23 budget, for review and determination whether the financial plans were complete and complied with the standards set forth in the BFSFA Act § 3857, subd. 2. On May 18, 2022, BFSFA reviewed the 2023-26 financial plan; no action was taken on this date. On May 20, 2022, the City's 2022-23 budget was adopted, as amended, and was further modified on June 14, 2022; a revised City 2023-26 financial plan was subsequently submitted to BFSFA. On June 22, 2022, the BFSFA found the 2023-26 financial plans of the Buffalo CSD, the Buffalo Urban Renewal Agency and the Buffalo Municipal Housing Authority to be complete and compliant with the BFSFA Act. The BFSFA found the City's financial plan to be complete and compliant with the BFSFA Act, contingent on the appropriate filing and subsequent approval of a revised City of Buffalo Recovery Plan. Such City of Buffalo Recovery Plan was found to be inconsistent with the 2023-26 City financial plan, resulting in a shortfall in revenue estimates in the financial plan for federal stimulus funding for revenue replacement estimated at \$36.4 million. On December 6, 2022, as such revision had not been completed or filed, the BFSFA declared the City's 2023-26 financial plan to be incomplete and out of balance by an adjusted amount of \$38.5 million and required the submission of a revised City of Buffalo Recovery Plan or other planned actions as necessary to balance the financial plan no later than January 16, 2023. As of March 8, 2023, neither a revised City Recovery Plan nor other planned actions to balance the financial plan had been submitted. No further action was taken by BFSFA on this date as the City conveyed that such submission is pending.

On June 22, 2022, the BFSFA reviewed a proposed labor agreement between the City and the American Federation of State, County and Municipal Employees, AFL-CIO, Local 264, representing approximately 612 blue-collar employees. The total estimated cost for this agreement over the 2023-26 financial plan is \$16.6 million; these increased costs were included in the financial plan and therefore no modification was required. Also on June 22, 2022, the BFSFA reviewed a proposed labor agreement between the Buffalo CSD and the Professional, Clerical, and Technical Employees' Association, representing approximately 519 budgeted white-collar employees and security officers. The total estimated cost for this agreement over the 2023-26 financial plan is \$14.6 million; these increased costs were included in the financial plan and therefore no modification was required. On July 19, 2022, the BFSFA reviewed a proposed labor agreement between the Buffalo CSD and the Buffalo Council of Supervisors and Administrators, representing approximately 278 budgeted union administrator positions. The total estimated cost for this agreement over the 2023-26 financial plan is \$27.1 million; no financial plan modification was required. On September 21, 2022, the BFSFA reviewed a proposed labor agreement between the Buffalo CSD and the International Union of Operating Engineers, Local 409, representing approximately 58 budgeted custodial until service workers. The total estimated cost for this agreement over the 2023-26 financial plan is \$22.1 million; no financial plan modification was required. Also on September 21, 2022, BFSFA reviewed a proposed labor agreement between the Buffalo Urban Renewal Agency (BURA) and the Civil Service Employees Association, Local 1000, AFSCME, AFL-CIO, Local 815, representing approximately 29 budgeted positions; with the exception of negotiated salary increases, the terms of this labor contract are extended to exempt employees. The total estimated cost for this agreement over the 2023-26 financial plan is \$1.5 million. A modified financial plan was submitted in conjunction with the proposed labor agreement and was reviewed by BFSFA and was determined to be complete and compliant with the standards set forth in the BFSFA Act § 3857, subd. 2. On December 6, 2022, BFSFA reviewed and commented on the proposed 2023 capital budget and related five-year capital plan. The final 2023 capital budget along with the proposed 2023 capital borrowing were reviewed and commented on by BFSFA on March 8, 2023.

On April 24, 2023, the Buffalo CSD entered into a collective bargaining agreement (“CBA”) with the Buffalo Teachers Federation without first providing the prospective agreement to BFSA in order to assess the fiscal impact of the CBA to the City. The Buffalo CSD has taken the position that during an advisory period, the Buffalo CSD has no obligation to provide its tentative CBA’s to BFSA before they are ratified. BFSA disagrees. Because BFSA believes that these agreements have a “significant impact on the City’s long-term fiscal condition” (BFSA Act §3859(1)(e)), it remains BFSA’s position that the submission of any tentative CBA’s is required under the Act. This is true regardless of whether an advisory period or a control period is in effect. This issue between BFSA and BCSD remains unresolved.

In accordance with the BFSA Act, for so long as an advisory period shall remain in effect, the City and the non-exempted Covered Organizations are required to submit their budget modifications to the BFSA to address changing expenditures and revenue projections.

BFSA Oversight Actions Related to the City’s 2021-22 Fiscal Year

On April 30, 2021, the City submitted to BFSA the 2022-25 four-year financial plan that included the City of Buffalo and Covered Organizations, along with the proposed City 2021-22 budget, for review and determination whether the financial plans were complete and complied with the standards set forth in the BFSA Act § 3857, subd. 2. On May 19, 2021, BFSA found the 2022-25 financial plan of the Buffalo CSD, the Buffalo Urban Renewal Agency and the Buffalo Municipal Housing Authority to be compliant with the BFSA Act. The BFSA found the City’s financial plan to be incomplete and required the submission of certain supporting documentation and underlying assumptions to support the revenue projections. The City submitted a revised four-year financial plan on June 1, 2021, and on June 21, 2021, the BFSA found the revised financial plan to be compliant with the BFSA Act.

On June 21, 2021, the BFSA reviewed a proposed labor agreement between the Buffalo CSD and the Buffalo Educational Support Team, representing approximately 565 budgeted teacher aides, 386 budgeted teaching assistants, and 7 budgeted healthcare aides. The BFSA required that a modified 2022-2025 financial plan be submitted as the cumulative estimated costs of the contract of approximately \$22.1 million were not reflected in the plan. On August 12, 2021, the BFSA reviewed a proposed labor agreement between the Buffalo CSD and the Buffalo Association of Substitute Administrators (BASA), representing approximately 20 budgeted positions for substitute administrators, and also reviewed a proposed labor agreement with the Transportation Aides of Buffalo, New York State Substitute Teachers (TAB), representing approximately 370 budgeted bus aides. The total General Fund cumulative four-year estimated costs of these contracts were \$886,000 and \$3.4 million for BASA and TAB, respectively. The BFSA previously required the submission of a modified financial plan at its June 21, 2021 meeting; the BFSA further required the modified plan reflect the impact of these agreements. The BFSA accepted the District Superintendent’s request to submit a modified financial plan by November 30, 2021. On September 27, 2021, the BFSA reviewed a proposed labor agreement between the Buffalo CSD and the American Federation of State, County and Municipal Employees, Local 264, AFL-CIO, representing approximately 55 blue-collar employees with 67 positions having been budgeted. The total General Fund cumulative four-year estimated cost of this contract is \$2.6 million; a modification to the Financial Plan was required as necessary. On October 15, 2021, the BFSA reviewed a Memorandum of Understanding between the District and the American Federation of State, County and Municipal Employees, Local 264, AFL-CIO, representing approximately 388 active food service workers. The four-year Food Service Fund cumulative estimated cost of the contract is \$3.0 million. A modification to the Financial Plan was required as necessary. The BFSA did not review a labor contract between the Buffalo CSD and the Substitutes United of Buffalo, representing the substitute teachers, as the Buffalo Board of Education ratified the agreement prior to the BFSA having an opportunity to receive and consider BFSA’s comments. On December 15, 2021, the BFSA reviewed a 2022-2025 modified financial plan as submitted by the District and found such modified financial plan to be compliant with the BFSA Act. Also on December 15, 2021, the 2022 proposed

capital budget and related five-year capital plan of the City was reviewed and commented on by the BFSA. On February 16, 2022, the BFSA reviewed a proposed labor agreement between the Buffalo Urban Renewal Agency and the Civil Service Employees Association, Local 1000, AFSCME, AFL-CIO, Local 815, representing approximately 27 employees with certain terms extended to 8 exempt employees; no financial plan modification was required. Also on February 16, 2022, the BFSA reviewed a modified City of Buffalo 2022-2025 financial plan and found the modified financial plan to be compliant with the BFSA Act. BFSA reviewed and commented on terms of the City's proposed 2022 capital borrowing on February 16, 2022.

In accordance with the BFSA Act, for so long as an advisory period shall remain in effect, the City and the non-exempted Covered Organizations are required to submit their budget modifications to the BFSA to address changing expenditures and revenue projections.

BFSA Oversight Actions Related to the City's 2020-21 Fiscal Year

On May 1, 2020, the City submitted to BFSA the respective 2020-21 budgets and 2021-24 four-year financial plans of the City and Covered Organizations for review and determination whether the financial plans were complete and complied with the standards set forth in the BFSA Act § 3857, subd. 2. On May 20, 2020, BFSA found the 2021-24 financial plan to be incomplete noting, and accepting, the Mayor's commitment for the submission of a revised financial plan. An alternative spending model was submitted on May 22, 2020. On June 17, 2020, the BFSA found the revised financial plan dated May 22, 2020, and budget adopted on June 4, 2020, to be incomplete and recommended a revised financial plan be submitted. No revised financial plan was submitted. On June 24, 2020, the BFSA reviewed a deficiency note transaction as proposed by the City of Buffalo. Also on June 24, 2020, the BFSA required the City to submit a final budget and financial plan to reflect the final adopted budget as well as modifications required to reflect the deficit note. The City submitted a final budget and financial plan on June 30, 2020, which was reviewed by BFSA on July 20, 2020. BFSA staff presented findings from the review of this item to the Board of Directors, which included the identification of various uncertain revenue estimates including federal stimulus, New York State Aid and Tribal State Compact (i.e., casino) revenue, among other revenue and expenditure projections. A proposed resolution which would have determined that the financial plan did not comply with standards of the BFSA Act failed because BFSA had three board vacancies, one board member was unavailable to attend, and the Mayor abstained from the vote. The BFSA Board of Directors subsequently approved a resolution authorizing copies of 1) the draft resolution on the financial plan, which had failed to be adopted, along with a notation for the reason it had failed, 2) the City's adopted budget and financial plan, 3) the Mayor's letter of June 30, 2020 and 4) the BFSA's staff report, be transmitted to the Mayor, the State Director of the Budget, the State Comptroller, the Chair of the Assembly Ways and Means Committee, and the Chair of the Senate Finance Committee. Such transmission occurred July 21, 2020.

On August 3, 2020, the BFSA reviewed and commented on the Buffalo Municipal Housing Authority's proposed capital fund housing revenue bonds, Series 2020. On December 17, 2020, the 2021 proposed capital budget and related five-year capital plan of the City was reviewed and commented on by the BFSA. On March 25, 2021, the BFSA reviewed a financial plan modification submitted by the Buffalo Urban Renewal Agency for the additional \$11.7 million of planned spending of additional monies provided through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and found such modification to be compliant with the BFSA Act. On March 29, 2021, the City submitted the proposed terms of the General Improvement Serial Bonds Series 2021B (the "Series 2021B Bonds") to BFSA. On April 12, 2021, the BFSA reviewed and commented on the Series 2021B Bonds.

The BFSA has provided the information contained in this section of the Official Statement entitled "— The Buffalo Fiscal Stability Authority." The BFSA has not reviewed nor makes any representation as to the accuracy, completeness or fairness of any other information included in this Official Statement.

The Buffalo CSD and Board of Education

The Buffalo CSD is dependent on funding from the City, the County, the State and the federal government. It is governed by an independently elected nine-member Board of Education and operates pursuant to the New York State Education Law (the “Education Law”). The administration of the schools is the responsibility of the Superintendent of Schools who is appointed by the Board of Education of the Buffalo CSD. The school system operates 20 secondary schools, 37 elementary and intermediate schools, and two special schools. There are 21 charter schools with pupils from the City that operate independently from the Buffalo CSD. All Charter Schools receive the same per pupil tuition rate for City resident pupils, regardless of their location.

The following table sets forth information relating to the size of the school system.

SIZE OF BUFFALO SCHOOL SYSTEM Fiscal Year Ended June 30,

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽⁴⁾</u>
Enrollment	33,290	30,850	30,441	30,500	29,778
Schools ⁽¹⁾	61	59	59	59	60
Instructional Staff ⁽²⁾	3,626	3,643	3,648	3,595	3,854
Administrative Personnel ⁽²⁾	258	255	247	262	303
Non-Certified Personnel ⁽²⁾⁽³⁾	1,523	1,504	1,537	1,607	1,890

Source: Buffalo CSD, Finance Office.

⁽¹⁾ Includes active schools (with student enrollment), swing schools (with temporary enrollment) and schools under reconstruction

⁽²⁾ Paid from Buffalo CSD General, Grants and Food Service Funds

⁽³⁾ Includes clerical, custodial, transportation, maintenance, instructional aides, exempt personnel and other full-time non-certified personnel

⁽⁴⁾ Staff projected as of September 30, 2023

Charter Schools

Pursuant to the Charter Schools Acts, the Buffalo CSD is required to pay a State-set tuition rate to charter schools that enroll students residing in the City. Charter school enrollment of City resident pupils increased from 3,100 students in the 2003-04 school year to 10,332 in 2022-23 school year and is projected for budgeting purposes to be 11,100 in 2023-24. As of September 30, 2023, the projected enrollment for 2023-24 remains at 11,100. Two charter schools originally expected to close in 2021-22 have remained open, and are expected to remain open at least through the 2023-24 school year. Moreover, Brick Buffalo Academy Charter School opened as of July 1, 2023 and has a projected enrollment of 162 pupils. Also, Buffalo Collegiate Charter School closed at the end of 2022-23 and it is assumed many of those pupils will be absorbed by other local charter schools. The increases in Charter enrollment have been attributable through the availability of new seats, continued growth of enrollment in existing charter schools and with Brick, additional Charter Schools. In 2003-04, the amount of charter school funding was \$8,434 per student (including \$7,934 for basic tuition, plus an estimated additional \$500 for special education funding) for a total of approximately \$26.4 million. The funding rate for Fiscal Year 2022-23 was \$14,267 per student (including \$13,417 for basic tuition, plus an estimated \$850 for special education funding). Total payments were \$136.8 million, \$144.5 million, and \$150.9 million in Fiscal Years 2020-21, 2021-22, and 2022-23 respectively. The budgeted amount for Fiscal Year 2023-24 is \$159.2 million. The current funding rate for Fiscal Year 2023-24 is estimated to be \$14,816 per student (including \$13,966 for basic tuition, plus an estimated \$850 for special education funding). Pursuant to State Education Department (“SED”) regulations, school districts, including the Buffalo CSD, are eligible for an annual apportionment equal to the amount of the supplemental basic tuition paid to charter schools in the base year for the expenses

incurred in the 2020-21, 2021-22 and 2022-23 school years. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid.”

On March 31, 2021, the Buffalo Board of Education voted to not renew the charters of Westminster Community Charter School (“Westminster”) and Enterprise Charter School (“Enterprise”), which had been the only two charter schools sponsored by the Buffalo CSD. The non-renewal was due to relatively poor student performance. It was anticipated that both schools would close in June 2021, with Westminster becoming a Buffalo CSD school starting in 2021-22 and Enterprise students being offered seats in existing Buffalo CSD schools. However, both schools initiated litigation in an attempt to remain open, and the litigation was ultimately settled allowing both schools to remain open through 2023-24, and set performance goals that must be met to remain open beyond 2023-24. For 2023-24, Westminster’s projected enrollment is 550, with a tuition expense of \$8.1 million and Enterprise’s projected enrollment is 430 pupils, with a tuition expense of \$6.4 million.

In response to an audit from the Office of the State Comptroller of New York (“OSC”), the Buffalo CSD Board withheld cash payments to certain charter schools in 2019-20 and 2020-21 amounting to \$6.0 million related to prior year overpayments of special education tuition. The Buffalo CSD recorded these amounts on its balance sheet as a liability, pending a decision from New York State Education Department (“NYSED”) and OSC on whether the Buffalo CSD may reduce current year payments to recover prior year’s overpayments. Some charter schools have filed aid intercept requests for the return of these overpayments claiming current legislation does not allow school districts to recover prior year overpayments from charter schools. As of October 16, 2023, NYSED has accepted the aid intercept requests from eight charter schools, which is a decrease of approximately \$1.64 million in aid to the Buffalo CSD. These intercepts are accounted for by reducing the \$6 million liability on the Buffalo CSD’s balance sheet. See “— New York State Education Department” below and “BONDHOLDERS’ RISKS — Competing Claims to State Aid — Contingent Claims — Charter School Delinquencies.”

Under legislation enacted in 2015, there are 96 remaining charters that may be issued in the State, all of which are outside of New York City. Accordingly, enrollment in charter schools is expected to increase through a combination of newly approved schools opening and grade evolution within existing charter schools; however increases may be offset with potential charter closings. New charter schools are not subject to Buffalo CSD approval. It is unclear how these requirements will be interpreted by the Board of Regents (the body vested with responsibility for determining and formulating State education policy) and what effect such requirements will have on the establishment of additional charter schools. However, if an entity, such as a national chartering entity, wants to open a charter school in New York State, it must be opened outside of New York City. New York City is closed to charter schools. See “— New York State Education Department” below and “BONDHOLDERS’ RISKS — Competing Claims to State Aid — Contingent Claims — Charter School Delinquencies.”

Revenues

The Buffalo CSD’s general fund operations, for its 2022-23 Fiscal Year, were funded 7.02% from the City, 0.49% from the federal government, 84.05% from State Aid, 5.93% from an allotment of County sales tax revenues and 2.51% from other sources of revenue. The Buffalo CSD received \$56.9 million in sales tax revenues for 2021-22, and \$59.9 million for 2022-23. The total amount of State Aid the Buffalo CSD received for all funds during the 2021-22 Fiscal Year was \$833.2 million and \$895.1 million for 2022-23.

The Buffalo CSD completed its Fiscal Year ended June 30, 2023, with revenues and other financing sources exceeding expenditures and other financing uses by \$50.9 million determined in accordance with GAAP. This compares with revenues and other financing sources exceeding expenditures and other

financing uses by \$11.9 million in 2022 and revenues and other financing sources exceeding expenditures and other financing uses by \$46.7 million in 2021. The Buffalo CSD's General Fund fund balance at June 30, 2023, was \$375.5 million, compared to General Fund balance of \$324.6 million at June 30, 2022, and \$312.7 million at June 30, 2021. At June 30, 2023, the non-spendable fund balance for inventory was \$1.25 million; the restricted fund balance for judgments and claims, unemployment insurance and stabilization was \$30.8 million; the assigned fund balance of \$192.1 million consists of amounts appropriated for the 2023-24 budget, capital needs, prior year claims, other post-employment benefits, health insurance, continuation of programs in expiring grants, and encumbrances. There is no committed fund balance. Unassigned fund balance was \$151.3 million.

The Buffalo CSD depends on substantial financial assistance from the State. The Buffalo CSD received \$783.0 million of State Aid for all funds in Fiscal Year 2020-21 and \$833.2 million in Fiscal Year 2021-22. During 2020-21, the Buffalo CSD received \$8.8 million in State revenues that were originally reserved for as potential State Aid reductions as of June 30, 2020. During 2020-21, the Buffalo CSD received \$8.8 million in State revenues that were originally reserved for as potential State Aid reductions as of June 30, 2020. For Fiscal Year ending June 30, 2023, the Buffalo CSD received \$895.1 million of State Aid for all funds. For the current Fiscal Year ending June 30, 2024, the Buffalo CSD budgeted \$975.7 million of State Aid receipts for all funds, and as of September 30, 2023, projects to receive approximately \$975.7 million by the close of such Fiscal Year. This projection is based upon the sum of: (i) a \$918.8 million apportionment to the Buffalo CSD for operations and maintenance expenses, (ii) \$55.1 million in projected receipts of State grant funding and (iii) \$1.8 million in projected receipt of food service funding. No assurance can be given that State Aid for all funds actually received by the Buffalo CSD in its 2023-24 Fiscal Year will equal the amounts estimated above.

The Buffalo CSD 2021-22 adopted budget included \$29.7 million in Federal Aid under the CARES Act, which offset a corresponding State Aid reduction in that amount. The Buffalo CSD received \$27.9 million in revenues from these federal funds during 2020-21, \$0.7 million in 2021-22 and \$0.8 million was received during 2022-23.

Pursuant to the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, Buffalo CSD expects to receive approximately \$89.2 million in additional federal disaster relief funds starting with its 2021-22 Fiscal Year. Further, pursuant to the American Rescue Plan (ARP), Buffalo CSD expects to receive \$200.4 million in additional federal disaster relief funds starting with its 2021-22 Fiscal Year. These funds are expected to be supplemental in nature, and not result in any reduction in State Aid. The application for the \$89.2 million CRRSA Act (ESSER 2) grant was submitted to, and approved by, the State as of October 2021, and the \$200.4 million ARP Act (ESSER 3) application was submitted to the State and was approved in February 2022. Total revenues under these funding sources in the 2021-22 Fiscal Year amounted to \$28.2 million and \$16.4 million respectively. Total revenues under these funding sources in the 2022-23 Fiscal Year amounted to \$60.9 million and \$92.4 million respectively. As of September 30, 2023, a total of \$111.4 million in spending is budgeted for the 2023-24 Fiscal Year in both to these grants. Funding under CRRSA expired September 30, 2023 and funding under ARP is scheduled to expire in September 30, 2024.

The amount of State Aid to school districts, including Buffalo CSD is dependent in part upon the financial condition of the State. The 2019-20 and 2020-21 State budgets provided the Governor with the ability to make mid-year aid cuts if State revenues or expenditures missed certain thresholds; that unilateral authority was removed in the 2021-22 State budget and not included in future year State budgets. Due to the outbreak of COVID-19 in 2020, the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. In 2020-21, the State reduced State Aid to the Buffalo CSD by \$29.7 million utilizing the CARES Act revenues to offset those cuts. In the 2021-22 State Budget, the \$29.7 million State Aid cuts

were restored, to the Buffalo CSD. The CRRSA and ARP federal stimulus revenues are not anticipated to be required to offset any State Aid cuts at this time.

Based on the State’s 2023-24 Enacted Budget for Fiscal Year 2023-24, the Buffalo CSD anticipates it will receive initially a total amount of \$975.7 million in State Aid for all funds, which represents an increase of \$80.6 million from the \$895.1 million State Aid for all funds received in Fiscal Year 2022-23. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid — Approval of the 2022-23 and 2023-24 Budgets of the Buffalo CSD.”

See generally, “PROGRAM PARTICIPANTS — The Buffalo Fiscal Stability Authority,” “— The Buffalo CSD and Board of Education — *Review of the 2023-24 Budget of the Buffalo CSD*,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid” and “BONDHOLDERS’ RISKS — BFSA Review of Financial Plans and Budgets.”

Employee Contracts

Nine employee contracts of the eleven bargaining units representing the employees of the Buffalo CSD are in place for the 2023-24 Fiscal Year, as shown in the chart below.

The following chart describes the Buffalo CSD unions, approximate number of employees represented, and the present agreement expiration dates. The number of employees is effective as of September 30, 2023.

<u>Unions</u>	<u>Number of Employees⁽¹⁾</u>	<u>Expiration Dates</u>
BTF (Teachers)	3,737	06/30/26
BCSA (Administrators)	295	06/30/26
PCTEA (White Collar)	476	06/30/26
Local 264 (Blue Collar)	62	06/30/25
Local 264 (Cook Managers)	25	06/30/26
Local 264 (Food Service)	Variable	06/30/27
BEST (Teachers’ Aides & Assistants)	945	06/30/25
SUBSTITUTES UNITED (Substitute Teachers)	Variable	06/30/25
BASA (Substitute Administrators)	Variable	06/30/25
TRANSPORTATION AIDES (Bus Aides)	Variable	06/30/24
Local 409 (Engineers)	36	06/30/26
Trades	39	N/A
Exempt (includes Board)	50	N/A

Source: Buffalo CSD, Finance Department.

⁽¹⁾ Includes General, Grants and Food Service Funds, as of September 30, 2023.

⁽²⁾ As of September 30, 2023, the Buffalo City School District has settled contracts with all Bargainig Units.

Pursuant to the BFSA Act, during a Control Period, the BFSA is empowered to impose a wage and/or hiring freeze with respect to employees of the City or any Covered Organization and to review and approve or disapprove any collective bargaining agreement to be entered into by the City or any Covered Organization. In accordance with the foregoing powers, on April 21, 2004, the BFSA adopted a general wage freeze resolution which, as of April 22, 2004, froze the wages of all City employees and employees of any non-exempted Covered Organizations at their current levels. In recognition of the City’s improved fiscal health the BFSA lifted this wage freeze effective July 1, 2007, which allowed for a one step increase on employees’ salary schedule.

Pensions and Post-Retirement Obligations

The Buffalo CSD provides post-retirement healthcare benefits to former employees. These benefits are both funded on a pay as you go basis. It is the Buffalo CSD's practice to fund actual claims paid and accrual an incurred but not reported liability at the end of each Fiscal Year. For the 2022-23 Fiscal Year the Buffalo CSD paid \$117.7 million for both active and retired employees. The Enacted budget for 2023-24 appropriates \$121.8 million for both active and retired employees for the Buffalo CSD.

Under the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" (GASB 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 ("UAAL") under GASB Statement No. 45.

The Buffalo CSD had an actuarial evaluation performed in accordance with GASB 75 that disclosed an accrued OPEB liability of \$1.799 billion as of June 30, 2023. There is no current requirement to fund the future OPEB obligation; however the Buffalo CSD assigned \$70 million of fund balance in Fiscal Year 2022-23 for such obligation.

Actuarial valuations will be required every two years since the Buffalo CSD has OPEB plans with more than 200 members. Should the Buffalo CSD be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Buffalo CSD's finances and could force the Buffalo CSD to reduce services, force the City to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Buffalo CSD to partially fund their actuarial accrued OPEB liability.

New York State Education Department

The management, regulation and funding of the Buffalo CSD is subject to the review of the New York State Education Department (the "SED"). The SED has also determined State Building Aid reimbursement for improvements to school facilities undertaken in accordance with the Program. The SED is the administrative agency of the Board of Regents (the "Board of Regents") of the University of the State of New York (the "University"). The Board of Regents was established by an act of the State Legislature in 1784 and is vested with constitutional responsibility for determining and formulating State educational policy. The University, over which the Board of Regents presides, is a corporation authorized to charter, review and regulate educational institutions and activities within the State.

The University encompasses all State educational programs, from kindergarten through graduate and professional schools and includes libraries, museums and other related cultural and educational institutions as may be admitted to the University or incorporated by the Regents. It consists of more than 7,000 elementary and secondary public and private schools and approximately 250 independent and public colleges and universities.

THE ISSUER

The Erie County Industrial Development Agency (the "Issuer") is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State. The Series 2023A Bonds are authorized and issued by the Issuer under the provisions of the Constitution and Laws of the State, particularly the Act and the Buffalo Schools Act.

The Issuer is comprised of 19 voting members. The following are the members of the Board of Directors of the Issuer as of November 1, 2023:

Brenda McDuffie	Michael Hughes	Honorable Howard Johnson
Richard Lipsitz	Tyra Johnson	
Denise Abbott	Honorable Brian Kulpa	
Honorable Diane Benczkowski	Glenn Nellis	
Reverend Mark Blue	Honorable Mark Poloncarz	
Honorable Byron Brown	Honorable Darius Pridgen	
James Doherty	Sister Denise Roche	
Honorable Joseph Emminger	Kenneth Schoetz	
Dottie Gallagher	Paul Vukelic	

THE SERIES 2023A BONDS ARE NEITHER A GENERAL OBLIGATION OF THE ISSUER, NOR A DEBT OR INDEBTEDNESS OF ERIE COUNTY OR THE STATE OF NEW YORK AND NEITHER ERIE COUNTY NOR THE STATE OF NEW YORK SHALL BE LIABLE THEREON. THE SERIES 2023A BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM STATE AID PAYABLE BY THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT, AND THE PLEDGE OF CERTAIN FUNDS INCLUDING THE BOND FUND UNDER THE INDENTURE. IN THE EVENT THE BUFFALO CSD FAILS TO MAKE AN INSTALLMENT PURCHASE PAYMENT UNDER THE INSTALLMENT SALE AGREEMENT, IT IS PROVIDED IN THE BUFFALO SCHOOLS ACT AND THE INDENTURE THAT, UPON RECEIPT BY THE STATE COMPTROLLER OF A CERTIFICATE FROM THE TRUSTEE ON BEHALF OF THE ISSUER AS TO THE AMOUNT OF SUCH FAILED PAYMENT, THE STATE COMPTROLLER SHALL WITHHOLD ANY STATE AID FROM THE BUFFALO CSD PAYABLE THERETO TO THE EXTENT OF THE AMOUNT SO STATED IN SUCH CERTIFICATE AS NOT HAVING BEEN MADE, AND SHALL IMMEDIATELY PAY OVER TO THE TRUSTEE ON BEHALF OF THE ISSUER THE AMOUNT SO WITHHELD. THE ISSUER HAS NOT VERIFIED, REVIEWED OR APPROVED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT OTHER THAN INFORMATION SET FORTH UNDER “THE ISSUER” AND “NO LITIGATION” (BUT ONLY WITH RESPECT TO THE ISSUER) HEREIN.

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PLAN OF FINANCING*

The Series 2023A Bonds are being issued, and the proceeds used, for the purpose of: (i) refunding all of the 2013A Refunded Bonds; and (ii) financing certain costs of issuance of the Series 2023A Bonds.

The 2013A Refunded Bonds being refunded from the proceeds of the Series 2023A Bonds will mature, or be redeemed prior to maturity, in the respective principal amounts on the redemption dates and at the Redemption Prices as set forth below:

Maturity Date (May 1,)	Principal Amount	Coupon	Redemption Date*	Redemption Price	CUSIP Numbers ⁽¹⁾
2024	\$310,000	5%	February 22, 2024	100%	29509PJQ3
2025	330,000	5	February 22, 2024	100	29509PJR1
2026	18,785,000	5	February 22, 2024	100	29509PJS9
2027	19,750,000	5	February 22, 2024	100	29509PJT7
2028	20,760,000	5	February 22, 2024	100	29509PJU4

* Preliminary, subject to change

⁽¹⁾ Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of such series of bonds and the Issuer and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of such series of bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of such series of bonds.

To accomplish the refunding of the 2013A Refunded Bonds, a portion of the proceeds from the sale of the Series 2023A Bonds will be deposited into a separate trust fund (the "Series 2013A Escrow Fund") created under the Series 2013A Refunding Escrow Trust Agreement dated as of November 1, 2023 (the "Series 2013A Refunding Escrow Trust Agreement"), by and among the Issuer, the Buffalo CSD and Manufacturers and Traders Trust Company, as escrow agent (the "Series 2013A Escrow Agent") providing for the defeasance of the Series 2013A Bonds.

Pursuant to the Series 2013A Refunding Escrow Trust Agreement, the Escrow Agent (a) will redeem the 2013A Refunded Bonds following the deposit of Series 2023A Bond proceeds with the Escrow Agent, (b) will agree to send a defeasance notice relating to the 2013A Refunded Bonds as directed in the Series 2013A Refunding Escrow Trust Agreement, and (c) will agree to call the 2013A Refunded Bonds for redemption on February 22, 2024* (the "Redemption Date"). The moneys so deposited in the Series 2013A Escrow Fund will be held in cash and used to acquire Defeasance Obligations (as defined in the Indenture), the principal and interest on which when due, together with the amount held in cash and uninvested, will provide moneys sufficient to pay the principal or Redemption Price and interest accrued and to accrue on the Series 2013A Refunded Bonds on the Redemption Date.

* Preliminary subject to change.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount of Series 2023A Bonds
Original Issue [Premium/Discount]
Other Monies⁽¹⁾

Total Sources of Funds

Uses of Funds

Escrow Fund Deposits
Costs of Issuance⁽²⁾

Total Uses of Funds

⁽¹⁾ Includes funds released from the Bond Fund established under the Series 2013A Indenture, and other funds related thereto.

⁽²⁾ Includes fees and expenses of underwriters' discount and certain other costs.

THE SERIES 2023A BONDS

General

The Series 2023A Bonds will be issued in fully registered form without coupons. The Series 2023A Bonds will be dated, mature on the respective dates and in the respective principal amounts, and bear interest payable on the dates and at the respective annual rates, as set forth on the inside cover page.

Interest on the Series 2023A Bonds will be payable on each Interest Payment Date and will be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding anything herein to the contrary, the interest rate borne by the Series 2023A Bonds will not exceed the maximum permitted by, or enforceable under, applicable law.

The principal or Redemption Price of the Series 2023A Bonds will be payable at the principal corporate trust office of the Trustee in Buffalo, New York. Interest on the Series 2023A Bonds will be payable to the person whose name appears on the registration books of the Trustee as the registered owner thereof on the Record Date next preceding the Interest Payment Date (i) by check or draft mailed on the Interest Payment Date to the registered owner or (ii) by wire transfer on the Interest Payment Date to any owner of at least \$1 million in aggregate principal amount of the Series 2023A Bonds, upon written notice provided by the owner to the Trustee not later than five (5) days prior to the Record Date for such interest payment (which request will remain in effect until revoked); except that, if and to the extent there exists a default in the payment of the interest due on any Interest Payment Date with respect to the Series 2023A Bonds, the defaulted interest will be paid to the owners in whose names the Series 2023A Bonds are registered at the close of business on a special record date to be fixed by the Trustee, which date will not be more than fifteen (15) nor less than ten (10) days next preceding the date of payment of the defaulted interest. Interest payments made by check or draft will be mailed to each owner at his or her address as it appears on the registration books of the Trustee on the Record Date or at such other address as he or she may have filed with the Trustee for that purpose and appearing on the registration books of the Trustee on the applicable Record Date. Wire transfer payments of interest will be made at such wire transfer address as the owner will specify in his or her notice requesting payment by wire transfer.

Exchange of Series 2023A Bonds

The holders of any Series 2023A Bonds may surrender the same, at the principal corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Series 2023A Bonds of any of the authorized denominations of the same Series, maturity and maturities as the Series 2023A Bond or Series 2023A Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Series 2023A Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Series 2023A Bonds to be redeemed, or (ii) transfer or exchange any Series 2023A Bonds selected, called or being called for redemption in whole or in part.

Transfer of Series 2023A Bonds

The Series 2023A Bonds are transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the principal corporate trust office of the Trustee by the registered owner thereof in person, or by his duly authorized attorney-in-fact, upon surrender of such Series 2023A Bond (together with a written instrument of transfer in the form appearing on such Series 2023A Bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15), and thereupon a new fully registered Series 2023A Bond in the same aggregate principal amount and maturity and same Series will be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Buffalo CSD, the applicable Bond Registrar, and the Trustee may deem and treat the person in whose name a Series 2023A Bond is registered as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price thereof and interest due thereon and for all other purposes whatsoever.

Redemption of the Series 2023A Bonds

The Series 2023A Bonds are not subject to redemption prior to maturity.

Registration and Payment - Book-Entry System

Beneficial Ownership Interests in the Series 2023A Bonds will be available in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of Beneficial Ownership Interests in the Series 2023A Bonds will not receive certificates representing their interests in the Series 2023A Bonds purchased.

The Depository Trust Company (“DTC”), New York, New York, will act as Securities Depository for the Series 2023A Bonds. The Series 2023A 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 or more fully registered Bond certificates will be issued for each principal amount of Series 2023A Bonds maturing on a specified date and bearing interest at a specified interest rate, each in the aggregate principal amount of such quantity of Series 2023A Bonds, and will be deposited with DTC.

DTC, 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 (the

“Exchange Act”). DTC holds and provides asset servicing for over 3.5 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 (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. 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 Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2023A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2023A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023A Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Series 2023A Bonds, except in the event that use of the book-entry system for the Series 2023A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2023A Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and 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 Series 2023A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2023A Bond documents. For example, Beneficial Owners of Series 2023A Bonds may wish to ascertain that the nominee holding the Series 2023A 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 under the Indenture securing such Series 2023A Bonds and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2023A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2023A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023A Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2023A 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 Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on a payable date. Payments by 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 Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference will only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

The Issuer and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2023A Bonds registered in its name for the purpose of payment of the principal of, or interest on such Series 2023A Bonds, giving any notice permitted or required to be given to registered owners under either the Indenture, as appropriate, registering the transfer of the Series 2023A Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Issuer and the Trustee will not have any responsibility or obligation to any Participant, any person claiming a Beneficial Ownership Interest in the Series 2023A Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Issuer (kept by the Trustee) as being a registered owner, with respect to: the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or interest on the Series 2023A Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges provided in the Indenture; or other action taken by DTC as a registered owner. The Trustee will forward interest and principal payments to DTC or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL OF THE SERIES 2023A BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR BONDHOLDERS OF THE SERIES 2023A BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

For every transfer and exchange of beneficial ownership of the Series 2023A Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as Securities Depository with respect to the Series 2023A Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor Securities Depository is not obtained, Series 2023A Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry/only transfers through DTC (or a successor Securities Depository). In that event, Series 2023A 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 Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2023A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NONE OF THE ISSUER, THE UNDERWRITERS, OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2023A BONDS.

NONE OF THE ISSUER, THE BUFFALO CSD OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2023A BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS OF THE SERIES 2023A BONDS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2023A BONDS.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS

General

The City and the Buffalo CSD have leased the Series 2009 Facilities (other than School #84) to the Issuer pursuant to the Ground Lease. The Buffalo CSD has subleased School #84 to the Issuer pursuant to the Ground Sublease. The Issuer has sold its leasehold interest in the Series 2009 Facilities (other than School #84) and its subleasehold interest in School #84 to the Buffalo CSD pursuant to the Installment Sale Agreement. Pursuant to the Indenture, the Issuer has assigned to the Trustee substantially all of its right, title and interest in and to State Aid Revenues and in and to the Installment Sale Agreement, including all rights to receive Installment Purchase Payments thereunder.

Under the State Aid Trust Agreement, the City, the Buffalo CSD, the Depository Bank and the Trustee have agreed to direct the State Comptroller to pay all State Aid directly to the State Aid Depository

Fund established and held under the State Aid Trust Agreement, all for the benefit on a Ratable Basis of the Series 2023A Bonds and each other series of Project Bonds outstanding, including, (prior to their redemption on or about February 22, 2024*), the Series 2013A Refunded Bonds, the Series 2015A the Series 2016A Bonds, the Series 2021A Bonds, the Series 2021B Bonds, the Series 2022A Bonds and, on a subordinate basis, the \$6,880,000 outstanding State of New York Municipal Bond Bank Agency Special Program (City of Buffalo) Refunding Revenue Bonds, 2022 Series A (the “2022 MBBA Refunding Bonds”). In the event the Buffalo CSD fails to make an Installment Purchase Payment under the Installment Sale Agreement, the Buffalo Schools Act and the Indenture provide that, upon receipt by the State Comptroller of a certificate from the Trustee on behalf of the Issuer as to the amount of such failed payment, the State Comptroller will withhold any State Aid from the Buffalo CSD payable thereto to the extent of the amount so stated in such certificate as not having been made, and will immediately pay over to the Trustee on behalf of the Issuer the amount so withheld. See “— State Aid Intercept” below.

Ground Lease and Ground Sublease

Pursuant to (i) the Ground Lease, the City and the Buffalo CSD have leased the Series 2009 Facilities (other than School #84) to the Issuer, and (ii) the Ground Sublease, the Buffalo CSD has subleased School #84 to the Issuer, respectively, constituting Phase IV of the Program, which were undertaken as part of the Series 2009 Project. The Ground Lease and Ground Sublease were entered into concurrently with the issuance of the Series 2009 Bonds and are for a term terminating not earlier than the date that all bonds issued under the Indenture, including the Series 2013A Bonds, the Series 2023A Bonds or any later series of Additional Bonds issued under the Indenture, will cease to be Outstanding. Ground rent under the Ground Lease and Ground Sublease is nominally equal to one dollar (\$1.00) payable upon execution, and all obligations of the Issuer under the Ground Lease and the Ground Sublease are assumed by the Buffalo CSD under the Installment Sale Agreement.

The Installment Sale Agreement

The Issuer has previously sold its leasehold interest in the Series 2009 Facilities (except for School #84) under the Ground Lease and its Subleasehold interest in School #84 under a Ground Sublease to the School District. Base Installment Purchase Payments due from the Buffalo CSD under the Installment Sale Agreement equal principal and interest due on the Series 2023A Bonds. Under the Installment Sale Agreement, the Buffalo CSD is responsible for the maintenance and operation of the Series 2009 Facilities.

Installment Sale Agreement Payments

Installment Purchase Payments due under the Installment Sale Agreement will equal principal and interest due on the Series 2023A Bonds and are payable on each April 1. Notwithstanding the April 1 Installment Purchase Payment date under the Installment Sale Agreement, the Installment Sale Agreement provides that if the Buffalo CSD fails to appropriate by November 1, 2024 (or by any subsequent November 1 that any Project Bonds remain Outstanding), State Aid Revenues in an amount sufficient to pay the Installment Purchase Payment due on the immediately succeeding April 1 (less any amounts on deposit in the Bond Fund of the Indenture, and available on such November 1), then: (y) the Buffalo CSD will promptly deliver written notice of such failure to appropriate to the Issuer and the Trustee and (z) the next succeeding April 1 payment date for the annual Installment Purchase Payment will instead be the November 15 immediately preceding such April 1 payment date as if that November 15 were the originally scheduled annual Installment Purchase Payment date; and if for any reason the Installment Purchase Payment due on such November 15 is not made by such date, any such failed payment will constitute a failure to make a

* Preliminary subject to change.

payment under the Installment Sale Agreement for purposes of the Installment Sale Agreement, the Buffalo Schools Act and the State Aid intercept implementing provisions of the Indenture.

Except for funds, investments and other amounts held under the Indenture, the Issuer has pledged no other assets to the payment of the Series 2023A Bonds, and except for the intercept of State Aid by the State Comptroller as herein described, it is anticipated that the Issuer's sole source of payment for the Series 2023A Bonds will be derived from Installment Purchase Payments made by the Buffalo CSD under the Installment Sale Agreement. The Buffalo CSD's obligation to pay Installment Purchase Payments under the Installment Sale Agreement is executory only to the extent of State Aid appropriated by the State and available to the Buffalo CSD, and appropriated by the Buffalo CSD to the payment of Installment Purchase Payments under the Installment Sale Agreement. In the event State Aid is not appropriated by the State to the Buffalo CSD, the Buffalo CSD will not be obligated to pay any amounts due under the Installment Sale Agreement; *provided, however*, the failure of the Buffalo CSD for any reason (including a failure by the State or the Buffalo CSD to appropriate State Aid) to make an Installment Purchase Payment under the Installment Sale Agreement is nevertheless deemed a failure to make a payment thereunder for purposes of the Installment Sale Agreement, the Buffalo Schools Act, and the State Aid intercept implementing provisions of the Indenture. In the event State Aid is appropriated by the State to the Buffalo CSD and the Buffalo CSD does not appropriate such State Aid to make such Installment Purchase Payments, the Trustee on behalf of the Issuer will direct the State Comptroller to intercept State Aid for the payment of such Installment Purchase Payments. Subject to the foregoing limitation, the obligation of the Buffalo CSD to pay Installment Purchase Payments under the Installment Sale Agreement, and to perform its obligations thereunder, will be absolute and unconditional, and such Installment Purchase Payments and other amounts will be payable without any rights of setoff, recoupment or counterclaim or deduction and without any right of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee, any purchaser of the Series 2023A Bonds, or any other person, and whether or not any or all of the Series 2009 Facilities are used or occupied by the Buffalo CSD or are available for use or occupancy by the Buffalo CSD. See "BONDHOLDERS' RISKS — The State's Financial Condition, Reduced State Aid, Delayed Payment, COVID-19" and "— Appropriation of Installment Purchase Payments by the Buffalo CSD."

In order to protect the priority of the rights of the Trustee to State Aid under the Buffalo Schools Act, the Buffalo CSD has covenanted and agreed under the Installment Sale Agreement that it will not in the future enter into any agreement, indenture or other instrument, including any Series Facilities Agreement in connection with a Series of Project Bonds under a Series Indenture, which will have the effect, directly or indirectly, of providing a greater priority or preference to the intercept of State Aid under the Buffalo Schools Act than the pledge effected pursuant to the Indenture. The foregoing covenant will not be deemed (y) to limit or deny the ability of the issuer of a Series of Project Bonds to pledge State Aid on a parity with the pledge effected by the Issuer under the Indenture, or (z) to require that any Series of Project Bonds issued under a Series Indenture have the same payment dates or amortize principal on a schedule comparable to that of the Bonds Outstanding under the Indenture, or that any payment dates under a Series Facilities Agreement be the same as provided for in the Installment Sale Agreement.

In order to provide for its obligation to make payments under the Installment Sale Agreement, the Buffalo CSD has agreed that its proposed expense budget for each ensuing Fiscal Year will include, either as a separate unit of appropriation or as an expenditure within a unit of appropriation, the amount of Installment Purchase Payments due under the Installment Sale Agreement to come due in such next Fiscal Year, *provided, however*, that any such appropriation will only be payable by the Buffalo CSD to the extent State Aid is available therefor and is appropriated by the Buffalo CSD for such purpose, *provided, however*, the failure of the Buffalo CSD for any reason to make an Installment Purchase Payment under the Installment Sale Agreement is nevertheless deemed a failure to make a payment thereunder for purposes of the Installment Sale Agreement, the Buffalo Schools Act and the State Aid intercept implementing provisions of the Indenture. In addition, in furtherance of the foregoing, the Buffalo CSD has agreed,

pursuant to the Installment Sale Agreement, to comply with all requirements necessary to ensure receipt of State Aid over the term of the Installment Sale Agreement. See “BONDHOLDERS’ RISKS — Appropriation of Installment Purchase Payments by the Buffalo CSD,” “— Competing Claims to State Aid” and “— The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19.”

Upon the occurrence of an Event of Nonappropriation (*i.e.*, failure of the Buffalo CSD to appropriate moneys sufficient to pay the Installment Purchase Payments coming due under the Installment Sale Agreement in the next Fiscal Year), or an “Event of Default” under an Installment Sale Agreement, there is no acceleration of the obligation of the Buffalo CSD to pay all future Installment Purchase Payments under the Installment Sale Agreement. However, as described above, the Installment Sale Agreement provides that if the Buffalo CSD fails to appropriate by November 1, 2024 (or by any subsequent November 1 that the Series 2023A Bonds remain Outstanding) State Aid Revenues in an amount sufficient to pay the Installment Purchase Payment due on the immediately succeeding April 1, then, in that event, the Installment Purchase Payment date for the next succeeding April 1 annual Installment Purchase Payment will instead be the November 15 immediately preceding such April 1 payment date as if that November 15 were the originally scheduled annual Installment Purchase Payment date.

State Aid Intercept

In the event the Buffalo CSD fails to make an Installment Purchase Payment under the Installment Sale Agreement as a result of an Event of Nonappropriation or otherwise (whether such payment is due on April 1 of each year, or if applicable, November 15 of each year), pursuant to the Indenture, the Issuer has appointed the Trustee, as its agent, and the Issuer (acting through such Series Trustee) will, in accordance with the Buffalo Schools Act, and the Indenture, certify such nonpayment to the State Comptroller. Such certification will specify the amount by which such Installment Purchase Payment will have been deficient. The Buffalo Schools Act and applicable Series Indenture each provides that the State Comptroller will, upon receipt of such certification, withhold from the Buffalo CSD any State Aid otherwise payable to the Buffalo CSD to the extent of the amount so stated in such certification as not being made, and will immediately pay over to the Trustee, on behalf of the Issuer, the amount so withheld. Such amounts will be applied by the Trustee to the payment of Installment Purchase Payments under the Installment Sale Agreement in the priority set forth below under “The Indenture.” It is further provided in the Buffalo Schools Act that (x) any amount of State Aid so paid by the State Comptroller will not obligate the State to make, nor entitle the Buffalo CSD to receive, any additional amounts of State Aid, (y) nothing contained in the Buffalo Schools Act will be deemed to prevent the State from modifying, reducing or eliminating any program or programs of State Aid and (z) the State will not be obligated by the terms of the Buffalo Schools Act to maintain State Aid at any particular level or amount. See “BONDHOLDERS’ RISKS — The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19.”

Statutory provisions currently exist or may hereafter be enacted which permit State Aid otherwise payable to the Buffalo CSD to be diverted or intercepted and applied in satisfaction of indebtedness or obligations issued or incurred for school purposes or otherwise. In addition, at the present time, other than as provided in the State Aid Trust Agreement with respect to Project Bonds, there is no stated priority for the various multiple State Aid diversion and intercept claims. See “BONDHOLDERS’ RISKS — Competing Claims to State Aid.”

The Indenture

Pursuant to the Indenture, the Issuer has assigned the Trustee substantially all of its right, title and interest in and to State Aid and the Installment Sale Agreement, including all rights to receive Installment Purchase Payments to pay the principal of and interest on the Series 2023A Bonds, as the same become due, all to be made by the Buffalo CSD pursuant to the Installment Sale Agreement and the State Aid Trust

Agreement, and all executory only to the extent of State Aid, as provided above under the subheading, “The Installment Sale Agreement.”

The Series 2023A Bond proceeds will be deposited in the Series 2023A Additional Bonds Account of the Project Fund held under the Indenture, substantially all of which will be immediately transferred by the Trustee to the Series 2013A Escrow Fund established under the Series 2013A Refunding Escrow Trust Agreement for the purpose of redeeming or paying at maturity the 2013A Refunded Bonds. The Trustee is authorized to disburse the remaining amounts from the Series 2023A Additional Bonds Account of the Project Fund for the payment of Costs of Issuance and any other Project Costs relating to the Series 2023A Bonds. Notwithstanding the occurrence of an Event of Default under the Indenture, in no event will the Series 2023A Bonds be accelerated or declared due and payable in advance of their final stated maturity.

In the event the amount of State Aid received by the Trustee pursuant to the State Aid intercept will be insufficient to pay the full amount not paid by the Buffalo CSD under the Installment Sale Agreement, such amount will be ratably applied in accordance with the Indenture in the following order of priority:

first, to deposit in the Interest Account of the Bond Fund established under the Indenture to the extent of any deficiency therein,

second, to deposit in the Principal Account of the Bond Fund established under the Indenture to the extent of any deficiency therein,

third, to deposit in the Redemption Account of the Bond Fund established under the Indenture to the extent of any deficiency therein,

fourth, to satisfy any indemnification obligations of the Buffalo CSD under the Installment Sale Agreement, and

fifth, to satisfy any liability insurance obligations of the Buffalo CSD under the Installment Sale Agreement, and

sixth, to satisfy any other obligations of the Buffalo CSD under the Installment Sale Agreement.

In order to protect the pledge of State Aid by the Issuer to the Trustee pursuant to the Indenture, except with respect to the issuance of Project Bonds under a Series Indenture, the Issuer has covenanted in the Indenture not to create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created (1) in the case of the Trust Estate with respect to the Series 2023A Bonds, by the Indenture, the Ground Lease, the Ground Sublease and the Installment Sale Agreement. The Issuer further covenants and agrees pursuant to the Indenture, that it will enter into no agreement, indenture or other instrument, including any Series Indenture or Series Facilities Agreement in connection with the issuance of a Series of Project Bonds under a Series Indenture which will have the effect, directly or indirectly, of providing a greater priority or preference to the intercept of State Aid under the Buffalo Schools Act than the pledge effected pursuant to the Indenture; *provided, however*, that nothing contained in the Indenture will be deemed (y) to limit or deny the ability of the Issuer or any other public entity, in connection with the issuance of another Series of Project Bonds, to pledge State Aid under the Buffalo Schools Act on a parity with the pledge effected under the Indenture, or (z) to require that any Series of Project Bonds issued under any other Series Indenture have the same payment dates or amortize principal on a schedule comparable to that of the Bonds Outstanding under the Indenture, or that any payment dates under a Series Facilities Agreement be the same as those under the Installment Sale Agreement.

Additional Bonds

So long as the Installment Sale Agreement is in effect and no Event of Default exists thereunder, one or more series of Additional Bonds may be issued, authenticated and delivered upon original issuance under the Indenture, for the purpose of (i) financing School Facilities in connection with the Program, (ii) providing funds to repair, relocate, replace, rebuild or restore an affected Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions, improvements or facilities to one or more Facilities, the purpose of which will be to constitute a “project” and an “educational facility” within the meaning of the Act and the Buffalo Schools Act, or (iv) refunding Outstanding Bonds. Such series of Additional Bonds under the Indenture will be payable from the Base Installment Purchase Payments under the Installment Sale Agreement. Prior to the issuance of a series of Additional Bonds under the Indenture, and the execution of a Supplemental Indenture in connection therewith, the City, the Buffalo CSD and the Issuer will enter into an amendment to the applicable Ground Lease and Series Ground Sublease, to subject the Additional Facilities, as applicable, to the leasehold estate thereof, and the Issuer and the Buffalo CSD will enter into an amendment to the Installment Sale Agreement to subject such Additional Facilities thereto, and to provide, among other things, that the Base Installment Purchase Payments payable under the Installment Sale Agreement will be increased and computed so as to amortize in full the principal of and interest on the Bonds outstanding under the Indenture, including such series of Additional Bonds. In addition, the Buffalo CSD will enter into a Tax Compliance Certificate in connection with the issuance of such Additional Bonds. To date, no legislation has been introduced nor is it currently being sought by the Buffalo CSD for additional Program improvements beyond Phase V.

State Aid Trust Agreement

To facilitate the collection of State Aid and payment of installment purchase payments under the Installment Sale Agreement, the Depository Bank, the City, the Trustee, and the Buffalo CSD have entered into the State Aid Trust Agreement. In accordance with the State Aid Trust Agreement, the City and the Buffalo CSD have instructed the State Comptroller to pay all State Aid directly to the State Aid Depository Fund held by the Depository Bank under the State Aid Trust Agreement. The State Aid Trust Agreement provides for (i) the payment of State Aid to the Trustee and each other Series Trustee on a Ratable Basis pursuant to which Project Bonds are outstanding under a Series Indenture and (ii) funding of the Annual Payment Obligations on 2022 MBBA Refunding Bonds from the State Aid Revenues annually collected in March of each Collection Period.

On or before July 15 of each Fiscal Year, the City and the Buffalo CSD will prepare and deliver to the Depository Bank, each Series Trustee and, for so long as any 2022 MBBA Refunding Bonds shall remain outstanding, The Bank of New York Mellon, as trustee under the MBBA 2022 Bond Resolution (the “MBBA Series 2022 Trustee”) a certificate (the “State Aid Payment Certificate”) setting forth (i) a statement that the Buffalo CSD has appropriated an amount of State Aid necessary to fund the Aggregate Facilities Payment Obligations of the Buffalo CSD and Annual Payment Obligations on 2022 MBBA Refunding Bonds for such Fiscal Year, (ii) the total amount of State Aid expected to be received during the next Collection Period and the Collection Percentage applicable to each month of such Collection Period (as such terms are defined in APPENDIX G hereof) and (iii) a statement, developed with the assistance of the Financial Advisor to the Buffalo CSD or a nationally recognized municipal securities underwriting firm, setting forth the long-term debt rating of each provider of a Qualified Debt Service Reserve Fund Investment Agreement (if any), by each of Fitch Ratings, Moody’s and S&P. However, in the event that the Buffalo CSD will not have appropriated such amount of State Aid in its adopted budget for such Fiscal Year, the State Aid Payment Certificate for such Fiscal Year will set forth a statement to such effect and will not include any information regarding the collection of State Aid during the Collection Period. Thereafter and not later than the end of the third Business Day immediately preceding March 31 of such Fiscal Year, if circumstances warrant, the City and the Buffalo CSD will from time to time prepare and

deliver to the Depository Bank a revised State Aid Payment Certificate setting forth, as appropriate, (i) a statement that the Buffalo CSD has, subsequent to adoption of its budget for such Fiscal Year, appropriated an amount of State Aid necessary to fund the Aggregate Facilities Payment Obligations of the Buffalo CSD and Annual Payment Obligations on 2022 MBBA Refunding Bonds for such Fiscal Year, or (ii) a revised total amount of State Aid expected to be received during the next Collection Period for such Fiscal Year and, in either case, if applicable, Collection Percentages or revised Collection Percentages applicable to the remainder of such Collection Period.

On or before November 10 of each Fiscal Year, each Series Trustee will prepare and deliver to the City, the Buffalo CSD and the Depository Bank a certificate (the “Base Facilities Agreement Payment Certificate”) setting forth the Net Base Facilities Agreement Payment (computed as of the immediately preceding last Business Day of October of such Fiscal Year) portion of the Facilities Payment Obligations due on the following April 1.

On or before November 10 of each Fiscal Year, each Series Trustee will, in accordance with the provisions of the related Series Indenture, prepare and deliver to the City, the Buffalo CSD and the Depository Bank a certificate (the “Reserve Payment Certificate”) setting forth the Reserve Payment (computed as of the immediately preceding last Business Day of October of such Fiscal Year) portion of the Facilities Payment Obligations (if any), due and the amount of the Debt Service Reserve Deficiency (if any), relating to any Project Bonds as of the date of such certificate.

On or before November 10 of each Fiscal Year, the City and the Buffalo CSD shall, in accordance with the provisions of the MBBA Special Program Agreement, prepare and deliver to the Depository Bank a certificate setting forth the Annual Payment Obligations on 2022 MBBA Refunding Bonds (computed as of the immediately preceding last Business Day of October of such Fiscal Year) due for such Fiscal Year as of the date of such certificate (the “Annual Payment Obligations on 2022 MBBA Refunding Bonds Certificate”).

During each Collection Period, if the Depository Bank has received a State Aid Payment Certificate with respect to such Collection Period that sets forth the statements required by clauses (i) and (ii) of the first sentence of the second paragraph under this sub-heading, the Depository Bank will, immediately upon receipt of any payment of State Aid, withdraw such State Aid from the State Aid Depository Fund and cause the amounts so withdrawn to be immediately paid in the following order of priority:

(i) *first*, to each Series Trustee for deposit in the Bond Fund established pursuant to the related Series Indenture until the total amount of such withdrawals during each month of such Collection Period will equal the sum of (A) the product of the Collection Percentage for such month multiplied by the Net Base Facilities Payment due the immediately following April 1 as set forth in the Base Facilities Payment Certificate most recently received by the Depository Bank, plus (B) during the months of January, February and March, the excess of the amount that should have been deposited in the Bond Fund in the immediately preceding month of the Collection Period pursuant to the provisions of this paragraph, over the amount in fact so deposited;

(ii) *second*, thereafter during each month of such Collection Period, to each Series Trustee for deposit in any Debt Service Reserve Fund established with respect to Project Bonds (if any), pursuant to the related Series Indenture until the total amount of such withdrawals is equal to the Reserve Payment due, if any, as set forth in the Reserve Payment Certificate most recently received by the Depository Bank;

(iii) *third*, thereafter during the month of March of such Collection Period (and only once the total amount of each such Base Facilities Agreement Payment and any such Reserve Payment has been paid in full to each Series Trustee), to the MBBA 2022 Trustee for deposit in the Revenue Fund established

pursuant to the MBBA 2022 Bond Resolution until the total amount of such withdrawals during such month shall equal the aggregate Annual Payment Obligations on 2022 MBBA Refunding Bonds due on the immediately following April 1 as set forth in the Annual Payments on 2022 MBBA Refunding Bonds Certificate most recently received by the Depository Bank; and

(iv) *fourth*, thereafter during each month of such Collection Period, to the General Fund.

In the event that any amount on deposit in the State Aid Depository Fund in any month of the Collection Period, at any time, will be less than the amount required to be paid to a Series Trustee under clause (i) or (ii) above, the Depository Bank will make payment to each Series Trustee on a Ratable Basis, in the priority indicated above. For purposes of the preceding sentence, “Ratable Basis” will be first computed based on amounts payable to each Series Trustee under clause (i) above if there is not enough in the State Aid Depository Fund to pay to each Series Trustee what is payable under clause (i) above, and, if the amounts payable under clause (i) have been paid in full, then computed based on the amount payable to each Series Trustee under clause (ii). No amounts shall be paid to the MBBA Series 2022 Trustee until all amounts payable to each Series Trustee under clause (i) and (ii) above have been paid in full.

Thereafter, from April 1 until the commencement of the next Collection Period, immediately upon receipt of any payment of State Aid, the Depository Bank will withdraw such State Aid from the State Aid Depository Fund and cause the amounts so withdrawn to be immediately paid to the General Fund.

If the Depository Bank has not received with respect to a Collection Period for any reason a State Aid Payment Certificate that includes the statements required by clauses (i) and (ii) of the first sentence of the second paragraph under this sub-heading, the Depository Bank, both during and after such Collection Period until the next Collection Period, will withdraw any State Aid from the State Aid Depository Fund and cause the amounts so withdrawn to be immediately paid to the General Fund.

Notwithstanding the provisions of the State Aid Trust Agreement providing for the flow of State Aid to the Series Trustees or the MBBA Series 2022 Trustee, if the Depository Bank receives written instructions from the Chief Fiscal Officer of the City, together with an accompanying monthly payment schedule from the Chief Fiscal Officer of the City indicating that, pursuant to applicable State law and, if applicable, any credit enhancement agreement to which the City is a party, State Aid must be set aside in a special bank account designated in such instructions to be used only for the payment in accordance with such payment schedule of the outstanding revenue anticipation notes issued by the City (the “RAN Repayment Requirement”), then each month the Depository Bank will immediately withdraw from the State Aid Depository Fund all State Aid that is received and cause the amounts so withdrawn to be immediately paid, before any further withdrawal or payment under the State Aid Trust Agreement, to the special bank account until the total amount of such withdrawals is equal to the portion of such RAN Repayment Requirement required, in accordance with such payment schedule, to be withdrawn and paid to such special bank account for such month or any prior month to the extent not paid.

Although the State Aid Trust Agreement requires an immediate transfer of State Aid from the State Aid Depository Fund to the Bond Fund established under the Indenture, during the Collection Period, amounts held in the State Aid Depository Fund are not subject to the lien of the Indenture, and are not pledged as security for the payment of the Series 2023A Bonds, until such amounts have been transferred by the Depository Bank to the Trustee and deposited in the Bond Fund established under the Indenture. See “BONDHOLDERS’ RISKS — State Aid Trust Agreement.”

Nothing will prevent the Buffalo CSD, the City, the Depository Bank or the Series Trustees from adopting amendments modifying the procedures for the collection, deposit and disbursement of State Aid as set forth in the State Aid Trust Agreement; *provided, however*, that (i) prior to making any such change,

the Buffalo CSD will notify any Rating Agency then rating the Series 2023A Bonds or any other Series of Project Bonds of such change and that, prior to any such change becoming effective, there will be delivered to the Depository Bank a Rating Confirmation of such Rating Agency that the then current unenhanced rating of the Series 2023A Bonds or any other Series of Project Bonds or MBBA Refunding Bonds Outstanding will not be withdrawn or reduced as a result of such change and (ii) any change or alteration of the procedure for collection and deposit of State Aid would not result in insufficient State Aid being available to timely pay Facilities Payment Obligations under each Installment Sale Agreement under any other Series Facilities Agreement or the 2022 MBBA Refunding Bonds in accordance with the terms of the State Aid Trust Agreement. The parties to the State Aid Trust Agreement reserve the power to modify, alter or amend the State Aid Trust Agreement without the consent of MBBA and the MBBA 2022 Trustee provided that any such modification, alteration or amendment does not adversely affect the rights of MBBA and the MBBA 2022 Trustee under any of the MBBA Provisions.

Timing of Payments under State Aid Trust Agreement

In order to assure the timely payment of debt service on the Series 2023A Bonds, the City and the Buffalo CSD have agreed during each year to certify certain information to the Depository Bank, and the Buffalo CSD has directed the Depository Bank to pay certain amounts to the Trustee in advance of the payment of debt service on the Series 2023A Bonds. On or before July 15 of each Fiscal Year, the City and the Buffalo CSD are required to certify to the Depository Bank under the State Aid Trust Agreement (i) that the Buffalo CSD has appropriated funds necessary to pay the annual installment purchase payments under the Installment Sale Agreement due on the next succeeding April 1 (which covers the debt service on the Series 2023A Bonds, on the following May 1 and November 1) and (ii) the State Aid expected to be received by the Buffalo CSD during the next succeeding December 1 to March 31. In the event the Buffalo CSD will not have appropriated such amount, the foregoing certificate will state that the appropriation has not been made. On or before November 10 of each year, each Series Trustee will prepare and deliver to the City, the Buffalo CSD and the Depository Bank a certificate setting forth the Net Base Facilities Agreement Payment and/or Reserve Payment (if any) due on the following April 1. On a monthly basis beginning on December 1 through the next succeeding March 31 the Depository Bank will, in accordance with the State Aid Trust Agreement, transfer a portion of State Aid to the Trustee sufficient to pay the annual installment purchase payments under the Installment Sale Agreement due on the next succeeding April 1. In the event payments made by the Depository Bank to the Trustee during the preceding December 1 to March 31 are not sufficient to pay the annual installment purchase payments under the Installment Sale Agreement due on April 1, the Trustee will immediately certify such deficiency to the State Comptroller. The State Comptroller is then required to pay such amounts to the Trustee in accordance with the State Aid intercept provisions of the Indenture and the Buffalo Schools Act in order to provide payment of debt service on the Series 2023A Bonds on the next succeeding May 1 and November 1.

State Aid

Enacted 2023-2024 State Budget

Pursuant to the enacted 2023-24 State Budget, overall State Aid increase is approximately \$80.5 million or 9.0%, over the amount received in 2022-23, and \$73.8 million or 8.2% over the amount budgeted in 2022-23. 2023-24 State Aid in the Food Service Fund \$1.8 million, which is flat with the 2022-23 budget, while 2023-24 State Aid in the Grants Fund of approximately \$55.1 million which is \$1.3 million or 2.4% lower than over the 2022-23 budget.

Approval of the 2023-24 Budgets of the Buffalo CSD

Under State law the Buffalo CSD is required to adopt a balanced budget for each Fiscal Year ending June 30. The Buffalo Board of Education adopted the Buffalo CSD's Fiscal Year 2023-24 general fund budget on May 17, 2023. The Buffalo CSD's 2023-24 general fund budget totals approximately \$1,102.7 million, an 8.1% increase from the 2022-23 budget. The Adopted 2023-24 Buffalo CSD general fund budget is a Food Service budget amounting to \$51.9 million, which includes State Aid of \$1.8 million, and grants fund budget amounting to \$123.6 million, exclusive of federal stimulus aid, which includes State Aid of \$55.1 million. Total State Aid in the combined Buffalo CSD budgets for 2023-24 is projected to be \$975.7 million.

Enacted 2021-22, 2022-23 and 2023-24 State Budgets

The State budget for the 2023-24 fiscal year included significant increases in State Aid in the general fund and was the final year of the three-year phase in to fully fund Foundation Aid. The overall State Aid increased by \$73.8 million or 8.2% over the amount budgeted in 2022-23. The 2023-24 State Aid in the Food Service Fund of \$1.8 million which was consistent with the 2022-23 budget, while 2023-24 State Aid in the Grants Fund of approximately \$55.1 million was \$1.3 million or 2.4% lower than the 2022-23 budget.

The Buffalo CSD depends on substantial financial assistance from the State. The Buffalo CSD received \$783.0 million of State Aid for all funds in Fiscal Year 2020-21 and \$833.2 million in Fiscal Year 2021-22. During 2020-21, the Buffalo CSD received \$8.8 million in State revenues that were originally reserved for as potential State Aid reductions as of June 30, 2020. During 2020-21, the Buffalo CSD received \$8.8 million in State revenues that were originally reserved for as potential State Aid reductions as of June 30, 2020. For Fiscal Year ending June 30, 2023, the Buffalo CSD received \$895.1 million of State Aid for all funds. For the current Fiscal Year ending June 30, 2024, the Buffalo CSD budgeted \$975.7 million million of State Aid receipts for all funds, and as of September 30, 2023, projects to receive approximately \$975.7 million by the close of such Fiscal Year. This projection is based upon the sum of: (i) a \$918.8 million apportionment to the Buffalo CSD for operations and maintenance expenses, (ii) \$55.1 million in projected receipts of State grant funding and (iii) \$1.8 million in projected receipt of food service funding. No assurance can be given that State Aid for all funds actually received by the Buffalo CSD in its 2023-24 Fiscal Year will equal the amounts estimated above.

Pursuant to the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, Buffalo CSD expects to receive approximately \$89.2 million in additional federal disaster relief funds starting with its 2021-22 Fiscal Year. Further, pursuant to the American Rescue Plan (ARP), Buffalo CSD expects to receive \$200.4 million in additional federal disaster relief funds starting with its 2021-22 Fiscal Year. These funds are expected to be supplemental in nature, and not result in any reduction in State Aid. The application for the \$89.2 million CRRSA Act (ESSER 2) grant was submitted to, and approved by, the State as of October 2021, and the \$200.4 million ARP Act (ESSER 3) application was submitted to the State and was approved in February 2022. Total revenues under these funding sources in the 2021-22 Fiscal Year amounted to \$28.2 million and \$16.4 million respectively. Total revenues under these funding sources in the 2022-23 Fiscal Year amounted to \$60.9 million and \$92.4 million respectively. As of September 30, 2023, a total of \$111.4 million in spending is budgeted for the 2023-24 Fiscal Year in both to these grants. Funding under CRRSA expired in September 2023 and funding under ARP is scheduled to expire in September 2024.

The amount of State Aid to school districts, including Buffalo CSD is dependent in part upon the financial condition of the State. The 2019-20 and 2020-21 State budgets provided the Governor with the ability to make mid-year aid cuts if State revenues or expenditures missed certain thresholds; that unilateral

authority was removed in the 2021-22 State budget and not included in future year State budgets. Due to the outbreak of COVID-19 in 2020, the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. In 2020-21, the State reduced State Aid to the Buffalo CSD by \$29.7 million utilizing the CARES Act revenues to offset those cuts. In the 2021-22 State Budget, the \$29.7 million State Aid cuts were restored, to the Buffalo CSD. The CRRSA and ARP federal stimulus revenues are not required to offset any State Aid cuts.

Notwithstanding budgetary projections, any future financial difficulties of the State could result in reduced payments of State Aid to municipalities and school districts in the State, including the Buffalo CSD. Past State financial and cash flow difficulties have resulted in cash flow difficulties and delays in payment of State Aid to school districts, including the Buffalo CSD. See “BONDHOLDERS’ RISKS — The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19” and “— Potential Future Budget Imbalance.”

State Aid Intercept

As stated above under “State Aid Intercept,” in the event the Buffalo CSD fails to make an installment purchase payment under the Installment Sale Agreement, the Buffalo Schools Act and the Indenture provide that upon receipt by the State Comptroller of a certificate from the Trustee on behalf of the Issuer as to the amount of such failed payment, the State Comptroller will withhold any State Aid from the Buffalo CSD payable thereto to the extent of the amount so stated in such certificate as not having been made, and will immediately pay over to the Trustee on behalf of the Issuer the amount so withheld. The Buffalo Schools Act provides that (x) any amount of State Aid paid by the State Comptroller will not obligate the State to make, nor entitle the Buffalo CSD to receive, any additional amounts of State Aid, (y) nothing contained in the Buffalo Schools Act will be deemed to prevent the State from modifying, reducing or eliminating any program or programs of State Aid and (z) the State will not be obligated by the terms of the Buffalo Schools Act to maintain State Aid at any particular level or amount. No assurance can be given that present State Aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State Aid (the only source of funds to make the installment purchase payments payable by the Buffalo CSD pursuant to the Installment Sale Agreement) could have a material adverse effect upon the Buffalo CSD, requiring the Buffalo CSD to either increase revenues from sources other than State Aid or curtail expenditures.

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State Aid Categories Generally

State Aid for public schools comes primarily from the State’s general fund wherein the major revenue source is State income and sales taxes. The balance of State Aid for public schools comes from a special revenue fund account supported by lottery receipts.

The following table sets forth the total amount of State Aid received by the Buffalo CSD for all funds for Fiscal Years 2015-16 through 2022-23 and budgeted for 2023-24.

State Aid (All Funds) Buffalo CSD Fiscal Years 2016 through 2024	
Fiscal Year Ending June 30,	State Aid Received (\$ in Millions)
2016	\$722.0
2017	759.0
2018	811.7
2019	823.7
2020	828.0
2021	783.0
2022	833.3
2023	895.1
2024 ⁽¹⁾	975.7

Source: City of Buffalo Board of Education
⁽¹⁾ Enacted budget as of May 17, 2023.

The aggregate of estimated maximum annual Installment Purchase Payments with respect to all Project Bonds outstanding and the Series 2023A Bonds (after giving effect to the refunding of the 2012A Refunded Bonds) is \$91.2* million.

The total amount of State Aid for all funds received by the Buffalo CSD in Fiscal Years 2021-22 and 2022-23 was \$833.3 million and \$895.1 million, respectively. The total amount of State Aid for all funds budgeted by the Buffalo CSD for Fiscal Year 2023-24 was \$975.7 million, and it is anticipated as of September 30, 2023, that \$975.7 million will be received. Actual State Aid Revenue received by the Buffalo CSD has averaged approximately \$832.6 million per year over the past five completed Fiscal Years, through and including Fiscal Year 2022-23.

No assurance can be given that the amounts of State Aid received in past years will continue, or be available in future Fiscal Years. See “BONDHOLDERS’ RISKS — The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19” and “APPENDIX A — Audited Financial Statements of the Board of Education of the City School District of the City of Buffalo for the Fiscal Year Ended June 30, 2023.”

* Preliminary subject to change.

Beginning with the 2007-08 Fiscal Year, the majority of State Aid to be received by the Buffalo CSD has been calculated using “Foundation Aid.” Foundation Aid was established by the 2007-08 State budget and combined four categorical aid grants with certain other formula aids. Formula aids consist of State Aid determined in accordance with an application submitted to the State Education Department (“SED”), which incorporates required data concerning district enrollment, attendance and approved expenditures. At its inception, Foundation Aid established minimum annual increases in State Aid of 3.0% per year through 2010-11, with high poverty districts such as the Buffalo CSD receiving more assistance. However, based on the economy of New York State, the State Aid guarantees were abandoned after the first year. The Buffalo CSD received its first increase in Foundation Aid since 2008-09 with the adoption of the 2012-13 New York State Budget and has received increases each year since, until the 2020-21 State Budget, where Foundation Aid was frozen at the 2019-20 level, while the State implemented a Pandemic Adjustment which reduced overall State Aid by \$29.7 million, offsetting the same amount of Federal Disaster relief received by Buffalo CSD under the Federal CARES Act. Foundation Aid may decline in the future and no assurance can be given that Foundation Aid will continue at its current level. In addition, no assurance can be given that other categories of State Aid will continue at current levels or will increase in the future. The adopted 2021-22 State Budget included a \$43.3 million, or 8.0% increase in Foundation Aid, and legislation that, will fully fund Foundation Aid by 2023-24. The adopted 2022-23 State Budget included a \$32.9 million, or 5.6% increase in Foundation Aid, as part of the second year of the three year phase-in of Foundation Aid legislated in the 2021-22 State Budget. The adopted 2023-24 State Budget included a \$69.2 million, or 11.7% increase in Foundation Aid, as part of the third year of the three-year phase-in of Foundation Aid legislated in the 2021-22 State Budget, as legislated Foundation Aid is currently fully funded. See “BONDHOLDERS’ RISKS — The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19.”

The receipt of Foundation Aid is dependent upon, among others, satisfaction of certain monitoring and expenditure requirements. In addition, within Foundation Aid there are stipulations that the Buffalo CSD must use a formula-based amount on new programs, or expansion of existing programs, to improve student achievement as outlined in the Contract for Excellence (“CFE”) and the Community Schools set-aside that was established in 2016-17. For Fiscal Years 2014-15 through 2023-24, the CFE set-aside was \$13.6 million annually. The Community Schools set-aside was \$12.5 million in 2016-17; \$15.5 million in 2017-18; \$18.3 million in 2018-19 and \$21.1 million in 2019-20 through 2021-22. In 2022-23, the CFE set-aside is \$13.6 million, while the Community Schools set-aside is \$21.1 million. In the adopted 2023-24 State Budget, the CFE set-aside is \$21.0 million, an increase of \$7.4 million or 54.4% from 2022-2023. The full phase-in of Foundation Aid increases the contract amounts significantly for 2023-24. The Commissioner of Education has authorized a three-year contract increase phase-in; 20% in 2023-24, and 40% in both 2024-25 and 2025-26. The Community Schools set-aside is \$21.1 million. Future reductions in Foundation Aid or other aid categories of State Aid to the Buffalo CSD could adversely affect the financial condition of the Buffalo CSD.

Another State Aid category, Charter School Transitional Aid, was established in the 2007-08 as part of the State Budget to help provide relief from the financial drain caused by the significant number of charter school students in certain school districts, including the Buffalo CSD. Charter School Transitional Aid totaled \$9.3 million for 2019-20, \$7.6 million for 2020-21, \$7.5 million in 2021-22, and \$8.9 in 2022-23. The 2023-24 budgeted and projected amount for Charter School Transitional Aid is \$9.6 million for both, as of September 30, 2023. The aid continues on a rolling basis so long as charter school enrollment continues to increase.

In addition to Charter School Transition Aid, beginning with the year 2015-16, the State established another aid category called Charter School Supplemental Tuition Reimbursement, which reimburses Buffalo CSD for any amounts in base tuition paid in the prior year that exceed the 2010-11 base tuition of \$12,005 per pupil from 2014-15 through 2017-18. Subsequently, this amount was locked in at \$1,000 per

pupil in 2018-19 and years thereafter. In 2018-19, this aid was \$8.7 million; in 2019-20, this aid was \$9.0 million; in 2020-21, this aid was \$9.2 million; in 2021-22, this aid was \$9.7 million; and in 2022-23, this aid was \$10.0 million. The 2023-24 budgeted and projected amount for Charter School Supplemental Tuition Reimbursement is \$10.0 million for both, as of September 30, 2023.

The Buffalo CSD also receives State Aid related to the Smart Schools Bond Act approved by New York State voters in 2014. The allocation for Buffalo CSD is \$56.0 million. The purpose of the Smart Schools Bond Act is to provide improved educational technology and infrastructure to improve learning and opportunity for students. These revenues are recorded in the capital fund and amounted to \$10.6 million in 2018-19, \$9.4 million in 2019-20. Because of uncertainty related to the timing of project approvals and receipt of funds, these revenues are not included in State Aid Revenue until received. Therefore, an additional \$10.4 million was received during the 2022-23 year relating to expenditures incurred during the 2021-22 through 2022-23 years.

The Buffalo CSD receives State Aid for education in several installments paid to the City throughout its Fiscal Year based on a formula established by SED. These installments of State Aid are paid net of the Buffalo CSD's contributions to the New York State Teachers' Retirement System.

The projected State Aid for the Buffalo CSD General Fund, as of September 30, 2023 is \$918.8 million, which is in line with the budget for the 2023-24 Fiscal Year, primarily due to a \$68 million increase in Foundation Aid and a \$13.4 million increase in Transportation Aid due to increased expenditures during the 2022-23 year. Offsetting these increases are small decreases in CTE Special Services Aid, Building Aid and Public High Cost.

In Fiscal Year 1999-00, the Buffalo CSD received additional lottery aid in the amount of \$30.0 million which was provided to the Buffalo CSD to assist in funding the Buffalo Teachers Federation ("BTF") settlement payment. The \$30.0 million comprises two components: the first \$20.0 million was used for the teacher settlement amount paid in July 2001, and the second component of \$10.0 million was to be used as a stabilization reserve for the annual debt service owed to the New York State Municipal Bond Bank Agency for the \$25.0 million advanced to the Buffalo CSD for the BTF settlement. The \$30.0 million in lottery aid took the form of a "lottery advance" from the State. In effect, the \$20.0 million was a loan from the State which is to be paid back over 30 years. The repayment of this "loan" is captured in annual installments through a reduction in the amount of lottery aid paid to the Buffalo CSD, such deductions began in Fiscal Year 2001. The Buffalo CSD took an additional advance of \$1.4 million in the 2005-06 Fiscal Year in accordance with Chapter 465 of the Laws of 2005. This advance is also treated as a "loan" to be repaid over 30 years and the repayment is captured from annual aid installments. The Buffalo CSD records the gross amount of aid with its regular basic State Aid amount and books debt service payments for the amount of the installments withheld by the State. As of June 30, 2023, the remaining debt outstanding is \$5.3 million. See "BONDHOLDERS' RISKS — Competing Claims to State Aid" and "— Default by the Buffalo CSD"; and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid Intercept."

Chapter 57 of the Laws of 2005 provided for an apportionment to school districts for public pension accruals required to be accounted for beginning in the 2004-05 school year. Upon application, the apportionment is available to the Buffalo CSD as revenue and may be used to offset any General Fund deficit resulting from the impact of the implementation of GASB Technical Bulletin 2004-2. The apportionment is an advance of the subsequent year's general aid payable, and will reduce general aid in such subsequent years. The Buffalo CSD applied for and received an advance of \$11.5 million in each of the Fiscal Years 2004-05 through 2022-23. The Buffalo CSD intends to continue this practice so long as the legislation is renewed.

Payment of State Aid for education may be withheld due to the failure of the City or the Buffalo CSD to comply with various requirements of State law or the regulations of the Commissioner of Education relating to instructional programs, programs for the handicapped or other matters or the failure of the City to pay debt service on obligations issued for school purposes. The Buffalo CSD believes that it is in material compliance with all other requirement and has made the necessary debt service appropriations.

In addition to State Aid for education, the Buffalo CSD receives federal Medicaid reimbursement for certain health services provided to students. The Buffalo CSD received a total of \$4.1 million for Medicaid reimbursement for 2019-20, \$2.2 million for 2020-21, \$2.3 million for 2021-22 and \$3.9 million for 2022-23. The 2023-24 budgeted and projected amount for Medicaid reimbursement is \$3.0 million as of September 30, 2023. The Buffalo CSD 2020-21 adopted budget included \$29.7 million in Federal Aid under the CARES Act, which offset a corresponding State Aid reduction in that amount. The Buffalo CSD received \$27.9 million in revenues from these federal funds during 2020-21, \$0.7 million in 2021-22 and \$0.8 million was received during 2022-23.

Pursuant to the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, Buffalo CSD expects to receive approximately \$89.2 million in additional federal disaster relief funds starting with it 2021-22 Fiscal Year. Further, pursuant to the American Rescue Plan (ARP), Buffalo CSD expects to receive \$200.4 million in additional federal disaster relief funds starting with its 2021-22 Fiscal Year. These funds are expected to be supplemental in nature, and not result in any reduction in State Aid. The application for the \$89.2 million CRRSA Act (ESSER 2) grant was submitted to, and approved by, the State as of October 2021, while the \$200.4 million ARP Act (ESSER 3) application was submitted to the State and was approved in February 2022. Total revenues under these funding sources in the 2021-22 Fiscal Year amounted to \$28.2 million and \$16.4 million respectively. Total revenues under these funding sources in the 2022-23 Fiscal Year amounted to \$60.9 million and \$92.4 million respectively. As of September 30, 2023, a total of \$111.4 million in spending is budgeted for the 2023-24 Fiscal Year in both to these grants. Funding under CRRSA expired in September 2023 and funding under ARP is scheduled to expire in September 2024.

The amount of State Aid to school districts, including Buffalo CSD is dependent in part upon the financial condition of the State. The 2019-20 and 2020-21 State budgets provided the Governor with the ability to make mid-year aid cuts if State revenues or expenditures missed certain thresholds; that unilateral authority was removed in the 2021-22 State budget and not included in future year State budgets. Due to the outbreak of COVID-19 in 2020, the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. In 2020-21, the State reduced State Aid to the Buffalo CSD by \$29.7 million utilizing the CARES Act revenues to offset those cuts. In the 2021-22 State Budget, the \$29.7 million State Aid cuts were restored, to the Buffalo CSD. The CRRSA and ARP federal stimulus revenues are not anticipated to be required to offset any State Aid cuts at this time.

In addition, in this year or future years, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes or if the State experiences delays in the adoption of the State budget, the State may have to delay payments of aid to its municipalities and school districts, including the Buffalo CSD, until sufficient State funds are available to make such payments. The Buffalo CSD may be adversely affected by such delay. In certain years in the past, delays in adoption of the State budget have resulted in delays in the payment of State Aid to municipalities and school districts.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions

on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

State Building Aid

A portion of State Aid received each year by the Buffalo CSD constitutes State Building Aid. State Building Aid is available for certain approved capital outlays and debt service for school buildings housing elementary and/or secondary students, and for school bus garages. A project is not eligible for State Building Aid unless the construction costs of the project are equal to or exceed \$10,000, excluding incidental costs. Consistent with Section 3602, subdivision 6 of the Education Law, construction may include new buildings, additions, alterations and reconstruction of existing facilities.

The purpose of State Building Aid is to assure that each school district provides for suitable and adequate facilities to accommodate the students and programs of the district. To this end, new facilities, new buildings, additions and major alterations must meet specific standards pertaining to the type, size and number of teaching stations, as well as building code requirements. Existing facilities must meet health and safety regulations and reconstruction of existing facilities must meet building code requirements.

The Commissioner of Education must approve Plans and Specifications for the capital construction projects undertaken by the Buffalo CSD. This charge is administered by the Office of Facilities Planning pursuant to Section 408 of the Education Law and Part 155.2 of the Regulations of the Commissioner of Education.

Eligibility for new construction is determined through an assessment of information contained in the Buffalo CSD's long-range plan, and includes educational need, a comparison of pupil enrollment projections, and the rated pupil capacity of existing buildings. In the case of school buildings, State Building Aid is a function of the pupil capacity assigned to the capital construction project.

State Building Aid reimburses approximately 95% of Phase I, Phase II, Phase III, Phase IV and Phase V projects. State Building Aid fluctuates from year to year based on a number of factors, including the ratio of the City's wealth to the State's average wealth. Currently, State Building Aid is at 98% of approved costs for projects completed or now under construction for the Buffalo CSD.

The State is not obligated to continue to make State Building Aid payments. No assurance can be given that State Building Aid will continue to be received by the Buffalo CSD or, if received, will be in amounts comparable to the amounts of State Building Aid received by the Buffalo CSD in the past. State budgetary restrictions could eliminate or substantially reduce State Building Aid in the future. See "BONDHOLDERS' RISKS — The State's Financial Condition, Reduced State Aid, Delayed Payment, COVID 19."

Pursuant to Chapter 383 of the Laws of 2001 ("Chapter 383"), certain provisions of the Education Law were amended to impose an "assumed amortization schedule" with respect to certain debt incurred by the City related to school construction purposes ("School Debt") and to thereby revise the manner in which State Building Aid is to be paid to the Buffalo CSD with respect to such school debt commencing July 1, 2002. This legislation caused the City to refund and restructure a portion of its outstanding School Debt. Chapter 383 requires that the State Education Department reset the interest rate used to calculate the "assumed amortization schedule" at least once every 10 years. The Buffalo CSD applied for and received waivers from the interest rate reset for the 2021-22 and 2022-23 Fiscal Years. However, for 2023-24 no waiver is required. The City anticipates that it will refinance any School Debt that is subject to having the interest rate used to calculate the applicable assumed amortization schedule reset and that is eligible to be refinanced under State and federal law. To the extent that any such School Debt is not eligible to be

refinanced under State and federal law, the Buffalo CSD anticipates that it will apply for a waiver from SED. The likelihood of SED granting future waiver requests is unknown at this time.

Subject to certain limited exceptions, assumed amortization for capital construction projects approved by the Commissioner of SED on and after July 1, 2011, will begin the later of 18 months after SED approval or when the final cost report and certificate of substantial completion have been received by SED.

New York State Budget Process

The following discussion is being included because all payments under the Installment Sale Agreement will be derived from State Aid, which State Aid is subject to annual appropriation by the State.

The State's budget process is based on an executive budget system under which the Governor is required by the State Constitution to seek and coordinate requests from agencies of State government, develop a "complete" plan of proposed expenditures and the revenues available to support them (a "balanced budget"), and submit a budget to the Legislature along with the appropriation bills and other legislation required to carry out budgetary recommendations. The Governor also is required by the State Finance Law to manage the budget through administrative actions during the fiscal year.

The State's fiscal year begins April 1 and ends on March 31. However, the actual "budget cycle," representing the time between early budget preparation and last-minute disbursements, begins some nine months earlier and lasts approximately 27 months - until the expiration of the State Comptroller's authority to honor vouchers against the previous fiscal year's appropriations:

Agency Budget Preparation (June-September/October)

The formal budget cycle begins when the Budget Director issues a policy memorandum—the "call letter"—to agency heads. The call letter outlines, in general terms, the Governor's priorities for the coming year, alerts the agency heads to expected fiscal constraints and informs agencies of the schedule for submitting requests to the Division of the Budget.

Division of the Budget Review (September/October-December)

Agencies typically submit their budget requests to the Division of the Budget in September or October, with copies provided to the legislative fiscal committees. Examination units within the Division then analyze the requests of agencies for which they have responsibility. In November, the Budget Director conducts a series of constitutionally authorized "formal" budget hearings, giving agency heads an opportunity to present and discuss their budget requests and giving the staff of the Division of the Budget and the Governor's office an "on-the-record" opportunity to raise critical questions on programs, policies and priorities.

Through late November, the Division's examiners transform agency requests into preliminary budget and personnel recommendations which are reviewed in detail with the Director. The staff also prepares the appropriation bills and any other legislation required to carry out these recommendations. By early December, the Division of the Budget will normally have completed its recommendations on both revenues and expenditures, and presented them to the Governor and the Governor's staff. Budget staff then prepares the tables and the narrative that accompany each agency budget, and the descriptions and forecasts of individual revenue sources.

The Governor's Decisions (November-January)

The Governor and staff who also are preparing the annual Message to the Legislature (the “State-of-the-State” message which the Governor presents to the Legislature when it convenes in January) are conversant with the budget throughout its development.

Legislative Action (January-March)

The Governor typically submits the Executive Budget to the Legislature in mid-January or following a gubernatorial election year, by February 1, along with the related appropriation, revenue and other budget bills concerning State operations, aid to localities, capital projects and debt service. The State's Five-Year Capital and Financing Plan (the “Financing Plan”) also is submitted with the Executive Budget. Within 10 days, the Division of the Budget provides the Legislature with additional financial information supporting the Executive Budget. A 3-year financial projection is submitted within 30 days following submission of the Executive Budget, although it can be submitted earlier.

The Legislature—primarily through its fiscal committees, Senate Finance and Assembly Ways and Means—then analyzes the Executive spending proposals and revenue estimates, holding public hearings on major programs and seeking further information from the staffs of the Division of the Budget and other State agencies. Following that review, the Legislature acts on the appropriation bill submitted with the Executive Budget to reflect its decisions.

The appropriation bills, except for those items which were added by the Legislature and the appropriation for the Legislature and Judiciary, become law without further action by the Governor. The Governor must approve or disapprove all or parts of the appropriation bills covering the Legislature and Judiciary and may use the line item veto to disapprove items added by the Legislature. As provided in the Constitution, the Legislature may override the Governor's veto by the vote of two-thirds of the members of each house. The passage of the appropriation bills provides a legal foundation for the disbursement of funds during the new fiscal year.

Budget Execution (March)

At this point the budget process enters a new phase—budget execution. As a first step, the Division of the Budget approves “certificates of allocation” informing the State Comptroller that accounts may be established as specified in the certificates and that vouchers drawn against the accounts may be honored.

In addition, the Division of the Budget keeps a close watch throughout the year on the flow of revenue and the pattern of expenditures against its projections. This information is reflected in quarterly updates of the Financial Plan which are provided to the Legislature, as required by law, in April (or as soon as practicable after budget enactment), July and October and with the Executive Budget for the ensuing year.

Possible Delays in Budget Enactment

While the 2016-17, 2018-19, 2019-20 and 2022-23 Enacted State Budgets were timely adopted, the 2017-18 Enacted State Budget was adopted eight days late, the 2020-21 Enacted State Budget was adopted one day late and, the 2021-22 Enacted State Budget was adopted seven days late and the 2023-24 Enacted State Budget was four weeks late, in the past, adoption of State budgets has been significantly delayed beyond the time frames outlined above. Any delay in adoption of the State budget could delay the payment of State Aid to municipalities and school districts in the State, including the Buffalo CSD, which could, in turn, adversely affect the ability of the Buffalo CSD to make installment purchase payments under

the Installment Sale Agreement. See “BONDHOLDERS’ RISKS — The State’s Financial Condition, Reduced State Aid, Delayed Payment, COVID-19.”

Limited Obligations of the Issuer

THE SERIES 2023A BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM STATE AID PAYABLE BY THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT, AND THE PLEDGE OF CERTAIN FUNDS INCLUDING THE RELATED BOND FUND UNDER THE INDENTURE. IN THE EVENT THE BUFFALO CSD FAILS TO MAKE AN INSTALLMENT PURCHASE PAYMENT UNDER THE INSTALLMENT SALE AGREEMENT, IT IS PROVIDED IN THE BUFFALO SCHOOLS ACT AND THE INDENTURE THAT, UPON RECEIPT BY THE STATE COMPTROLLER OF A CERTIFICATE FROM THE TRUSTEE ON BEHALF OF THE ISSUER AS TO THE AMOUNT OF SUCH FAILED PAYMENT, THE STATE COMPTROLLER SHALL WITHHOLD ANY STATE AID FROM THE BUFFALO CSD PAYABLE THERETO TO THE EXTENT OF THE AMOUNT SO STATED IN SUCH CERTIFICATE AS NOT HAVING BEEN MADE, AND SHALL IMMEDIATELY PAY OVER TO THE TRUSTEE ON BEHALF OF THE ISSUER THE AMOUNT SO WITHHELD. THE OBLIGATION OF THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT TO PAY INSTALLMENT PURCHASE PAYMENTS IS NOT A GENERAL OBLIGATION OF THE BUFFALO CSD OR THE CITY AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE BUFFALO CSD OR THE CITY ARE PLEDGED TO THE PAYMENT OF INSTALLMENT PURCHASE PAYMENTS UNDER THE INSTALLMENT SALE AGREEMENT. THE OBLIGATIONS OF THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT TO PAY INSTALLMENT PURCHASE PAYMENTS IN ANY FISCAL YEAR OF THE BUFFALO CSD CONSTITUTE A CURRENT EXPENSE OF THE BUFFALO CSD FOR SUCH FISCAL YEAR AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OR MORAL OBLIGATION OF THE BUFFALO CSD, THE CITY OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR OTHER LAWS OF THE STATE OF NEW YORK. THE ONLY SOURCE OF MONEYS AVAILABLE FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2023A BONDS IS INSTALLMENT PURCHASE PAYMENTS MADE BY THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT, TO THE EXTENT OF STATE AID APPROPRIATED BY THE STATE AND AVAILABLE TO THE BUFFALO CSD AND APPROPRIATED BY THE BUFFALO CSD TO MAKE SUCH PAYMENTS, AND THE INTERCEPT BY THE STATE COMPTROLLER OF STATE AID LAWFULLY APPROPRIATED BY THE STATE AND AVAILABLE THEREFOR FROM TIME TO TIME FOR THE BENEFIT OF THE BUFFALO CSD.

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ANNUAL INSTALLMENT PURCHASE PAYMENTS

The following table sets forth the annual installment purchase payments due on April 1 of each year pursuant to the respective Series Facilities Agreement with respect to each series of Project Bonds after giving effect to the refunding, of the 2013A Refunded Bonds.

Installment Sale Payment Date Due April 1,	2015A Installment Purchase Payments ⁽¹⁾	2016A Installment Purchase Payments ⁽¹⁾	2021A Installment Purchase Payments ⁽¹⁾	2021B Installment Purchase Payments ⁽¹⁾	2022A Installment Purchase Payments ⁽¹⁾	2023A Installment Purchase Payments ⁽¹⁾	Total Installment Purchase Payments
2024	\$27,079,250.00	\$20,483,250.00	\$4,016,000.00	\$16,025,875.00	\$20,849,250.00		
2025	27,076,625.00	20,487,750.00	12,357,125.00		23,901,000.00		
2026	26,297,250.00	2,509,250.00	12,938,500.00		10,675,375.00		
2027	25,514,250.00	2,509,250.00	12,941,625.00				
2028	24,644,000.00	2,509,250.00	12,939,500.00				
2029	5,945,000.00	22,228,625.00	12,940,875.00				
2030		23,791,375.00	12,939,375.00				
2031		7,272,375.00	12,943,500.00				
2032			6,467,750.00				
TOTAL	<u>\$136,556,375.00</u>	<u>\$101,791,125.00</u>	<u>\$100,484,250.00</u>	<u>\$16,025,875.00</u>	<u>\$55,425,625.00</u>		

⁽¹⁾ An amount equal to the total principal and interest due on Project Bonds each May 1 and November 1 is due in full on each preceding April 1 pursuant to the respective Series Facilities Agreement.

BONDHOLDERS' RISKS

The discussion in this section regarding risks to holders of the Series 2023A Bonds is not intended to be dispositive, comprehensive or definitive, nor does the order in which the risks are discussed necessarily reflect their relative importance. The discussion is intended only to summarize certain matters that could affect payment on the Series 2023A Bonds. Holders of the Series 2023A Bonds should be aware that these matters and other potential risks and factors could materially adversely affect receipt by the holders of payments on the Series 2023A Bonds. There can be no assurance that other risks or factors will not become material in the future. Other sections of this Official Statement should be referred to for a more detailed description of the risks described in this section, which descriptions are qualified by reference to any documents discussed therein. Copies of all such documents are available for inspection at the principal corporate trust office of the Trustee.

The State's Financial Condition, Reduced State Aid, Delayed Payment, COVID-19

The amount of State Aid paid to the Buffalo CSD is dependent in large measure upon the financial condition of the State. The State regularly publishes its Annual Information Statement relating to its financial condition, as well as quarterly updates and supplements thereto. The 2019-20 and 2020-21 State budgets provided the Governor with the ability to make mid-year aid cuts if State revenues or expenditures missed certain thresholds; that unilateral authority was removed in the 2021-22 State budget and not included in future year State budgets.

Due to the outbreak of COVID-19 in 2020, the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. In 2020-21, the State reduced State Aid to the Buffalo CSD by \$29.7 million utilizing the CARES Act revenues to offset those cuts. In the 2021-22 State Budget, the \$29.7 million State Aid cuts were restored, to the Buffalo CSD. The CRRSA and ARP federal stimulus revenues are not anticipated to be required to offset any State Aid cuts at this time.

On March 11, 2021, President Biden signed into law the American Rescue Plan of 2021. This \$1.9 billion stimulus package includes \$36.0 billion in direct financial relief for state and local governments, including \$65.0 billion for cities, villages and towns and \$65.0 billion for counties. While the new law stipulates the allocation process and authorized use of funds, the U.S. Department of the Treasury issued the Final Rule January 27, 2022. These regulations that provide more detail and guidance go into effect April 1, 2022. The expected allocation to the Buffalo CSD is \$200.4 million, which is in addition to the \$89.2 million allocated to the Buffalo CSD in the December 27, 2020 Coronavirus Response and Relief Supplemental Appropriations Act.

The State's 2023-24 Enacted Budget provided for school aid of approximately \$34 billion, an increase of approximately \$3 billion in school aid spending from the 2022-23 Enacted State Budget. The Foundation Aid increase amounts to \$2.6 billion from the 2022-23 Enacted State Budget. Other increases in 2023-24 school aid are largely formula driven, or related to additional grant programs. Further, State legislation that was passed as part of the 2021-22 State Budget to fully fund Foundation Aid by 2024, as such Foundation Aid was fully implemented with the 2023-2024 budget.

The State's 2020-21 through 2023-24 Enacted Budgets included significant amounts of federal funding. The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have a materially adverse impact on the State budget. There can be no assurance that the State's financial position

will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State Aid including school districts in the State.

While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State Aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State Aid appropriated and apportioned to the Buffalo CSD can be paid only if the State has such monies available for such payment.

Principal of and interest on the Project Bonds, including the Series 2023A Bonds, will be paid from State Aid payable through (i) installment purchase payments made by the Buffalo CSD under the Series Facilities Agreements, including the Installment Sale Agreement or (ii) from the intercept of State Aid by the State Comptroller. Both methods of payment are dependent upon lawful appropriations of State Aid being made each year by the State to the Buffalo CSD. No assurance can be given that present State Aid levels will be maintained in the future. The Buffalo Schools Act provides that (y) any amount of State Aid paid by the State Comptroller pursuant to the State Aid Intercept provisions of the Buffalo Schools Act shall not obligate the State to make, nor entitle the Buffalo CSD to receive, any additional amounts of State Aid, nothing contained in the Buffalo Schools Act shall be deemed to prevent the State from modifying, reducing or eliminating any program or programs of State Aid and (z) the State shall not be obligated by the terms of the Buffalo Schools Act to maintain State Aid at any particular level or amount. Financial difficulties of the State could result in reduced payments of State Aid to municipalities and school districts in the State (including the Buffalo CSD) in future fiscal years. Given the Buffalo CSD’s dependence on State Aid (the only source of funds to make the installment purchase payments payable by the Buffalo CSD pursuant to the Series Facilities Agreements, including the Installment Sale Agreement), substantial reductions in the payment of State Aid could adversely impact the Buffalo CSD’s ability to pay, or timely pay, installment purchase payments under the Series Facilities Agreements, including the Installment Sale Agreement, and accordingly, the payment of debt service on the Project Bonds, including the Series 2023A Bonds.

State financial difficulties also may result in protracted and delayed State budget negotiations which could result in delays in the adoption of the State budget. Delays in adoption of the State budget in future years could result in delayed payment of State Aid to school districts in the State, including the Buffalo CSD. During the State’s 2011-12 to 2018-19 fiscal years, State Aid to school districts was paid in a timely manner; however, during the State’s 2019-20 fiscal year, State budgeting restrictions resulted in delayed payments of State Aid to school districts in the State, which were ultimately paid in full during the 2020-21 State fiscal year. In the past, adoption of a State budget has been delayed as long as four and a half months. There can be no assurance that (y) the State Legislature will continue to adopt State budgets in a timely fashion, or that (z) in the absence of such budget adoption, that the State Legislature will provide on a continuing resolution or other basis State Aid to the Buffalo CSD on an interim basis.

Furthermore, State financial difficulties could result in delayed payment of State Aid in the current and future fiscal years, and could affect payment of State Aid to the Buffalo CSD. Delay in the receipt of State Aid by the Buffalo CSD could have a material adverse financial impact on the Buffalo CSD and result in a delay in the application of such State Aid to the payment of installment purchase payments under the Series Facilities Agreements, including the Installment Sale Agreement.

Impact of COVID-19

The outbreak of COVID-19 affected education, travel, commerce and financial markets globally. With the conclusion of public health emergency statuses by the U.S. Government and the World Health

Organization in early May 2023, it is expected that the pandemic's most notable impacts are in the past. However, a resurgence of COVID-19 or the emergence of a new pandemic could have adverse impacts on the Buffalo CSD's operations and finances. There can be no assurance that any resurgence of COVID-19 or the emergence of a new pandemic will not result in a delay and/or reduction in State Aid paid to school districts, including the Buffalo CSD. Any delay or reduction in State Aid payment to the Buffalo CSD would have a negative impact on the Buffalo CSD's finances and operations. The Buffalo CSD received all scheduled State Aid payments through its Fiscal Year ending June 30, 2023.

Default by the Buffalo CSD

No representations or assurances can be given that the Buffalo CSD will perform its obligations under the Installment Sale Agreement. The obligation of the Buffalo CSD to make installment purchase payments under the Installment Sale Agreement is executory and dependent upon the receipt of State Aid and the appropriation of such State Aid by the Buffalo CSD to the payment of installment purchase payments under the Installment Sale Agreement. In the event State Aid has been appropriated by the State to the Buffalo CSD and the Buffalo CSD has failed to appropriate such State Aid to the payment of the Installment Sale Agreement, there is no right to accelerate all future payments due under the Series 2023A Bonds and the sole source of payment for the Series 2023A Bonds will be the intercept of State Aid by the State Comptroller. The failure of the Buffalo CSD to appropriate amounts necessary to make installment purchase payments due under the Installment Sale Agreement may result in the failure of the Issuer to make required debt service payments under the Series 2023A Bonds. In such event, the sole remedy available to the Bondholders will be the intercept of State Aid by the State Comptroller. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid Intercept."

Appropriation of Installment Purchase Payments by the Buffalo CSD

The availability of installment purchase payments under the Installment Sale Agreement is subject to and dependent upon lawful appropriations of State Aid being made each year to and by the Buffalo CSD for such purposes. The Installment Sale Agreement is not a general obligation of the Buffalo CSD or the City. The obligation of the Buffalo CSD under the Installment Sale Agreement to pay installment purchase payments in any Fiscal Year of the Buffalo CSD constitutes a current expense of the Buffalo CSD for such Fiscal Year and shall not constitute an indebtedness of the Buffalo CSD or the City within the meaning of any constitutional or statutory provision or other laws of the State. Neither the Installment Sale Agreement nor any representation by any public employee or officer creates any legal or moral obligation of the Buffalo CSD to appropriate or make moneys available for the purposes of the Installment Sale Agreement. The failure of the Buffalo CSD to pay installment purchase payments due under the Installment Sale Agreement may result in the failure of the Issuer to make required debt service payments under the Series 2023A Bonds. In such event, there is no right to accelerate payments due under the Series 2023A Bonds and the sole remedy available to the Bondholders will be the intercept of State Aid by the State Comptroller.

Competing Claims to State Aid

General

Statutory provisions currently exist or may hereafter be enacted which permit State Aid otherwise payable to the Buffalo CSD to be diverted or intercepted and applied in satisfaction of indebtedness or obligations issued or incurred for school purposes or otherwise. In addition, at the present time, other than as provided in the State Aid Trust Agreement with respect to Project Bonds, there is no stated priority for the various State Aid diversion and intercept claims. Furthermore, the impact of the diversion or intercept of State Aid to pay obligations other than Project Bonds will be increased in the event State Aid payments to the Buffalo CSD are reduced as described above.

Direct Claims

Revenue Anticipation Notes. Revenue anticipation notes issued by the City in anticipation of the receipt of State Aid are payable in the first instance from the amount of State Aid in anticipation of which such revenue anticipation notes were issued. State law requires that such State Aid received by the City be applied to retire such revenue anticipation notes prior to the application of such State Aid to any other purpose. The BFSA issued revenue anticipation notes on behalf of the City on September 13, 2006, in the amount of \$60 million, of which \$30 million matured and was paid on May 15, 2007, and the remaining \$30 million matured and was paid on August 14, 2007. Since September 13, 2006, the City has not issued cash flow notes and currently does not anticipate any additional cash flow financing in the remainder of fiscal year 2023-24. The State Aid Trust Agreement provides that, notwithstanding the provisions of the State Aid Trust Agreement providing for the flow of State Aid to the Series Trustee, upon receipt of written instructions to the Depository Bank from the City, together with an accompanying monthly payment schedule indicating that, pursuant to applicable State law and, if applicable, any credit enhancement agreement to which the City is a party, State Aid Revenues paid to the Buffalo CSD must be set aside in a special bank account designated in such instructions to be used only for the payment of the RAN Repayment Requirement, then each month the Depository Bank shall immediately withdraw from the State Aid Depository Fund all State Aid that is received and cause the amounts so withdrawn to be immediately paid, before any further withdrawal or payment under the State Aid Trust Agreement, to the special bank account until the total amount of such withdrawals is equal to the portion of such RAN Repayment Requirement required, in accordance with such payment schedule, to be withdrawn and paid to such special bank account for such month or any prior month to the extent not paid. Notwithstanding the foregoing, in the event the Buffalo CSD shall fail to pay an installment purchase payment under the Installment Sale Agreement, the intercept provisions of the Buffalo Schools Act and the Indenture will operate to intercept State Aid prior to the payment of such State Aid to the Buffalo CSD in accordance with the State Aid Trust Agreement. Accordingly, such State Aid will be intercepted to pay installment purchase payments under the Installment Sale Agreement, prior to its application by the City to the payment of outstanding revenue anticipation notes of the City.

Municipal Bond Bank Agency Special Program Bonds. Pursuant to the Bond Bank Act, the Bond Bank is authorized to issue bonds (“Special Program Bonds”) for certain Special Program Municipalities, as defined in the Bond Bank Act, to fund the cost of making payment to such Special Program Municipalities to be applied to the cost of settling litigation involving the city school districts of Special Program Municipalities and the teachers’ unions in such Special Program Municipalities. Principal and interest on the Special Program Bonds are payable from annual payments appropriated and made by the Special Program Municipalities to the Bond Bank. In the event that a Special Program Municipality fails to make an annual payment when due and the Bond Bank certifies such failure to the State Comptroller, the State Comptroller is authorized to withhold State Aid and assistance to the Buffalo CSD in such amount so certified by the Bond Bank as necessary to fulfill the Special Program Municipality’s annual payment obligation and to immediately pay over to the Bond Bank the amount so withheld. The City is qualified under the Bond Bank Act as a Special Purpose Municipality and Special Program Bonds (the “2001 Special Purpose Bonds”) were issued in May 2001 to finance a \$25 million portion of a litigation settlement involving the Buffalo CSD and certain teachers’ unions. In 2012, the \$13,860,000 State of New York Municipal Bond Bank Agency Special Program (City of Buffalo) Refunding Revenue Bonds, 2012 (the “2012 Series A Special Purpose Bonds”) were issued to refund the 2001 Special Purpose Bonds. In May 2022, the 2022 MBBA Refunding Bonds were issued to refund the 2012 Series A Special Purpose Bonds. As of September 30, 2023, there are \$6.88 million of such bonds outstanding and maximum annual debt service with respect to such bonds is approximately \$1.05 million. In connection with the issuance of the 2022 MBBA Refunding Bonds, the Buffalo CSD, the City, each Series Trustee and the Depository entered into the State Aid Trust Agreement. Pursuant to the State Aid Trust Agreement, no amounts shall be paid to the MBBA 2022 Trustee until all amounts payable to each Series Trustee have been paid in full. See

“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid Trust Agreement.”

Expenses for Handicapped Children. The State Comptroller deducts from State Aid to the City amounts required by statute to reimburse the State for certain expenditures made by the State for the education of certain blind, deaf and handicapped children in the City. Expenditures of approximately \$0.2 million were withheld from Buffalo CSD State Aid for the 2022-23 fiscal year.

Deductions for ERS/TRS Payments. Contribution payments for Local Employees’ Retirement System (the “ERS”) are to be made on or before the first day of February. Municipalities and school systems are allowed to prepay their annual contribution on or before the 15th of December and receive a discounted payment through a divide-by factor that represents 45 days of interest. Chapter 49, Laws of 2003 changed the billing cycle and instituted a minimum contribution rate for ERS, which is equal to 4.5% of payroll every year, including years in which the investment performance of the system would make a lower contribution possible. Chapter 94, Laws of 2015 changed the calculation of employer contributions for the funding on the basis of rates determined on known salaries from the prior fiscal year rather than on an estimate of salaries from the incomplete current fiscal year. There was a retirement contribution of \$4.9 million paid by the Buffalo CSD for the fiscal year ended March 31, 2023, for the ERS. For 2023-24, \$5.3 million was included in the Buffalo CSD’s approved budget for this purpose.

New York State Teachers’ Retirement System (“TRS”) contributions are paid as a reduction in State Aid to Education payments due September 15, October 15 and November 15 on the succeeding fiscal year. For fiscal year 2022-23, the Buffalo CSD contribution for TRS is 10.29% of salaries. Payment is withheld from aid to education payments in the fall of the fiscal year subsequent to which the rate is applicable. The Buffalo CSD records the liability in the year it is incurred, i.e., the year for which the rate is applicable. Any deficiency or excess in TRS contributions are settled on a current basis in the month of January. For the 2022-23 fiscal year, TRS expenditures were approximately \$25.5 million. For 2023-24, \$30 million was included in the Buffalo CSD’s approved budget for this purpose.

Contingent Claims

Section 99-b. In the event of a default in the payment of the principal of and/or interest on outstanding general obligation indebtedness of the City issued for Buffalo CSD purposes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State Aid and assistance to the Buffalo CSD and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of such general obligation indebtedness for Buffalo CSD purposes. As measured by the State Constitution and the Local Finance Law, as of June 30, 2023, the City had a total of \$6.4 million of outstanding net indebtedness applicable to the Buffalo CSD, all of which is benefited by the Section 99-b intercept (the “Section 99-b Debt”), which constitutes approximately 0.5% of its debt limit. The Section 99-b Debt consists of the principal amount of long-term bonds and bond anticipation notes (the “Section 99-b Bonds”). Maximum annual debt service on the Section 99-b Bonds is \$4.1 million.

The Series 2023A Bonds are not general obligation indebtedness of the City and accordingly do not benefit from the Section 99-b intercept.

Charter School Delinquencies. Pursuant to the Charter Schools Acts, the Buffalo CSD is required to pay a State-set tuition rate to charter schools that enroll students residing in the City. Charter school enrollment of City resident pupils increased from 3,100 students in the 2003-04 school year to 10,332 in 2022-23 school year and is projected for budgeting purposes to be 11,100 students in 2023-24. As of September 30, 2023, the projected enrollment for 2023-24 remains at 11,100 students. Two charter schools originally expected to close in 2021-22 have remained open and are expected to remain open at least through

the 2023-24 school year. Moreover, BRICK Buffalo Academy Charter School opened as of July 1, 2023 and has a projected enrollment of 162 pupils. Also, Buffalo Collegiate Charter School closed at the end of 2022-23 and it is assumed many of those pupils be absorbed by other local charter schools. In 2003-04, the amount of charter school funding was \$8,434 per student (including \$7,934 for basic tuition, plus an estimated additional \$500 for special education funding) for a total of approximately \$26.4 million. The current funding rate for Fiscal Year 2023-24 is estimated to be \$14,816 per student (including \$13,966 for basic tuition, plus an estimated \$850 for special education funding). Total payments were \$136.8 million, \$144.5 million, and \$150.9 million in Fiscal Years 2020-21, 2021-22, and 2022-23 respectively. The budgeted amount for Fiscal Year 2023-24 is \$159.2 million. Under legislation enacted in 2015, there are 96 remaining charters that may be issued in the State, all of which are outside of New York City. The increases in Charter enrollment have been attributable through the availability of new seats, continued growth of enrollment in existing charter schools and with Brick, additional Charter Schools. New charter schools are not subject to Buffalo CSD approval. In the event the Buffalo CSD fails to make any required payment to charter schools that enroll City resident students, the State Comptroller may deduct delinquent amounts from State Aid otherwise payable to the Buffalo CSD and pay such amounts to the charter schools. See “PROGRAM PARTICIPANTS — The Buffalo CSD and Board of Education – Charter Schools.”

Failure to Comply with Regulations. Payment of State Aid to education may be withheld due to the failure of the City or the Buffalo CSD to comply with various requirements of State law or the regulations of the Commissioner of Education relating to instructional programs, programs for the handicapped or other matters or the failure of the City to pay debt service on obligations issued for school purposes.

The 2016-17 Enacted State Budget included a provision linking the payment of additional State Aid to compliance with a modified teacher evaluation process which provides that school districts will not be eligible for aid unless they have negotiated the optional components of evaluations with their local unions and obtained State approval by December 1, 2016. The Buffalo CSD developed a teacher evaluation process for each of the 2016-17, 2017-18, 2018-19, and 2019-20 Fiscal Years that was compliant with Education Law Section 3012-d. New York State passed legislation exempting districts from submitting teacher evaluation data for the 2020-2021 and 2021-2022 school years due to the COVID-19 pandemic. The Buffalo CSD has an approved teacher evaluation plan which is compliant with Education Law Section 3012-d requirements for the 2021-2022, 2022-23 and 2023-24 school years.

In addition, the State may withhold aid if the Buffalo CSD fails to meet the deadline for submitting its independent audit report to the State Education Department. Pursuant to Section 2116-a of the Education Law, the Buffalo CSD must file such report no later than January 1st, however, the State has granted school districts a 30-day “grace period” before aid is withheld. The Buffalo CSD timely filed its report for Fiscal Years 2020-21, 2021-2022 and 2022-23.

Beginning with the 2018-19 school year, any school district with at least four schools that receives at least 50% percent of its total revenue through State Aid is required to annually report its budgeted support for individual schools within the school district and, in 2019-20, this requirement expanded to all school districts with at least four schools, regardless of State Aid. The report must follow a format developed by the State Division of Budget (“DOB”) in consultation with SED. In 2020-21, the requirement will apply to all school districts in the State. This report is due to the State by the beginning of the school year, and the State has 30 days to respond. While DOB or SED does not formally approve a school district’s school-based budget, DOB and SED have authority to determine whether the information was provided in a timely and sufficient manner. The reporting must include demographic data, per pupil funding, source of funds and uniform decision rules regarding allocation of centralized spending to individual schools from all funding sources. Should either DOB or SED determine that a school district did not meet this requirement, the school district’s State Aid increase can be withheld for the applicable year until compliance is determined by DOB and SED. If either DOB or SED determines that a school district has not properly

complied, the school district has 30 days to “cure” the problem. In the event the problem is not cured in 30 days, the City Comptroller or chief financial officer, and in the event a school district located outside a city, the chief financial officer in the municipality where the school district is most located is authorized, at his or her discretion, to gather information and submit on behalf of the school district. Under this legislation, beginning with the 2018-19 school year, the Buffalo CSD is required to annually report its budgeted support for individual schools. The Buffalo CSD timely filed its reports for the 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 school years.

Effect on State Aid

Statutory application and intercept of State Aid for any of the above purposes or any other purpose would have the result of diminishing the flow of State Aid to the Buffalo CSD to make installment purchase payments under the Installment Sale Agreement, as well as possibly diminishing State Aid subject to an intercept by the State Comptroller under the Buffalo Schools Act. Furthermore, other State financing programs incorporate similar procedures for the application or withholding of State Aid as security for the repayment of obligations, or the repayment of financial assistance provided to school districts in the State. Moreover, the State has the power to (i) create additional State Aid Intercept provisions, (ii) reduce or eliminate State Aid paid to school districts in the State and (iii) create State Aid intercept provisions having a prior right to intercept State Aid senior to the intercept of State Aid provided by the Buffalo Schools Act. If the Buffalo CSD is or becomes a participant in any such State financing program or otherwise pledges its State Aid, the extent to which State Aid would be available (x) to pay installment purchase payments under the Installment Sale Agreement, or (y) to be intercepted by the State Comptroller and paid to the Trustee, could be adversely affected. No assurance is given that the Buffalo CSD will not participate in any such State financing programs in the future.

In addition to the foregoing, it is important to note that State Aid may, after the payment of Base Installment Purchase Payments, be applied to the payment of Additional Payments under the Installment Sale Agreement for, among other things, casualty and indemnity obligations of the Buffalo CSD to the Issuer. Accordingly, a significant casualty or indemnity event could substantially reduce State Aid coverage levels in relation to Base Installment Payment obligations of the Buffalo CSD.

Additional Series of Project Bonds

The Series 2023A Bonds will each rank on a Ratable Basis with the claims of any remaining principal amount of the Project Bonds outstanding under the State Aid Trust Agreement, or from the State Comptroller as an intercept of State Aid under the Buffalo Schools Act. See “APPENDIX D — Summary of Certain Provisions of the Installment Sale Agreement” and “APPENDIX C — Summary of Certain Provisions of the Indenture of Trust.”

Although no amendments have been introduced for additional Program improvements beyond Phase V, the Buffalo Schools Act could be amended in the future to permit the Buffalo CSD to finance additional costs associated with the acquisition, renovation, reconstruction, improvement, equipping and furnishing of certain public school buildings and the acquisition of certain equipment and fixtures for use by the Buffalo CSD with the issuance of an additional Series of Project Bonds. The authorization and issuance of such additional Series of Project Bonds would further dilute the amount of State Aid available to make installment purchase payments with respect to the Series 2023A Bonds and reduce the amount of State Aid subject to intercept by the State Comptroller and payable to the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS.” No limitation exists upon the principal amount of Project Bonds, as may be issued, nor upon their payment dates or rate of amortization. This could result in a reduction in the funds available to make payments of principal of and interest on the Series 2023A Bonds.

BFSA Review of Financial Plans and Budgets

Commencing with the City's 2004-05 fiscal year, the BFSA Act requires that the Mayor submit to the BFSA a four-year financial plan and the Mayor's proposed City budget on or before May 1 of each year. Such financial plans must provide that the major operating funds of the City will be balanced in accordance with generally accepted accounting principles. Not more than 20 days after submission by the City of a financial plan or more than 15 days after the submission of a financial plan modification, the BFSA is to determine whether such plan or modification is complete and complies with the BFSA Act, and shall submit its recommendations with respect to the financial plan. Upon approval by the City of a budget in accordance with the City Charter, the Mayor must submit such approved budget and financial plan to the BFSA accompanied by expenditure, revenue, and cash flow projections on a quarterly basis and the Mayor must certify that such budget is consistent with the financial plan. The City and the non-exempted Covered Organizations also are required to submit to the BFSA their budget modifications to address changing expenditures and revenue projections.

The BFSA is now operating with advisory period powers. Under an advisory period, the BFSA may comment on budget, budget modifications and financial plans as the BFSA deems necessary or appropriate but is not required to approve such budgets, budget modifications or financial plans. On May 22, 2023, the preliminary budgets and four-year financial plans were submitted for the City, the Buffalo CSD, the Buffalo Urban Renewal Agency and the Buffalo Municipal Housing Authority pursuant to the Act. On June 14 2023, the BFSA determined that the four-year financial plan for the City of Buffalo, Buffalo CSD, the Buffalo Urban Renewal Agency and the Buffalo Municipal Housing Authority were complete and compliant and that the 2024-27 four year financial plan for the City required additional supporting documentation of revenue estimates.

After an advisory period has been established, a control period can be reimposed on the City upon a determination by the BFSA that a fiscal crisis is imminent or that any of certain listed events has occurred or that there is a substantial likelihood and imminence of an occurrence of one or more of the listed events. If a control period were reimposed on the City, the City and Buffalo CSD would have to obtain approval of their budgets and four-year plans from the BFSA. Although past City budgets and past four-year plans have been approved by the BFSA, no assurance can be given that should a control period be reimposed that the BFSA will approve future budgets and four-year plans. During a control period, failure of the BFSA to approve future four-year plans and budgets could result in (i) withholding of BFSA funding to the City and (ii) the BFSA imposing maximum spending limits and formulating and imposing financial plans on the City, all of which could adversely affect the financial condition of the City and the Buffalo CSD. See "PROGRAM PARTICIPANTS — The Buffalo Fiscal Stability Authority," "— The Buffalo CSD and Board of Education" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid."

Potential Future Budget Imbalance

On June 9, 2023, the Buffalo CSD submitted a four-year financial plan (the "Plan") for the years 2023-24 through 2026-27. The Plan indicates budgetary deficits of \$37.7 million, in 2023-24, \$29.4 million in 2024-25, \$40 million in 2025-26, and \$38.3 million in 2026-27. The later than usual release of the Plan was largely due to the BTF contract settlement in April of 2023 and a desire to include those projected costs in the Plan. The amounts included in the June 9, 2023 Plan for the BTF contract settlement are \$47.6 million in 2023-23, \$66.3 million in 2024-25, \$82.2 million in 2025-26 and assumed \$82.2 million in 2026-27. The Buffalo CSD projects it will use \$145.5 million of its fund balance to close the deficit. The Buffalo CSD had \$375.5 million in fund balance at June 30, 2023 (as a result of a \$50.9 surplus in 2022-23 versus the \$37.7 million deficit in the Plan). The Plan calls for a projected fund balance of \$175.5 million at June 30, 2027. Foundation Aid in the Plan has been fully phased in during the 2023-24 at a projected \$688.8 million, an increase of \$68.3 million or 11.1% in 2023-24, with future growth at a 2.0% thereafter.

By law, the Buffalo CSD must submit a balanced budget and it is expected that the Buffalo CSD's Fiscal Year 2023-24 budget will be in balance with the proposed usage of \$37.7 million in fund balance. Past projected budget deficits have been eliminated by utilizing reserves and undertaking certain gap elimination programs. However, no assurance can be given that future budgetary results will be in balance and that future four-year plans will not contain increased budget deficits. There is also no certainty that State Aid levels will not be reduced in future years, which could increase the likelihood of further budget deficits in the future. Future budget deficits could have a material adverse effect upon the financial operations of the Buffalo CSD, requiring the Buffalo CSD to either increase revenues from sources other than State Aid or curtail expenditures. See "PROGRAM PARTICIPANTS — The Buffalo Fiscal Stability Authority" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS — State Aid."

Absence of Title Insurance

No title insurance policy had been obtained for insuring the Series 2009. In the event the Issuer lacks a valid leasehold or subleasehold interest in the Series 2009 Facilities under the Ground Lease or the Ground Sublease, any such defect could put into question the authority of the Issuer: (i) to lease or sublease the Series 2009 Facilities from the City and the Buffalo CSD under the Ground Lease or the Ground Sublease, or (ii) to sell, pursuant to the Installment Sale Agreement, such leasehold interest or subleasehold interest in the Series 2009 Facilities to the Buffalo CSD and thereby jeopardize the basis upon which the Buffalo CSD is obligated to make installment purchase payments under the Installment Sale Agreement and upon which the Issuer (through the Trustee) may make certification to the State Comptroller for intercepting State Aid.

Loss of Federal Tax Exemption

Interest on the Series 2023A Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2023A Bonds that violate the requirements and limitations prescribed by the Code. Although the Issuer and the Buffalo CSD have each agreed not to violate the requirements and limitations of the Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2023A Bonds may be deemed to be taxable from the date of issuance. The Series 2023A Bonds are not subject to mandatory redemption or to mandatory acceleration in the event of such an occurrence. No premium or additional interest will be paid to the bondholders or former bondholders to compensate the bondholders for any losses they may incur as a result of the interest on the Series 2023A Bonds becoming subject to federal income taxation. See "TAX MATTERS" below.

Enforceability of Remedies

The remedies available to the holders of the Series 2023A Bonds upon an event of default under the Indenture or other documents described herein are in many respects dependent upon judicial actions which are often subject to discretion and delay. Existing constitutional and statutory law and judicial decisions, including Title 11 of the United States Code, affect the payment rights of Bondholders, and the remedies specified by the federal bankruptcy laws, the Indenture, and the various documents referred to herein may not be readily available or may be limited. The legal opinions to be delivered concurrently with the delivery of the Series 2023A Bonds will be qualified as to enforceability of the legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally. In addition, such opinions will state that the availability of remedies may be limited by judicial application of principles of equity which may delay or preclude the exercise of remedies, including mortgage foreclosure.

State Aid Trust Agreement

Amounts held in the State Aid Depository Fund under the State Aid Trust Agreement are not pledged to the repayment of the Series 2023A Bonds. The State Aid Depository Fund is not a trust fund held under the Indenture, and the Trustee does not and will not have a security interest in amounts held therein. In addition, the obligations of the City, the Buffalo CSD, the Depository Bank and the Trustee relating to the collection, deposit and disbursement of State Aid Revenues contained in the State Aid Trust Agreement are not statutory obligations but contractual obligations of the Depository, the City, the Buffalo CSD and the Trustee and failure of such parties to comply with the provisions of the State Aid Trust Agreement would be actionable solely as a breach of contract matter. See also “— Additional Series of Project Bonds” above.

Statutory Interpretation

There is currently no statutory authorization under the Buffalo Schools Act to finance school facilities beyond Phase V. The Buffalo CSD is subject to the limitations imposed by State law including, but not limited to, the Education Law, the General Municipal Law and the Local Finance Law. Generally, such laws limit the power of the Buffalo CSD to incur indebtedness, lease or purchase facilities, and enter into installment purchase agreements similar to the Installment Sale Agreement. Notwithstanding such limitations, the Corporation Counsel of the City will provide an opinion to be delivered at the closing of the Series 2023A Bonds to the effect that the Installment Sale Agreement is valid, binding and enforceable against the Buffalo CSD in accordance with its terms subject to certain limitations (bankruptcy, discretion as to remedies, etc.). Such opinions will be based on a number of factors including the Corporation Counsel’s interpretation of State Law and the Buffalo Schools Act and the Corporation Counsel’s interpretation of legislative history relating to the Buffalo Schools Act. The Buffalo Schools Act has not been subjected to judicial review and the legal authority provided to the Buffalo CSD by the Buffalo Schools Act could be subject to differing interpretation. Reference is hereby made to the form of opinion of Corporation Counsel of the City to be delivered upon issuance of the Series 2023A Bonds, a copy of which will be on file with the Trustee.

Limited Obligations of the Issuer

THE SERIES 2023A BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM STATE AID REVENUES PAYABLE BY THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT, AND THE PLEDGE OF CERTAIN FUNDS INCLUDING THE BOND FUND UNDER THE INDENTURE. IN THE EVENT THE BUFFALO CSD FAILS TO MAKE AN INSTALLMENT PURCHASE PAYMENT UNDER THE INSTALLMENT SALE AGREEMENT, IT IS PROVIDED IN THE BUFFALO SCHOOLS ACT AND THE INDENTURE THAT, UPON RECEIPT BY THE STATE COMPTROLLER OF A CERTIFICATE FROM THE TRUSTEE ON BEHALF OF THE ISSUER AS TO THE AMOUNT OF SUCH FAILED PAYMENT, THE STATE COMPTROLLER SHALL WITHHOLD ANY STATE AID FROM THE BUFFALO CSD PAYABLE THERETO TO THE EXTENT OF THE AMOUNT SO STATED IN SUCH CERTIFICATE AS NOT HAVING BEEN MADE, AND SHALL IMMEDIATELY PAY OVER TO THE TRUSTEE ON BEHALF OF THE ISSUER THE AMOUNT SO WITHHELD. THE OBLIGATION OF THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT TO PAY INSTALLMENT PURCHASE PAYMENTS IS NOT A GENERAL OBLIGATION OF THE BUFFALO CSD OR THE CITY AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE BUFFALO CSD OR THE CITY ARE PLEDGED TO THE PAYMENT OF INSTALLMENT PURCHASE PAYMENTS UNDER THE INSTALLMENT SALE AGREEMENT. THE OBLIGATIONS OF THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT TO PAY INSTALLMENT PURCHASE PAYMENTS IN ANY FISCAL YEAR OF THE BUFFALO CSD CONSTITUTE A CURRENT EXPENSE OF THE BUFFALO CSD FOR SUCH FISCAL YEAR AND SHALL NOT CONSTITUTE

AN INDEBTEDNESS OR MORAL OBLIGATION OF THE BUFFALO CSD, THE CITY OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR OTHER LAWS OF THE STATE OF NEW YORK. THE ONLY SOURCE OF MONEYS AVAILABLE FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2023A BONDS IS INSTALLMENT PURCHASE PAYMENTS MADE BY THE BUFFALO CSD UNDER THE INSTALLMENT SALE AGREEMENT, TO THE EXTENT OF STATE AID APPROPRIATED BY THE STATE AND AVAILABLE TO THE BUFFALO CSD AND APPROPRIATED BY THE BUFFALO CSD TO MAKE SUCH PAYMENTS, AND THE INTERCEPT BY THE STATE COMPTROLLER OF STATE AID LAWFULLY APPROPRIATED BY THE STATE AND AVAILABLE THEREFOR FROM TIME TO TIME FOR THE BENEFIT OF THE BUFFALO CSD.

Absence of Public Market for the Series 2023A Bonds

The Buffalo CSD has been advised by the Underwriters that the Underwriters presently intend to make a market in the Series 2023A Bonds. The Underwriters, however, are not obligated to do so, and any market-making activities with respect to the Series 2023A Bonds may be discontinued at any time without notice. No assurance is given that an active public or other market will develop for the Series 2023A Bonds or as to liquidity of or the trading market for the Series 2023A Bonds. If a trading market does not develop or is not maintained, holders of the Series 2023A Bonds may experience difficulty in reselling the Series 2023A Bonds or may be unable to sell them at all. If a market for the Series 2023A Bonds develops, any such market may be discontinued at any time. If a public trading market develops for the Series 2023A Bonds, future trading prices of the Series 2023A Bonds will depend on many factors, including, among other things, prevailing interest rates, State Aid paid to the Buffalo CSD and the market for similar securities. Depending on prevailing interest rates, the market for similar securities and other factors, including the financial condition of the Buffalo CSD, the Series 2023A Bonds may trade at a discount from their principal amount.

Cybersecurity Risks

The Buffalo CSD relies on computer systems and technologies to conduct many of its operations, and faces many potential cybersecurity threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on its computing and other digital networks and information systems. Cybersecurity incidents could result from unintentional events or errors or from malfeasance or deliberate attacks by unauthorized entities or individuals attempting to gain access to the Buffalo CSD's technology systems for the purposes of misappropriating assets or information or causing operational or financial disruption and damage or extorting ransom. Cybersecurity breaches could compromise or damage one or more the Buffalo CSD's information and security systems and cause material disruption to its operations, services to students and financial position. There can be no assurance that any existing or additional cyber safety and security measures will prove adequate in the event that cybersecurity attacks are directed in the future against the Buffalo CSD's computer and technology systems. Additionally, third-party cloud providers may pose a threat to the Buffalo CSD's computer and technology systems if their systems are compromised. The costs of security measures or remedying damage from security breaches and the resulting disruptions therefrom in the future could be greater than anticipated depending on what systems have been breached or compromised and to what extent.

On March 12, 2021, the Buffalo CSD experienced a cyber-attack which resulted in certain computer files and systems becoming inoperable. As a result of the attack, the School District has incurred and will continue to incur significant costs to restore operability of its systems and to conduct an investigation. As of March 24, 2022, the Buffalo CSD has restored its student management, facilities management, and financial operating systems, or utilizing manual workarounds or alternate procedures where necessary. Restoration costs through June 30, 2023 were \$7.8 million and are projected to be approximately \$9.9 million through the end of 2023-2024, with federal stimulus funds accounting for \$8.9

million. Despite steps taken to prevent a similar incident in the future, no school district can provide assurances that such enhancements will be completely successful, and any future attacks could materially impact the School District's operations and financial condition. The Buffalo CSD does not maintain cybersecurity insurance.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hodgson Russ LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2023A Bonds is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. In rendering its opinion, Bond Counsel to the Issuer has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer and the Buffalo CSD in connection with the Series 2023A Bonds, and Bond Counsel has assumed compliance by the Issuer and the Buffalo CSD with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2023A Bonds from gross income under Section 103 of the Code.

It is also the opinion of Bond Counsel that interest on the Series 2023A Bonds is exempt, under existing statutes, from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York).

Certain Ongoing Federal Tax Requirements and Covenants

The Code established certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2023A Bonds in order that interest on the Series 2023A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2023A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2023A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer and the Buffalo CSD have each covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2023A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2023A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2023A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2023A Bonds.

Prospective owners of the Series 2023A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in

gross income for federal income tax purposes. Interest on the Series 2023A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a Series 2023A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2023A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2023A Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to the period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a tax-exempt Premium Bond may realize a taxable gain upon disposition of the tax-exempt Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Series 2023A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payer with, a Form W 9, “Request for Taxpayer Identification Number and Certification”, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payer is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payer” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2023A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2023A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Beneficial Owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Other Impacts

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series 2023A Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of

other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2023A Bonds, or under state and local tax law.

Future Legislation, Administrative Actions, or Court Decisions

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2023A Bonds under federal or state law, or otherwise prevent Beneficial Owners of the Series 2023A Bonds from realizing the full current value of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted), or such decisions, could affect the market price or marketability of the Series 2023A Bonds. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2023A Bonds may affect the tax-exempt status of interest on the Series 2023A Bonds, under federal or state law, or otherwise prevent Beneficial Owners of the Series 2023A Bonds from realizing the full current value of the tax status of such interest, or affect the market price or marketability of the Series 2023A Bonds.

Prospective purchasers of the Series 2023A Bonds should consult their own tax advisors regarding the foregoing matters.

Miscellaneous

Bond Counsel's engagement with respect to the Series 2023A Bonds ends with the issuance of the Series 2023A Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the holders of the Series 2023A Bonds regarding the tax-exempt status of the Series 2023A Bonds in the event of an audit examination by the Internal Revenue Service. Under current procedures, parties other than the Issuer and its appointed counsel, including the holders of the Series 2023A Bonds, 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 Internal Revenue Service positions with which the Issuer legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2023A 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 2023A Bonds, and may cause the Issuer or the holders of the Series 2023A Bonds to incur significant expense.

Form of Opinion of Bond Counsel

The proposed form of the approving opinion of Bond Counsel for the Series 2023A Bonds is attached hereto as APPENDIX E. See "Form of Bond Counsel Opinion for Series 2023A Bonds" in APPENDIX E. The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of an opinion by recirculation of the Official Statement or otherwise will create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in such opinion subsequent to its date.

PROSPECTIVE PURCHASERS OF THE SERIES 2023A BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

APPROVAL OF LEGAL MATTERS

All legal matters incident to the authorization, issuance and delivery of the Series 2023A Bonds by the Issuer are subject to the approving opinion of Hodgson Russ LLP, Buffalo, New York, Bond Counsel to the Issuer. A copy of the opinion of Bond Counsel will be available at the time of delivery of the Series

2023A Bonds, the form of which is set forth in APPENDIX E. Certain legal matters will be passed upon for the Issuer by its counsel, Harris Beach PLLC, Buffalo, New York. Legal matters pertaining to the Buffalo CSD and the City will be passed upon by the Corporation Counsel of the City. For purposes of this transaction, Bond, Schoeneck & King PLLC is serving as counsel to the Depository Bank and to the Trustee. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

FINANCIAL ADVISOR

Capital Markets Advisors, LLC (the “Financial Advisor”) serves as independent registered financial advisor to the City and the Buffalo CSD on matters relating to debt management. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisor has provided advice as to the plan of financing and the structuring of the Series 2023A Bonds and has reviewed and commented on certain legal documentation, including this Official Statement. The advice on the plan of financing and the structuring of the Series 2023A Bonds was based on materials provided by the City and the Buffalo CSD and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated or otherwise verified the information provided by the City or the Buffalo CSD or the information set forth in this Official Statement or any other information available to the City or the Buffalo CSD with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information and no guarantee, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

LITIGATION

It is a condition of their acceptance of the Series 2023A Bonds at closing that the Underwriters receive certificates from the Issuer and the Buffalo CSD to the effect that there is no pending or, to the knowledge of the Issuer or the Buffalo CSD, threatened litigation against the Issuer or the Buffalo CSD that in any way questions or affects the validity of the Series 2023A Bonds, the Indenture, the Installment Sale Agreement, the Ground Lease, the Ground Sublease, the State Aid Trust Agreement, or any proceedings or transactions relating to the issuance, sale or delivery of the Series 2023A Bonds or the execution and delivery of any of such documents or that would materially and adversely affect the refunding of the 2013A Refunded Bonds.

The City and the Buffalo CSD, and their respective officers and employees, are defendants in a number of lawsuits. The City, in common with other municipalities, receives numerous notices of claims for money damages deriving generally from sidewalk falls, park accidents, school accidents, City vehicle accidents, police arrests and various other negligence and personal injury claims. The City (as well as the Buffalo CSD) self-insures for tort claims.

Other than with respect to: (i.) a wrongful conviction case for which the City has potential exposure in the amount of approximately \$6,500,000 and (ii.) a police vehicle/pedestrian personal injury accident case for which the City has exposure, the Department of Law of the City, headed by the Corporation Counsel, has determined that there are no pending lawsuits which will have the potential for an expenditure or exposure of more than \$5 million in excess of any amounts provided for in budgetary or self-insurance reserves.

The Buffalo CSD is presently defending up to 18 litigation matters that were brought in response to the recently enacted Child Victims Act. At this time, the Buffalo CSD does not yet have sufficient information to determine if the potential claims are meritorious. In many cases, discovery has not been completed and it is difficult to predict a potential judgment. Any potential damages are not expected to be

covered by insurance. The Buffalo CSD has set aside funds to pay settlements or judgments. If such funds are not sufficient, the City is authorized to issue bonds on behalf of the Buffalo CSD to finance any settlements or judgments.

As of the date of this Official Statement, except as described herein, the Buffalo CSD has certified that it does not know of any fact or set of facts from which liability might arise which individually or collectively would materially and adversely affect the business or operations of the Buffalo CSD or the refunding of the 2013A Refunded Bonds.

VERIFICATION

Causey, Demgen & Moore, an independent certified public accounting firm (the “Verification Agent”), will independently verify, and issue a report on, the arithmetical accuracy of the computations included in schedules provided to them by the Underwriters indicating the sufficiency of the maturing principal amounts of and interest on the defeasance securities deposited to the Escrow Funds established under the Refunding Escrow Trust Agreements to pay the Redemption Price of and interest on the 2013A Refunded Bonds on the Redemption Date. Furthermore, the Verification Agent will have restricted its procedures to verifying the arithmetical accuracy of such computations and will not have made any study or evaluation of the assumptions and information on which the computations were based and, accordingly, will not express an opinion on such assumptions and information, the reasonableness of such assumptions, or the achievability of future events.

RATINGS

Moody’s Investors Service, Inc. has rated the Series 2023A Bonds “Aa2” and Standard & Poor’s has rated the Series 2023A Bonds “AA”.

Generally, a rating agency bases its rating on information and materials furnished to it and on investigations, studies and assumptions by such rating agency. There is no assurance that such rating will continue for any given period of time or will not be revised downward, suspended or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such lowering, suspension or withdrawal of the rating might have an adverse effect upon the market price or marketability of the Series 2023A Bonds. The Underwriters, the Issuer and the Buffalo CSD undertake no responsibility after the issuance of the Series 2023A Bonds to assure the maintenance of the rating or to oppose any revision, suspension or withdrawal thereof.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

UNDERWRITING

Citigroup Global Markets Inc., as representative (the “Representative”) of the underwriters (collectively, the “Underwriters”) under the Purchase Contract for the Series 2023A Bonds (the “Series 2023A Purchase Contract”), among the Issuer, the Buffalo CSD and the Underwriters, has agreed, subject to certain conditions, to purchase the Series 2023A Bonds from the Issuer at a purchase price of \$ _____ (representing the principal amount of the Series 2023A Bonds of \$ _____ plus an original issue [premium]/[discount] of \$ _____ less an underwriters’ discount of \$ _____ and to make a public offering of the Series 2023A Bonds). The Underwriters will be obligated to purchase all of the Series 2023A Bonds if any are purchased.

In connection with the public offering of the Series 2023A Bonds, the Underwriters will be receiving compensation in the amount of the underwriters’ discount. The Underwriters’ obligation under

the Series 2023A Purchase Contract to accept delivery of the Series 2023A Bonds is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The public offering prices set forth on the inside cover page hereof may be changed from time to time at the discretion of the Underwriters.

Pursuant to the Series 2023A Purchase Contract, the Buffalo CSD has agreed to indemnify the Underwriters and the Issuer against certain liabilities to the extent permitted by law.

Citigroup Global Markets Inc., an underwriter of the Series 2023A Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer.

SECONDARY MARKET DISCLOSURE

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, as amended (the “Rule”), the Buffalo CSD will undertake, pursuant to an agreement (the “Continuing Disclosure Agreement”), for the benefit of the holders and Beneficial Owners of the Series 2023A Bonds, 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 360 days after the end of each respective Fiscal Year of the Buffalo CSD commencing with the Fiscal Year ending June 30, 2022, certain financial and operating data concerning the Buffalo CSD of the type included in this Official Statement and as specified in the Continuing Disclosure Agreement. In addition, the Buffalo CSD will undertake, for the benefit of the holders and Beneficial Owners of the Series 2023A Bonds, to provide notice to the MSRB through EMMA, in a timely manner, but in not more than 10 Business Days after the occurrence of any event enumerated in the Rule. 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>. A form of the Continuing Disclosure Agreement for the Series 2023A Bonds is set forth in APPENDIX F hereto.

Continuing disclosure agreements which were executed by the Buffalo CSD with respect to each series of Project Bonds outstanding require the filing with each Nationally Recognized Municipal Securities Information Depository (“NRMSIR”) or EMMA, as the case may be, of audited financial statements and certain financial and operating data of the type contained in the respective official statements relating to each of the respective Project Bonds outstanding no later than 360 days after the end of each respective Fiscal Year of the Buffalo CSD. Such financial and operating data includes among others, information

under the subheading “The Buffalo CSD and Board of Education,” under the heading “PROGRAM PARTICIPANTS” and under the subheading “Program Overview,” under the heading “THE PROGRAM.”

Certain financial and operating data described above for the Buffalo CSD’s filings for each of the years 2018 through 2021 that were made available in a timely manner on EMMA were not linked to the relevant Project Bonds. On March 17, 2021 and March 25, 2022, the filings were updated by the Buffalo CSD to make such previous years’ filings more complete in accordance with the applicable continuing disclosure undertakings of the Buffalo CSD.

The Buffalo CSD has established procedures to insure that future filings of continuing disclosure information will be complete and will be undertaken in a timely manner in compliance with existing continuing disclosure obligations, including transmitting such filings to the MSRB through EMMA. In furtherance of the foregoing, the Buffalo CSD’s audited financial statements will on a forward going basis include all required financial and operating data under existing continuing disclosure agreements for Project Bonds which financial and operating data will be filed with EMMA on an annual basis. Except as noted above, the Buffalo CSD is in compliance with all existing continuing disclosure agreements during the previous five years.

AUDITOR

The financial statements of the Board of Education (a component unit of the City of Buffalo, New York) for the year ended June 30, 2023, included in this Official Statement have been audited by Lumsden McCormick LLP, independent auditors, as stated in their report appearing in APPENDIX A.

MISCELLANEOUS

The summaries of and references herein to the Act, the Buffalo Schools Act, the Series 2023A Bonds, the Indenture, the Installment Sale Agreement, the State Aid Trust Agreement, the Ground Lease, the Ground Sublease and other documents and materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such documents for the complete provisions thereof, copies of which may be obtained from the Trustee.

Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the opinions, estimates or forecasts will be realized. This Official Statement is not to be construed as a contract or an agreement between the Issuer, the Buffalo CSD or the Underwriters and any purchaser of the Series 2023A Bonds.

The appendices hereto are an integral part of this Official Statement and must be read together with all of the foregoing statements.

The Buffalo CSD has reviewed the information contained herein that relates to it, its properties and operations, and has approved all such information for use within this Official Statement.

The distribution of this Official Statement to prospective purchasers of the Series 2023A Bonds by the Underwriters has been duly authorized by the Issuer and the Buffalo CSD. This Official Statement is made available only in connection with the sale of the Series 2023A Bonds and may not be used in whole or in part for any other purpose.

**ERIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Authorized Officer

**CITY SCHOOL DISTRICT OF
THE CITY OF BUFFALO**

By: _____
President, Board of Education

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE BOARD OF EDUCATION OF THE CITY
SCHOOL DISTRICT OF THE CITY OF BUFFALO FOR FISCAL YEAR ENDED JUNE 30, 2023**

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**BOARD OF EDUCATION,
CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)**

FINANCIAL STATEMENTS

JUNE 30, 2023

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

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June 30, 2023

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The Board of Education
Board of Education, City of Buffalo, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2023, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Board, 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 the financial statements in accordance with GAAP, 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 Board's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 and *Government Auditing Standards*, 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 Board'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 Board'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 management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 Board's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Lynden & McCormick, LLP

October 18, 2023

Management's Discussion and Analysis (unaudited)

June 30, 2023

Introduction

Management's Discussion and Analysis (MD&A) of Board of Education, City of Buffalo, New York (the Board) provides an overview of the Board's financial activities and performance for the year ended June 30, 2023. The information contained in the MD&A should be considered in conjunction with the information presented as part of the Board's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the Board's financial position and results of operations. The Board's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund statements, (5) notes to the financial statements, and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the Board's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. The statement of activities presents information showing how the Board's net position changed during each 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the Board as a whole. All of the activities of the Board are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the Board's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Board's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Board maintains a custodial fund for its extraclassroom activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Board's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position (in thousands)	2023	2022	Change	
			\$	%
Current and other assets	\$ 728,084	\$ 932,052	\$ (203,968)	(21.9%)
Capital assets	643,592	708,536	(64,944)	(9.2%)
Total assets	1,371,676	1,640,588	(268,912)	(16.4%)
Deferred outflows of resources	640,236	697,497	(57,261)	(8.2%)
Long-term liabilities	2,475,023	2,427,245	47,778	2.0%
Other liabilities	252,884	206,907	45,977	22.2%
Total liabilities	2,727,907	2,634,152	93,755	3.6%
Deferred inflows of resources	1,166,593	1,857,201	(690,608)	(37.2%)
Net position				
Net investment in capital assets	135,744	114,006	21,738	19.1%
Restricted	54,364	53,200	1,164	2.2%
Unrestricted	(2,072,696)	(2,320,474)	247,778	(10.7%)
Total net position (deficit)	\$ (1,882,588)	\$ (2,153,268)	\$ 270,680	(12.6%)

Net position is a deficit of (\$1,882,588) and (\$2,153,268) as of June 30, 2023 and 2022, respectively. The net deficit is a result of recognition of the Board's total other postemployment benefits (OPEB) liability, which is an actuarial estimate of amounts the Board will owe for health insurance for its retirees. The largest positive portion of the Board's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire or lease those assets. The Board uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The Board's net position also includes resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by statutory law and regulations. Such reserves include funds for judgments, claims, and property loss, which are used for outstanding litigation or uninsured losses on Board property; the unemployment reserve, which is used to pay the cost of reimbursement to the State Unemployment Insurance Fund; and the stabilization reserve, which is used for unanticipated, extraordinary, or capital needs. Other unrestricted resources include funds restricted for debt service and special activities.

Total assets decreased by \$268,912 (\$347,611 increase in 2022). Capital assets decreased \$64,944 due to current year depreciation and amortization of \$85,688 exceeding additions of \$20,744. The decrease in current and other assets of \$203,968 (\$378,461 increase in 2022) is primarily due to recognition of a net pension asset of \$320,209 for the Board's proportionate share of the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) net pension position BPSs in 2022 compared to a liability of \$66,552 in 2023. Fluctuations are largely a result of investment losses. This decrease was partially offset by an increase of \$71,791 in cash held by the City of Buffalo on the Board's behalf as a result of current year operating results and timing of payments back to the City. State and federal aid receivable also increased \$38,931 (\$8,023 decrease in 2022) due to additional Federal grant funds earned in 2023.

Long-term liabilities, which include the Board's total OPEB liability of \$1,799,713 (\$1,733,208 in 2022), increased by \$47,778 (\$843,292 decrease in 2022), while other liabilities increased by \$45,977 (\$23,667 increase in 2022). Other liabilities increased primarily due to timing of payments to the City of Buffalo for advances as a result of delays in grant reimbursements from New York State. The increase in long-term liabilities is due to an increase in the total OPEB liability of \$66,505 and recognition of the net pension liability of \$66,552 as mentioned above, offset by an \$85,639 net reduction in debt due to principal payments made during the fiscal year and amortization of bond premiums.

Many of the Board's employees participate in TRS and ERS, which are reflected in amounts reported as net pension asset, net pension liability, and deferred outflows and deferred inflows of resources related to pensions. Changes in these balances, along with changes in the total OPEB liability and deferred outflows and deferred inflows related to OPEB, are heavily influenced by actuarial assumptions and investment performance versus expected performance. See the footnotes to the financial statements for further details.

Condensed Statement of Activities (in thousands)	2023	2022	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 4,804	\$ 4,973	\$ (169)	(3.4%)
Operating grants and contributions	303,812	174,419	129,393	74.2%
Capital grants and contributions	3,222	3,406	(184)	(5.4%)
General revenues				
Contributions from the City and school tax relief	70,823	70,823	-	0.0%
State aid	848,209	793,629	54,580	6.9%
Sales tax and other	84,187	67,631	16,556	24.5%
Total revenue	1,315,057	1,114,881	200,176	18.0%
Expenses				
Instruction	810,429	659,591	150,838	22.9%
Support services				
General support	122,342	90,120	32,222	35.8%
Pupil transportation	56,491	48,667	7,824	16.1%
Food service	38,342	33,106	5,236	15.8%
Interest and other	16,773	18,883	(2,110)	(11.2%)
Total expenses	1,044,377	850,367	194,010	22.8%
Change in net position	270,680	264,514	6,166	2.3%
Net position (deficit) – beginning	(2,153,268)	(2,417,782)	264,514	(10.9%)
Net position (deficit) – ending	\$ (1,882,588)	\$ (2,153,268)	\$ 270,680	(12.6%)

Board revenues increased by \$200,176 or 18.0% (\$58,694 or 5.6% increase in 2022). Operating grants and contributions increased \$129,393 or 74.2% (\$9,125 or 5.5% increase in 2022) due to continued increases in Federal American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP/ESSER) revenues. State aid within general revenues increased \$54,580 or 6.9% (\$55,608 or 7.5% increase in 2022) primarily because of a \$34,193 increase in Foundation aid from the State-adopted legislation that allows for the full phase-in of Foundation aid over a three-year period through 2024. Also increasing were Charter School Transitional Aid (\$2,643), Public High Cost (\$3,514) and Transportation Aid (\$16,185). These increases were offset by reduced Private Excess Cost Aid (\$2,156) and relatively small decreases in Building Aid, Special CTE-related Aid, and Textbook, Hardware, Software, and Library Aid.

Total expenses increased \$194,010 or 22.8% (\$121,729 or 12.5% decrease in 2022). Salaries increased \$78,319 or 20.1% (\$27,369 or 7.6% increase in 2022) due to contractual salary increases, filling of vacant positions, and settlement of the Buffalo Teachers' Federation (BTF) contract, which resulted in retroactive and bonus payments of \$46,496. Pension expense, which is allocated among general support, instruction, transportation, and food service, was \$53,992 in 2023, compared to pension income, reflected as a negative expense, of \$17,942 in 2022; this resulted in an increase of \$71,934. This increase was partially offset by OPEB income, allocated amongst the same categories, which increased from \$110,143 in 2022 to \$134,864 in 2023 as a result of amortization of deferred inflows. The Board noted various other expense increases, most notably in the form of additional spending on programs using ARP/ESSER Federal grant funding. In addition to salaries already mentioned, these grants also covered related employee benefits such as health insurance and payroll taxes, as well as other program costs. Other Board cost increases of significant included charter school tuition of \$6,345 due to an overall increase in students attending charter schools, \$2,711 for contractual rate increases for transportation, and \$3,748 for utilities with return to a full year of in-person learning.

Financial Analysis of the Board's Funds

Total fund balances for the governmental funds increased from \$397,004 to \$464,526 as described below:

- Total revenues increased by \$199,985 or 18.0% (\$64,749 or 6.2% increase in 2022), mainly due to an increase of \$122,423 in Federal aid (\$14,839 increase in 2022) due to continued and additional pandemic-related funding and the increase in total State aid of \$61,886 (\$50,301 increase in 2022) as mentioned above.

- Total expenses before other financing sources and uses increased \$162,328 or 15.1% (\$82,762 or 8.3% increase in 2022) as a result of increased spending in the second year of the ARP/ESSER grant budgets and the BTF contract settlement in late 2023 as described above.
- During 2023, the general fund experienced an increase in fund balance of \$50,917, to \$375,527 as of year end, compared to an increase of \$11,915 for 2022. Significant changes in fund balance include assigned fund balance - designated for next year's budget which increased from \$34,600 to \$37,725 largely due to the costs associated with the second year of the BTF contract, other contract increases, and increases to Security and Athletic budgets. Additionally, \$8,000 was added to assigned fund balance for capital projects, encumbrances at year end decreased by \$1,751, and \$30 was added for OPEB and other benefits. Unassigned fund balance increased \$46,226, from \$105,091 to \$151,317, with \$44,109 being maintained for the required 4% minimum unassigned fund balance required by Board policy, and \$107,208 being the additional amount in excess of the Board policy minimum.
- The debt service fund experienced an increase in fund balance of \$1,125 due to current year interest earnings. The capital projects fund experienced an increase in fund balance of \$15,008 to \$26,376 due to operating transfers in of \$30,702 against capital outlays of \$16,225 and use of money and property of \$531. The food service fund experienced an increase in fund balance of \$472 to an ending balance of \$39,596 after a return to more normalized funding and operation expenditures during the year.

General Fund Budgetary Highlights

The total final revenue budget for 2023 was \$985,300. Actual revenues amounted to \$1,009,141, a favorable difference of \$23,841 or 2.4%. Total State Aid was \$4,519 above budget due to increased Public Excess Cost Aid due to data revisions submitted during the year resulting in increased student counts and reimbursable costs. Non-State Aid revenues were \$19,322 above budget including sales tax (\$11,100 over budget), invoicing to other districts and tuition reimbursements for foster children (\$2,900 greater than budget) Medicaid reimbursements (\$900), and interfund revenues (\$3,900 greater than budget), mainly due to indirect costs from the ARP/ESSER expenditures.

Actual expenditures and carryover encumbrances were less than the final revised budget by \$61,222 or 6.8%. The main reasons for the favorable variance include budgetary savings in the following areas: salaries and associated benefits of \$42,600 due to vacancies and the use of ARP/ESSER funding to cover the BTF retroactive and bonus amounts; transportation of \$4,465 (from the revised budget); tuition to other districts and agencies of \$3,826; and lower than revised budget expenditures of \$17,728 for contracts, supplies, software, and repairs and maintenance.

Offsetting these positive variances was an initially unbudgeted \$17,000 transfer to the capital projects fund from budgetary savings in several areas including charter tuitions, transportation (bus aides), and student tuitions.

Capital Assets (in thousands)

	2023	2022
Land	\$ 3,012	\$ 3,012
Construction in progress	53,240	43,383
Buildings and improvements	1,799,819	1,792,618
Equipment and vehicles	58,901	55,223
	1,914,972	1,894,236
Accumulated depreciation	(1,304,369)	(1,223,349)
	610,603	670,887
Right-to-use lease assets, net	32,989	37,649
	\$ 643,592	\$ 708,536

Current year additions of \$20,744 were offset by depreciation and amortization expense of \$85,688.

Debt

At June 30, 2023, the Board had \$468,457 in bonds and leases outstanding, with \$83,173 due within one year (\$543,441 outstanding at June 30, 2022). Amounts due to New York State amounted to \$5,273, with \$713 due within one year (\$5,987 outstanding at June 30, 2022). Outstanding compensated absences and workers' compensation claims payable were \$75,996 with \$18,111 expected to be paid within one year (\$75,636 outstanding at June 30, 2022).

Additional information on the Board's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

Federal revenue sources have increased in 2022 and 2023 due to additional pandemic-related funding, which essentially ends by June 30, 2024. The Board will need to plan accordingly to ensure continuity of programs or make spending cuts upon the reduction in these funds. The 2024 year is the last year of the full phase-in of the Foundation Aid formula. The Board has experienced enrollment declines in the last three years which may negatively impact the Foundation Aid formula going forward. School districts in New York State are also impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this planning process.

Contacting the Board's Financial Management

This financial report is designed to provide our Board's residents, taxpayers, parents, students, investors, and creditors with a general overview of the Board's finances, and to show the Board's accountability for the money it receives. For more detailed information, questions may be directed to the Office of the Chief Financial Officer, Buffalo City School District, 708 City Hall, Buffalo, New York 14202.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Statement of Net Position

June 30, 2023

(With comparative totals as of June 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 10,676,825	\$ 10,544,938
Cash held by the City of Buffalo	482,074,323	410,283,150
Cash and cash equivalents with fiscal agent	10,907,317	10,148,486
Cash and cash equivalents - restricted	13,040,750	12,658,302
Due from other governments	6,555,288	5,848,608
Accounts receivable	16,600,776	13,452,229
State and federal aid receivable	185,995,818	147,064,344
Inventory and prepaid expenses	2,233,152	1,842,972
Net pension asset	-	320,208,560
Capital assets (Note 4)	1,973,427,601	1,955,668,241
Accumulated depreciation and amortization	(1,329,835,139)	(1,247,131,834)
Total assets	1,371,676,711	1,640,587,996
Deferred Outflows of Resources		
Defeasance loss	15,350,158	17,598,604
Deferred outflows of resources related to pensions	209,226,170	201,348,665
Deferred outflows of resources related to OPEB	415,660,000	478,550,000
Total deferred outflows of resources	640,236,328	697,497,269
Liabilities		
Accounts payable	55,380,874	40,217,764
Accrued liabilities	39,297,394	53,681,814
Due to other governments	1,401,230	1,401,230
Due to retirement systems	43,675,172	35,770,676
Unearned revenue	-	4,537,787
Due to the City of Buffalo	113,129,653	71,297,639
Long-term liabilities		
Due within one year:		
Leases	5,363,368	5,483,415
Bonds	77,810,000	69,500,000
Due to New York State	713,332	713,334
Compensated absences	9,245,546	8,820,000
Workers' compensation	8,865,000	8,833,000
Due beyond one year:		
Leases	37,193,723	42,557,091
Bonds and related premiums	407,122,151	494,874,617
Due to New York State	4,560,002	5,273,332
Compensated absences	18,070,965	17,239,679
Workers' compensation	39,814,000	40,743,000
Net pension liability	66,551,781	-
Total OPEB liability	1,799,713,000	1,733,208,000
Total liabilities	2,727,907,191	2,634,152,378
Deferred Inflows of Resources		
Defeasance gain	13,496,367	17,247,413
Deferred inflows of resources related to pensions	20,030,050	387,827,258
Deferred inflows of resources related to OPEB	1,133,067,000	1,452,126,000
Total deferred inflows of resources	1,166,593,417	1,857,200,671
Net Position		
Net investment in capital assets	135,744,328	114,005,961
Restricted	54,363,744	53,199,994
Unrestricted	(2,072,695,641)	(2,320,473,739)
Total net position (deficit)	\$ (1,882,587,569)	\$ (2,153,267,784)

See accompanying notes.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Statement of Activities

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2023	2022
Governmental activities						
General support	\$ 122,341,914	\$ 8,080	\$ -	\$ -	\$ (122,333,834)	\$ (90,085,570)
Instruction - regular	659,696,429	3,738,365	267,597,183	3,222,528	(385,138,353)	(371,836,425)
Instruction - charter	150,732,689	-	-	-	(150,732,689)	(143,879,981)
Pupil transportation	56,490,484	-	-	-	(56,490,484)	(48,666,588)
Interest expense	15,510,423	-	-	-	(15,510,423)	(18,844,780)
School food service	38,341,936	1,057,382	36,214,831	-	(1,069,723)	5,782,924
Community service	1,262,724	-	-	-	(1,262,724)	(37,921)
	<u>\$ 1,044,376,599</u>	<u>\$ 4,803,827</u>	<u>\$ 303,812,014</u>	<u>\$ 3,222,528</u>	<u>(732,538,230)</u>	<u>(667,568,341)</u>
General revenues						
Contribution from City of Buffalo					64,898,651	64,436,923
School tax relief reimbursement					5,924,107	6,385,980
Sales taxes					59,860,152	56,938,685
State aid					848,208,811	793,628,788
Miscellaneous					24,326,724	10,691,884
Total general revenues					<u>1,003,218,445</u>	<u>932,082,260</u>
Change in net position					270,680,215	264,513,919
Net position (deficit) - beginning					(2,153,267,784)	(2,417,781,703)
Net position (deficit) - ending					<u>\$ (1,882,587,569)</u>	<u>\$ (2,153,267,784)</u>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Balance Sheet - Governmental Funds

June 30, 2023
(With comparative totals as of June 30, 2022)

	General	Special Aid	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
						2023	2022
Assets							
Cash and cash equivalents	\$ 10,476,789	\$ 19,606	\$ -	\$ -	\$ 180,430	\$ 10,676,825	\$ 10,544,938
Cash held by the City of Buffalo	406,814,367	-	38,711,982	-	36,547,974	482,074,323	410,283,150
Cash and cash equivalents with fiscal agent	-	-	-	10,907,317	-	10,907,317	10,148,486
Cash and cash equivalents - restricted	609,056	-	-	12,119,257	312,437	13,040,750	12,658,302
Due from other governments	6,555,288	-	-	-	-	6,555,288	5,848,608
Accounts receivable	15,943,339	52,202	-	-	605,235	16,600,776	13,452,229
State and federal aid receivable	33,362,679	134,663,316	15,399,177	-	2,570,646	185,995,818	147,064,344
Due from other funds, net	10,654,006	-	-	-	-	10,654,006	517,261
Inventory and prepaid expenses	1,254,427	-	-	-	978,725	2,233,152	1,842,972
Total assets	\$ 485,669,951	\$ 134,735,124	\$ 54,111,159	\$ 23,026,574	\$ 41,195,447	\$ 738,738,255	\$ 612,360,290
Liabilities							
Accounts payable	\$ 32,094,742	\$ 18,580,146	\$ 2,301,808	\$ -	\$ 1,331,168	\$ 54,307,864	\$ 39,542,677
Accrued liabilities	32,971,439	2,508,064	-	-	267,891	35,747,394	50,214,814
Due to other governments	1,401,230	-	-	-	-	1,401,230	1,401,230
Due to retirement systems	43,675,172	-	-	-	-	43,675,172	35,770,676
Due to other funds, net	-	517,261	10,136,745	-	-	10,654,006	517,261
Unearned revenue	-	-	-	-	-	-	4,537,787
Due to the City of Buffalo	-	113,129,653	-	-	-	113,129,653	71,297,639
Total liabilities	110,142,583	134,735,124	12,438,553	-	1,599,059	258,915,319	203,282,084
Deferred Inflows of Resources							
Unavailable revenue	-	-	15,296,874	-	-	15,296,874	12,074,346
Fund Balances							
Nonspendable	1,254,427	-	-	-	1,291,162	2,545,589	2,152,786
Restricted	30,844,603	-	-	23,026,574	180,130	54,051,307	52,890,180
Assigned	192,111,577	-	26,375,732	-	38,125,096	256,612,405	236,869,979
Unassigned	151,316,761	-	-	-	-	151,316,761	105,090,915
Total fund balances	375,527,368	-	26,375,732	23,026,574	39,596,388	464,526,062	397,003,860
Total liabilities, deferred inflows of resources, and fund balances	\$ 485,669,951	\$ 134,735,124	\$ 54,111,159	\$ 23,026,574	\$ 41,195,447	\$ 738,738,255	\$ 612,360,290

See accompanying notes.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2023

Total fund balances - governmental funds \$ 464,526,062

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds. 643,592,462

Defeasance losses and gains associated with bond refundings are recognized as deferred outflows of resources and deferred inflows of resources, respectively, in the government-wide statements. 1,853,791

The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:

Deferred outflows of resources related to pensions	209,226,170	
Net pension liability	(66,551,781)	
Deferred inflows of resources related to pensions	<u>(20,030,050)</u>	122,644,339

The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:

Deferred outflows of resources related to OPEB	415,660,000	
Total OPEB liability	(1,799,713,000)	
Deferred inflows of resources related to OPEB	<u>(1,133,067,000)</u>	(2,517,120,000)

Certain revenues are not considered earned until received in the governmental funds but are recognized when earned in the government-wide statements. 15,296,874

Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:

Retainages payable	(1,073,010)	
Accrued interest	(3,550,000)	
Leases	(42,557,091)	
Bonds and related premiums	(484,932,151)	
Due to New York State	(5,273,334)	
Compensated absences	(27,316,511)	
Workers' compensation	<u>(48,679,000)</u>	(613,381,097)

Net position - governmental activities \$ (1,882,587,569)

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

	General	Special Aid	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
						2023	2022
Revenues							
Contributions from City of Buffalo	\$ 64,898,651	\$ -	\$ -	\$ -	\$ -	\$ 64,898,651	\$ 64,436,923
School tax relief reimbursement	5,924,107	-	-	-	-	5,924,107	6,385,980
Nonproperty tax items	59,860,152	-	-	-	-	59,860,152	56,938,685
Charges for services	3,738,365	-	-	-	-	3,738,365	4,338,070
Use of money and property	204,011	-	530,765	1,053,489	2,893	1,791,158	108,489
Sale of property and compensation for loss	12,073	-	-	-	-	12,073	113,868
Miscellaneous	21,315,882	1,958,015	-	-	1,271,302	24,545,199	13,228,313
State sources	848,208,811	45,427,039	-	-	1,513,331	895,149,181	833,263,448
Federal sources	4,978,973	215,233,156	-	-	34,645,889	254,858,018	132,434,880
Sales	-	-	-	-	1,057,382	1,057,382	600,270
Total revenues	1,009,141,025	262,618,210	530,765	1,053,489	38,490,797	1,311,834,286	1,111,848,926
Expenditures							
General support	83,265,629	34,937,149	-	-	33,682,054	151,884,832	118,202,027
Instruction - regular	348,568,384	189,306,382	-	-	-	537,874,766	448,519,834
Instruction - charter	148,369,025	2,547,589	-	-	-	150,916,614	144,487,675
Pupil transportation	54,253,212	1,053,215	-	-	-	55,306,427	48,187,937
Community service	43,471	-	-	-	1,218,461	1,261,932	50,770
Employee benefits	186,731,621	38,357,141	-	-	2,607,988	227,696,750	206,237,441
Debt service							
Principal	4,808,004	305,178	-	65,113,332	370,233	70,596,747	66,168,638
Interest	2,190,205	119,060	-	24,191,129	58,578	26,558,972	29,543,101
Capital outlay	-	-	16,225,037	-	576,490	16,801,527	15,172,969
Total expenditures	828,229,551	266,625,714	16,225,037	89,304,461	38,513,804	1,238,898,567	1,076,570,392
Excess revenues (expenditures)	180,911,474	(4,007,504)	(15,694,272)	(88,250,972)	(23,007)	72,935,719	35,278,534
Other financing sources (uses)							
Transfer to City of Buffalo for debt service	(5,413,517)	-	-	-	-	(5,413,517)	(5,630,306)
Operating transfers, net	(124,580,621)	4,007,504	30,701,975	89,376,019	495,123	-	-
Lease proceeds	-	-	-	-	-	-	2,776,898
Bond proceeds from current refundings	-	-	-	-	-	-	78,535,000
Bond premiums	-	-	-	-	-	-	4,593,742
Payments to escrow agents	-	-	-	-	-	-	(84,165,423)
Total other financing sources (uses)	(129,994,138)	4,007,504	30,701,975	89,376,019	495,123	(5,413,517)	(3,890,089)
Net change in fund balances	50,917,336	-	15,007,703	1,125,047	472,116	67,522,202	31,388,445
Fund balances - beginning	324,610,032	-	11,368,029	21,901,527	39,124,272	397,003,860	365,615,415
Fund balances - ending	\$ 375,527,368	\$ -	\$ 26,375,732	\$ 23,026,574	\$ 39,596,388	\$ 464,526,062	\$ 397,003,860

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities**

For the year ended June 30, 2023

Total net change in fund balances - governmental funds		\$ 67,522,202
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization expense and disposals exceed capital outlays (net of retainages).		
		(65,341,868)
Certain revenue is not considered available and is therefore not yet recognized in the governmental funds.		
		3,222,528
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2023 TRS and ERS contributions	42,758,343	
2023 ERS accrued contribution	1,724,997	
2022 ERS accrued contribution	(1,576,567)	
2023 TRS pension expense	(42,403,351)	
2023 ERS pension expense	<u>(11,589,050)</u>	(11,085,628)
OPEB income (expense) is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		
		189,664,000
Payments of long-term liabilities, including bonds, leases, and amounts due to New York State, are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position.		
		75,696,747
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Net amortization of defeasance gain and loss	1,502,600	
Amortization of bond premiums	9,942,466	
Interest	(83,000)	
Workers' compensation	897,000	
Compensated absences	<u>(1,256,832)</u>	11,002,234
Change in net position - governmental activities		\$ 270,680,215

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

**Statement of Revenues, Expenditures, and Changes in
Fund Balance Budget (Non-GAAP) and Actual - General Fund**

For the year ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Contributions from City of Buffalo	\$ 64,794,859	\$ 64,794,859	\$ 64,898,651		\$ 103,792
School tax relief reimbursement	6,027,899	6,027,899	5,924,107		(103,792)
Nonproperty tax items	48,720,000	48,720,000	59,860,152		11,140,152
Charges for services	2,895,519	2,895,519	3,738,365		842,846
Use of money and property	215,000	215,000	204,011		(10,989)
Sale of property and compensation for loss	10,000	10,000	12,073		2,073
Miscellaneous	15,947,242	15,947,242	21,315,882		5,368,640
State sources	843,689,481	843,689,481	848,208,811		4,519,330
Federal sources	3,000,000	3,000,000	4,978,973		1,978,973
Total revenues	985,300,000	985,300,000	1,009,141,025		23,841,025
Expenditures					
General support					
Board of education	382,313	378,963	367,964	5,225	(5,774)
Central administration	1,677,977	3,810,438	3,374,535	6,688	(429,215)
Finance	4,330,452	4,634,423	3,518,004	33,539	(1,082,880)
Staff	4,069,609	4,085,591	3,270,674	257,428	(557,489)
Central services	82,519,618	79,470,371	71,523,080	3,639,590	(4,307,701)
Special items	28,615,527	12,909,978	1,211,372	31,390	(11,667,216)
Instruction					
Instruction, administration, and improvement	37,945,012	42,288,966	36,239,253	122,865	(5,926,848)
Teaching - regular school	143,906,202	139,216,216	130,784,545	1,481,590	(6,950,081)
Charter school payments	154,878,428	148,402,332	148,185,100	-	(217,232)
Programs for children with handicapping conditions	122,724,327	122,016,627	114,195,806	150,426	(7,670,395)
Program for English Language Learners	17,760,958	18,126,880	16,523,859	-	(1,603,021)
Occupational education	22,711,252	23,018,950	21,943,587	21,510	(1,053,853)
Teaching - special schools	1,175,755	1,124,984	1,039,590	66	(85,328)
Instructional media	6,392,535	6,459,207	4,433,165	203,047	(1,822,995)
Pupil services	27,676,071	27,221,367	23,592,504	215,309	(3,413,554)
Pupil transportation	63,119,138	58,735,678	54,253,212	17,627	(4,464,839)
Community service	55,500	60,994	43,471	-	(17,523)
Employee benefits	196,323,809	196,682,701	186,731,621	5,394	(9,945,686)
Debt service					
Principal	-	4,808,004	4,808,004	-	-
Interest	-	2,190,205	2,190,205	-	-
Total expenditures	916,264,483	895,642,875	828,229,551	6,191,694	(61,221,630)
Excess revenues (expenditures)	69,035,517	89,657,125	180,911,474	(6,191,694)	85,062,655
Other financing sources (uses)					
Transfers to City of Buffalo for debt service	(5,473,175)	(5,473,175)	(5,413,517)		(59,658)
Operating transfers in	200,000	200,000	-		(200,000)
Operating transfers out	(106,305,149)	(125,247,771)	(124,580,621)		(667,150)
Appropriated fund balance, reserves, and carryover encumbrances	42,542,807	40,863,821	-		(40,863,821)
Total other financing sources (uses)	(69,035,517)	(89,657,125)	(129,994,138)		(40,337,013)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 50,917,336	\$ (6,191,694)	\$ 44,725,642

See accompanying notes.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2023

Assets

Cash	<u>\$ 1,120,518</u>
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Net Position

Extraclassroom activity	<u>\$ 1,120,518</u>
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BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2023

Additions

Student activity additions	\$ 1,209,775
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Deductions

Student activity deductions	<u>1,157,665</u>
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Change in net position	52,110
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Net position - beginning	<u>1,068,408</u>
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Net position - ending	<u>\$ 1,120,518</u>
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Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York (the City), is governed by Education and other laws of the State of New York (the State). The Board of Education has responsibility and control over all activities related to public school education within the Board's school system. The Board's Superintendent is the chief executive officer. Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The Board provides education and support services such as administration, transportation, and plant maintenance. The Board receives funding from local, state, and federal sources and must comply with requirements of these funding sources. The Board is financially dependent upon the City and other governments and has no independent authority to contract bonded indebtedness or levy taxes, with the exception of the Special Program Revenue Bonds issued by the State of New York Municipal Bond Bank Agency (Note 5). The Board's reporting entity does not contain any component units as defined by accounting standards.

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

Joint Schools Construction Board

The Buffalo Joint Schools Construction Board (the JSCB) is an inter-municipal joint cooperative board created by resolutions of the Board and the City of Buffalo Common Council (the Council) and by amendment of the City Charter, §18-59 and §18-60, to assist in a comprehensive program to redevelop the Board's school buildings and facilities. The JSCB is comprised of two Board designees, the Superintendent of Schools, the Mayor, the City Comptroller, and one Council designee.

As further explained in the JSCB Information section of these financial statements, although the Buffalo Schools Act conferred extensive powers upon the JSCB in relation to the construction of new educational facilities, it assigned to the JSCB only limited functions in relation to the reconstruction of existing schools, which the act authorized the Board to finance and implement as projects of the Erie County Industrial Development Agency (ECIDA). Phases I, II, III, IV, and V of the project were authorized by amendments to the Buffalo Schools Act as ECIDA reconstruction projects. The JSCB's role was principally to assist and advise the Board in developing projects up to the point when plans and specifications had been approved by the New York State Education Department, financing was completed and available, and construction began. The JSCB was also assigned to monitor implementation of the project's workforce and business diversification plan and to compare the financing available through ECIDA with financing available through the municipal bond agency, and to employ the financing that resulted in the lowest cost to the taxpayers. For Phase III, the JSCB was also required to submit certain cost reports to State officials and could not proceed with the projects if estimated costs did not meet certain limits prescribed in the Phase III regulation.

As a result of the completion of the projects overseen by JSCB, it is not anticipated that any more activity or business will be conducted and the JSCB special revenue fund is no longer presented within the governmental funds. On a government-wide basis, all related capital assets and long-term debt are included within the Board's financial statements.

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display financial activities of the overall Board, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the Board. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Board does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the Board's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase of specific capital assets, if any. Revenues that are not classified as program revenues, including the City's contribution, sales taxes, and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including fiduciary funds. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Board reports the following major funds:

- *General fund.* This is the Board's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Board also elected to display the following as a major fund:

- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest on the Board's long-term debt, except for amounts held by the City, which are recorded in the general and capital funds as transfers to the City. Financial resources accumulated for future principal and interest payments are also included in this fund.

The Board reports the following governmental funds as nonmajor governmental funds:

- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the Board's breakfast, lunch, summer food, and Root Culinary programs.
- *Special activities fund.* This fund is used to account for transactions that support miscellaneous local grants and donations. The proceeds are legally restricted to expenditures for specified purposes.
- *Permanent fund.* This fund is used to report resources that are legally restricted to the extent that earnings, and not principal, may be used for the purposes that support the Board's programs.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Board maintains a custodial fund for its student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Board receives value directly without giving equal value in exchange, include contributions from the City, sales taxes, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if they are collected within one year after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budget Process, Amendments, and Encumbrances

Prior to May 1, the Board submits to the Mayor of the City its budget request and financial plan for the fiscal year beginning July 1. On or before May 1, the Mayor submits to the City Council a complete operating plan which includes the Board's estimated revenues and proposed expenditures. The City Council then acts upon the Mayor's recommended Board budget and may make additions or deletions within its authority as provided by the City Charter. The Board's budget, as approved by the City Council, is limited to total estimated revenues and proposed expenditures.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Cash and Cash Equivalents

The Board's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Inventory and Prepaid Expenses

Inventories of food and/or supplies in the general and food service funds are recorded at cost on a first-in, first-out basis. Donated commodities are stated at values which approximate market. Certain payments to vendors reflect expenditures applicable to future periods and are reflected as prepaid expenses.

Capital Assets

Capital assets are generally reported at actual or estimated historical cost based on appraisals. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 5,000	20
Buildings and improvements	\$ 5,000	20-50
Equipment	\$ 5,000	5-10
Vehicles	\$ 5,000	5-7

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Unavailable Revenue

Nonexchange transactions in the form of Smart Schools Bond Act grants from the State are not considered available in the governmental funds and therefore are recorded as deferred inflows of resources.

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

The Board participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the Board recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB income (expense) for the Board's defined benefit healthcare plan (Note 7) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated 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 those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for the payment of health insurance until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, and defeasance gains and losses, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the Board.

Governmental Fund Statements

The Board considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the Board allows the Chief Financial Officer or his designee to determine the order in which to use committed, assigned, and unassigned resources when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory and prepaid expenses	\$ 2,233,152
Endowment	312,437
Restricted:	
Unemployment insurance	9,156,044
Judgments, property loss, and claims	17,750,000
Fiscal stabilization	3,938,559
Debt service	23,026,574
Special activities	180,130
Assigned:	
OPEB and other employee benefits	70,030,324
American Rescue Plan continuation	30,000,000
Prior year claims	9,000,000
Capital projects and repairs	50,455,732
Health Insurance	15,084,559
School food service	38,125,096
Designated for subsequent year	37,725,000
Other purposes	6,191,694
Unassigned	151,316,761
	<u>\$ 464,526,062</u>

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law or State Education Law as authorized for use by the Board of Education. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the Board has elected to use the benefit reimbursement method.
- *Judgments, property loss, and claims* – is used to cover self-insured property loss retention or liability claims that are not insured.
- *Fiscal stabilization* – created by the State Laws of 2000, Chapter 88, for the purpose of maintaining the fiscal stability of the Board, this reserve can be used to support the Board’s educational programs and any liability incurred by the Board in carrying out its functions and responsibilities under Education Law.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Special activities* – is used to account for activity from miscellaneous local grants and donations.

Committed fund balances, if any, are authorized by the Board of Education as recommended by the Board’s management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

The Board of Education has given the Chief Financial Officer the authority to assign fund balances for specific purposes that are neither restricted nor committed. Assigned fund balances include amounts designated for OPEB, health insurance, continuation of programs initially funded through the American Rescue Plan Act, capital projects and repairs, and other purposes. Significant outstanding encumbrances included in other assigned fund balance in the general fund as of June 30, 2023 include \$590,255 for equipment, \$1,718,839 for supplies, \$6,257 for benefits, and \$3,876,343 for contractual services.

Interfund Balances

The operations of the Board include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the Board's practice to settle these amounts at the net balances due between funds.

2. Cash and Cash Equivalents

Cash management is governed by State laws and as established in the Board's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Board's banking policies permit the Chief Financial Officer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the Board's deposits may not be returned to it. At June 30, 2023, the Board's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' trust departments or agents in the Board's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contract to be reserved for various purposes.

Cash Held by the City of Buffalo

Amounts on deposit with the City on behalf of the Board total \$482,074,323. Such amounts represent cash held in the City's bank accounts. The cash is an asset of the Board and is specifically designated for Board purposes. These deposits are subject to applicable City and State investment and collateralization policies. The City has also advanced \$113,129,653 to the Board for purposes of providing cash flow to the special aid fund.

Cash and Cash Equivalents with Fiscal Agent

In accordance with the Indenture Trust Agreement, an amount of the Series 2009, 2015, 2021, and 2022 bond proceeds must be deposited and maintained by the trustee in the debt service fund and amounted to \$10,907,317 as of June 30, 2023.

Restricted Cash and Cash Equivalents

Cash and cash equivalents in the amount of \$609,056 are restricted in the general fund to support obligations related to workers' compensation claims, along with an account held in trust with the Buffalo Teacher's Federation in relation to a previous teachers' settlement agreement. In addition, \$312,437 represents a restricted endowment within the permanent fund.

In accordance with the Local Share Trust and Depository Agreement, the local share contribution of the JSCB projects is to be held in trust and can only be disbursed as specified by the aforementioned agreement. Such amounts total \$12,119,257 and are restricted within the debt service fund until completion of the related projects.

3. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 12,334,702	\$ 1,680,696	\$ -	\$ 124,580,621
Special aid	202,934	720,195	4,007,504	-
Capital projects	-	10,136,745	30,701,975	-
Debt service	-	-	103,077,994	13,701,975
Food service	-	-	495,123	-
	<u>\$ 12,537,636</u>	<u>\$ 12,537,636</u>	<u>\$ 138,282,596</u>	<u>\$ 138,282,596</u>

The general fund provides cash flow to the various other funds; these amounts are repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program, to the food service program for operations, to the capital projects fund for reconstruction expenditures, and to the debt service fund for principal and interest payments on serial bonds. In accordance with the State's requirement, the debt service fund also transferred the difference between amounts received from building aid and amounts paid under refinanced JSCB debt agreements to the capital projects fund for capital expenditures.

4. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	\$ 3,011,900	\$ -	\$ -	\$ 3,011,900
Construction in progress	43,383,444	16,622,961	(6,766,061)	53,240,344
Total non-depreciable and non-amortizable assets	<u>46,395,344</u>	<u>16,622,961</u>	<u>(6,766,061)</u>	<u>56,252,244</u>
Depreciable capital assets:				
Land improvements	6,538,211	636,676	-	7,174,887
Buildings and improvements	1,786,079,931	5,614	6,558,202	1,792,643,747
Equipment and vehicles	55,222,736	3,479,049	199,500	58,901,285
Total depreciable assets	<u>1,847,840,878</u>	<u>4,121,339</u>	<u>6,757,702</u>	<u>1,858,719,919</u>
Accumulated depreciation:				
Land improvements	(4,897,767)	(124,228)	-	(5,021,995)
Buildings and improvements	(1,185,338,053)	(74,768,244)	-	(1,260,106,297)
Equipment and vehicles	(33,113,490)	(6,135,857)	8,359	(39,240,988)
Total accumulated depreciation	<u>(1,223,349,310)</u>	<u>(81,028,329)</u>	<u>8,359</u>	<u>(1,304,369,280)</u>
Total depreciable assets, net	<u>624,491,568</u>	<u>(76,906,990)</u>	<u>6,766,061</u>	<u>554,350,639</u>
Right-to-use lease assets:				
Buildings	58,263,521	-	(2,976,581)	55,286,940
Vehicles	839,828	-	-	839,828
Equipment	2,328,670	-	-	2,328,670
Accumulated amortization	(23,782,524)	(4,659,916)	2,976,581	(25,465,859)
Total right-to-use assets, net	<u>37,649,495</u>	<u>(4,659,916)</u>	<u>-</u>	<u>32,989,579</u>
	<u>\$ 708,536,407</u>	<u>\$ (64,943,945)</u>	<u>\$ -</u>	<u>\$ 643,592,462</u>

Depreciation and amortization expense have been allocated to the following functions: general support \$8,793,112, instruction \$73,531,715, pupil transportation \$1,071,484, and food service \$2,291,934.

As of June 30, 2023, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 643,592,462
Defeasance loss	15,350,158
Lease liability	(42,557,091)
Defeasance gain	(13,496,367)
Bonds payable and related premiums, net of unspent proceeds	(467,144,834)
	<u>\$ 135,744,328</u>

5. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Leases	\$ 48,040,506	\$ -	\$ 5,483,415	\$ 42,557,091	\$ 5,363,368
Due to City for bonds payable	11,495,000	-	5,100,000	6,395,000	4,145,000
JSCB bonds payable	476,520,000	-	63,895,000	412,625,000	72,945,000
Revenue bonds payable	7,385,000	-	505,000	6,880,000	720,000
Premium on bonds	68,974,617	-	9,942,466	59,032,151	-
Due to New York State	5,986,666	-	713,332	5,273,334	713,332
Compensated absences	26,059,679	1,256,832	-	27,316,511	9,245,546
Workers' compensation	49,576,000	-	897,000	48,679,000	8,865,000
	<u>\$ 694,037,468</u>	<u>\$ 1,256,832</u>	<u>\$ 86,536,213</u>	<u>\$ 608,758,087</u>	<u>\$ 101,997,246</u>

Due to City for Bonds Payable

Amounts due to the City are for bonds payable issued on behalf of the Board. Payments made to the City for purposes of principal and interest on bonds totaled \$5,413,517 for the year ended June 30, 2023.

Revenue Bonds Payable

These bonds represent amounts due for Municipal Bond Agency Revenue Bonds issued pursuant to the State of New York Municipal Bond Agency (the Agency) Act and a General Resolution and a Series Resolution to provide funds to finance a portion of the cost of settling litigation between the Board and the Buffalo Teachers Federation, fund the debt service reserve to at least the debt service reserve fund requirement, and to pay legal, accounting, financing, and other fees and expenses related to the issuance of the bonds.

The bonds are special revenue obligations of the Agency and are secured by annual payments by the City from all monies legally available (which availability is, in general, dependent upon annual appropriations by the City), amounts received by the Agency pursuant to the Agency's statutory right to intercept State school aid payable to the City, and all funds and accounts established by the General Resolution described in the Official Statement.

Due to New York State

In June 2000, the State Legislature passed special legislation to advance the Board \$20,000,000 in lottery aid, interest-free, to help pay a litigation settlement with the Buffalo Teachers' Federation. In June 2006, the Board received an additional lottery aid advance of \$1,400,000.

Existing Obligations

Description	Maturity	Rate	Balance
Due to New York State	June 2036	0.0%	\$ 5,273,334
2022 Revenue bonds	May 2031	5.0%	6,880,000
2012-2022 JSCB revenue and refunding bonds	May 2032	4.0%-5.0%	412,625,000
2011-2021 City of Buffalo serial and refunding bonds	April 2027	2.4%-5.0%	6,395,000
Building lease – 2006	August 2025	5.0%	801,327
Building lease – 2013	July 2027	4.0%	2,554,220
Building lease – 2014	June 2028	5.0%	9,179,293
Building lease – 2020	December 2034	5.0%	27,025,894
Building lease – 2022	March 2025	5.0%	356,163
Building lease – 2022	June 2031	5.0%	1,719,844
Vehicle leases – 2020	June 2024	5.0%	63,194
Vehicle leases – 2021	November 2025	5.0%	136,272
Vehicle leases – 2022	May 2027	5.0%	208,633
Equipment lease – 2020	June 2024	5.0%	512,251
			<u>\$ 473,730,425</u>

Debt Service Requirements

Years ending June 30,	Bonds Payable		Due to New York State		Leases	
	Principal	Interest	Principal	Principal	Interest	
2024	\$ 77,810,000	\$ 21,170,650	\$ 713,332	\$ 5,363,368	\$ 2,059,079	
2025	73,865,000	17,368,650	713,334	5,108,582	1,857,078	
2026	63,365,000	13,691,500	713,334	4,824,399	1,602,415	
2027	54,485,000	10,522,125	713,332	5,099,716	1,362,322	
2028	55,995,000	7,796,875	713,334	4,643,236	1,107,432	
2029-2033	100,380,000	9,786,000	1,566,666	13,252,132	3,052,919	
2034-2036	-	-	140,002	4,265,658	285,524	
	<u>\$ 425,900,000</u>	<u>\$ 80,335,800</u>	<u>\$ 5,273,334</u>	<u>\$ 42,557,091</u>	<u>\$ 11,326,769</u>	

6. Pension Plans

Plan Descriptions

The Board participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee’s individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual’s employment tier. Pension factors are determined based on tier and an employee’s years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers’ Retirement Board. This rate was 10.29% for 2023. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Board to the pension accumulation fund. For 2023, these rates ranged from 8.3% - 17.5%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was \$37,757,659. A liability to ERS of \$1,724,997 is accrued based on the Board’s legally required contribution for employee services rendered from April 1 through June 30, 2023.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2023, the Board reported a liability of \$34,456,003 for its proportionate share of the TRS net pension position and a liability of \$32,095,778 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures applied to roll forward the total pension liability to June 30, 2022. The Board’s proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS’s total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2022, the Board’s proportion was 1.795620%, an increase of 0.015145 from its proportion measured as of June 30, 2021.

The ERS total pension liability at the March 31, 2023 measurement date was determined by an actuarial valuation as of April 1, 2022, with update procedures applied to roll forward the total pension liability to March 31, 2023. The Board’s proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS’s total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2023, the Board’s proportion was 0.149672%, an increase of 0.006921 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the Board recognized net pension expense of \$53,992,401 on the government-wide statements (TRS expense of \$42,403,351 and ERS expense of \$11,589,050). At June 30, 2023, the Board reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,105,530	\$ (690,438)	\$ 3,418,451	\$ (901,371)
Changes of assumptions	66,838,818	(13,879,853)	15,587,780	(172,274)
Net difference between projected and actual earnings on pension plan investments	44,520,425	-	-	(188,561)
Changes in proportion and differences between contributions and proportionate share of contributions	2,552,872	(3,917,952)	719,638	(279,601)
Board contributions subsequent to the measurement date	37,757,659	-	1,724,997	-
	<u>\$ 187,775,304</u>	<u>\$ (18,488,243)</u>	<u>\$ 21,450,866</u>	<u>\$ (1,541,807)</u>

Board contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS		ERS	
2024	\$	24,240,381	\$	4,422,189
2025		13,553,437		(1,611,924)
2026		(5,398,718)		6,554,475
2027		87,462,067		8,819,322
2028		11,232,265		-
Thereafter		439,970		-
	\$	131,529,402	\$	18,184,062

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2021 valuation, with update procedures used to roll forward the total pension liability to June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%

Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually

Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis

Discount rate – 6.95%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation, with update procedures used to roll forward the total pension liability to March 31, 2023, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%

Salary increases – 4.4%

COLA – 1.5% annually

Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries' Scale MP-2021

Discount rate – 5.9%

The long-term expected rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.5%	32%	4.3%
Global and international equities	20%	6.9%-7.2%	15%	6.9%
Private equities	8%	9.9%	10%	7.5%
Real estate equities	11%	6.2%	9%	4.6%
Domestic fixed income securities	16%	1.1%	23%	1.5%
Global fixed income securities	2%	0.6%	-	-
Bonds and mortgages	6%	2.4%	-	-
Short-term	1%	(0.3)%	1%	-
Other	3%	3.3%-5.3%	10%	5.4%-5.8%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' 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.

The following presents the Board's proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
Board's proportionate share of the TRS net pension asset (liability)	\$ (317,700,507)	\$ (34,456,003)	\$ 203,750,765
Board's proportionate share of the ERS net pension asset (liability)	\$ (77,561,729)	\$ (32,095,778)	\$ 5,896,313

7. OPEB

Plan Description

The Board maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical, prescription, vision, and dental insurance for virtually all Board retirees and their spouses. Benefit provisions are based on individual contracts with the Board, as negotiated from time to time. Eligibility is based on covered employees who retire from the Board and have met vesting requirements. Retirees have various contribution requirements based on the bargaining agreement terms in effect at the time of retirement. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2023, employees covered by the Plan include:

Active employees	6,483
Inactive employees or beneficiaries currently receiving benefits	4,016
Inactive employees entitled to but not yet receiving benefits	-
	10,499

Total OPEB Liability

The Board's total OPEB liability of \$1,799,713,000 was measured as of June 30, 2023 and was determined by an actuarial valuation as of the same date.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rate – based on a combination of employer history, national trend surveys, and professional judgment, initially 7.5% and reduced to an ultimate rate of 4.5% after 2029 for pre-65 and initially 6.5% reduced to an ultimate rate of 4.5% after 2032 for post-65

Salary increases – 1.84% to 12.31%

Mortality – Society of Actuaries' Pub-2010 General Headcount Weighted Mortality Table fully generational for healthy general and teacher retirees using scale MP-2021

Discount rate – 4.13% based on a range of indices of 20-year bonds with an average rating of AA/Aa or higher as of the measurement date

Inflation rate – 1.3%

Changes in the Total OPEB Liability

	Total OPEB Liability (In thousands)
Balance at June 30, 2022	\$ 1,733,208
Changes for the year:	
Service cost	45,233
Interest	71,628
Changes of benefit terms	-
Differences between expected and actual experience	(56,918)
Changes of assumptions or other inputs	61,362
Benefit payments	(54,800)
Net changes	66,505
Balance at June 30, 2023	\$ 1,799,713

The following presents the sensitivity of the Board's total OPEB liability to changes in the discount rate, including what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate (amounts in thousands):

	1.0% Decrease (3.13%)	Discount Rate (4.13%)	1.0% Increase (5.13%)
Total OPEB liability	\$ (2,101,089)	\$ (1,799,713)	\$ (1,558,214)

The following presents the sensitivity of the Board's total OPEB liability to changes in the healthcare cost trend rates, including what the Board's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates (amounts in thousands):

	1.0% Decrease (6.5% to 3.5%)	Healthcare Cost Trend Rate (7.5% to 4.5%)	1.0% Increase (8.5% to 5.5%)
Total OPEB liability	\$ (1,529,495)	\$ (1,799,713)	\$ (2,146,108)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the Board recognized OPEB income of \$134,864,000. At June 30, 2023, the Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (665,173)
Changes of assumptions or other inputs	415,660	(467,894)
	<u>\$ 415,660</u>	<u>\$ (1,133,067)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	Amount (in thousands)
2024	\$ (183,504)
2025	(132,176)
2026	(132,790)
2027	(150,180)
2028	(119,390)
Thereafter	633
	<u>\$ (717,407)</u>

8. Risk Management

General Liability

The Board is self-insured for most liabilities, but has purchased commercial insurance for various risks including property damage, automobiles, and theft. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Health Insurance

The Board maintains a self-funded health insurance plan and the program is managed by a third party administrator. The Board makes weekly payments based on employee claims as well as payments for fees charged for administering the program and for excess insurance coverage. The Board has recorded an estimate for claims liabilities incurred but not paid based on an actuarial valuation. The Board maintains excess insurance coverage that limits their self-funded exposure to \$600,000 per individual occurrence in a given plan year in the aggregate.

At the end of the year, the Board records the liability for claims paid subsequent to year end as an accrued liability and a 21-day pre-funded escrow requirement held on deposit by the third party administrator as a receivable. The liability is recorded on both the government-wide and governmental fund financial statements as it is expected to be paid with currently available financial resources.

Claims activity is as follows:

	2023	2022
Estimated claims liability, beginning of year	\$ 10,235,122	\$ 10,235,122
Current year claims and changes in estimates	128,968,000	137,160,000
Claim payments	(128,968,000)	(137,160,000)
Estimated claims liability, end of year	<u>\$ 10,235,122</u>	<u>\$ 10,235,122</u>

Workers' Compensation

The Board is self-insured for workers' compensation and has accrued its best estimate of workers' compensation losses based on an actuarial valuation dated August 9, 2023. The estimate represents claims that have occurred and are open due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board as well as anticipated future payouts based on prior experience with actual payments of claims. Management believes the estimated liability is reasonable based upon historical experience and the opinions of internal risk management administrators and legal counsel.

Changes in the reported liability claims for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Estimated claims liability, beginning of year	\$ 49,576,000	\$ 50,696,000
Current year claims	1,705,000	8,470,000
Claim payments	(2,602,000)	(9,590,000)
Estimated claims liability, end of year	<u>\$ 48,679,000</u>	<u>\$ 49,576,000</u>

The liability is recorded only on the government-wide financial statements as it is not expected to be paid with currently available financial resources.

9. Commitments and Contingencies

Grants

The Board receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the Board. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The Board is subject to claims and lawsuits that arise in the ordinary course of business. Claims probable of resulting in an unfavorable outcome to the Board have been reasonably estimated and are included in accrued liabilities in the government-wide and fund financial statements. For claims not accrued, the ultimate outcome of the suits cannot presently be determined and no provisions for loss, if any, have been made in the accompanying financial statements. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the Board.

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021, regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the Board by former students who allege that inappropriate sexual contact occurred between them and employees of the Board dating as far back as the 1940s. The Board is using City of Buffalo Corporation Counsel and is not currently aware of any insurance available for these claims, although the oldest claim may be indemnified by a third party. As a result, the Board has accrued an appropriate amount in the government-wide and fund financial statements at June 30, 2023 based on best estimates as determined with counsel. In addition, during the year the Board settled several CVA cases levied against the Board. The Board's exposure to the remaining CVA claims has not yet been determined.

Commitments

The Board has approved and plans to spend up to \$169,744,000 for various capital projects that remain in progress at year end. As of June 30, 2023, the Board has spent \$118,455,000 and has open commitments to contractors of \$6,459,000.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension position	1.795620%	1.780475%	1.818478%	1.786681%	1.822042%	1.836709%	1.651498%	1.668248%	1.695591%
District's proportionate share of the net pension asset (liability)	\$ (34,456,003)	\$ 308,539,289	\$ (50,249,458)	\$ 46,418,092	\$ 32,947,326	\$ 13,960,812	\$ (17,688,235)	\$ 173,277,759	\$ 188,878,283
District's covered payroll	\$ 318,094,673	\$ 302,203,736	\$ 308,657,799	\$ 298,226,111	\$ 348,080,898	\$ 290,635,034	\$ 254,844,736	\$ 250,595,117	\$ 250,465,212
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	102.10%	16.28%	15.56%	9.47%	4.80%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
The following is a summary of changes of assumptions:									
Inflation	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%
Salary increases	1.95%-5.18%	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%
Investment rate of return	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Discount rate	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA

Data prior to 2014 is unavailable.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Required Supplementary Information
Schedule of Board Contributions
New York State Teachers' Retirement System

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 37,757,659	\$ 31,173,278	\$ 28,800,016	\$ 27,347,081	\$ 31,671,613	\$ 34,111,928	\$ 34,062,426	\$ 33,792,412	\$ 43,929,324	\$ 40,700,597
Contribution in relation to the contractually required contribution	(37,757,659)	(31,173,278)	(28,800,016)	(27,347,081)	(31,671,613)	(34,111,928)	(34,062,426)	(33,792,412)	(43,929,324)	(40,700,597)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 366,935,462	\$ 318,094,673	\$ 302,203,736	\$ 308,657,799	\$ 298,226,111	\$ 348,080,898	\$ 290,635,034	\$ 254,844,736	\$ 250,595,117	\$ 250,465,212
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.149672%	0.142751%	0.147644%	0.144765%	0.139903%	0.136396%	0.132444%	0.141447%	0.142493%
District's proportionate share of the net pension asset (liability)	\$ (32,095,778)	\$ 11,669,271	\$ (147,015)	\$ (38,334,713)	\$ (9,912,527)	\$ (4,402,094)	\$ (12,444,723)	\$ (22,702,665)	\$ (4,813,758)
District's covered payroll	\$ 47,469,694	\$ 44,498,145	\$ 46,177,444	\$ 44,405,569	\$ 42,572,064	\$ 40,206,979	\$ 41,408,099	\$ 39,110,981	\$ 39,579,898
District's proportionate share of the net pension position as a percentage of its covered payroll	67.61%	26.22%	0.32%	86.33%	23.28%	10.95%	30.05%	58.05%	12.16%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Required Supplementary Information
Schedule of Board Contributions
New York State and Local Employees' Retirement System

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,000,684	\$ 6,502,836	\$ 6,152,793	\$ 5,998,034	\$ 5,947,217	\$ 6,266,223	\$ 6,004,084	\$ 6,923,385	\$ 7,335,763	\$ 8,494,573
Contribution in relation to the contractually required contribution	(5,000,684)	(6,502,836)	(6,152,793)	(5,998,034)	(5,947,217)	(8,970,690)	(6,252,808)	(7,163,096)	(7,566,788)	(5,070,646)
Contribution deficiency (excess)*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,704,467)	\$ (248,724)	\$ (239,711)	\$ (231,025)	\$ 3,423,927
District's covered payroll	\$ 47,469,694	\$ 44,498,145	\$ 46,177,444	\$ 44,405,569	\$ 42,572,064	\$ 40,206,979	\$ 41,408,099	\$ 39,110,981	\$ 39,579,898	\$ 40,651,043
Contributions as a percentage of covered payroll	10.53%	14.61%	13.32%	13.51%	13.97%	15.58%	14.50%	17.70%	18.53%	20.90%

**In 2014, the District elected to participate in the Contribution Stabilization Program. As a result, the District's 2014 payment was reduced by \$3,423,927, which was deferred and paid in installments over the next four years until fully repaid during 2018.*

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Required Supplementary Information
Schedule of Changes in the Board's Total
OPEB Liability and Related Ratios (In thousands)

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 1,733,208	\$ 2,485,499	\$ 2,613,913	\$ 2,395,142	\$ 2,290,152	\$ 2,535,305	\$ 2,852,359
Changes for the year:							
Service cost	45,233	86,668	83,558	72,956	71,543	82,946	105,405
Interest	71,628	55,739	70,869	85,561	90,227	92,126	82,361
Changes of benefit terms	-	(189)	(420)	-	-	509	-
Differences between expected and actual experience	(56,918)	(210,089)	(502,178)	(229,606)	(166,075)	(234,596)	(202,349)
Changes of assumptions or other inputs	61,362	(630,109)	286,682	351,329	170,379	(124,707)	(238,475)
Benefit payments	(54,800)	(54,311)	(66,925)	(61,469)	(61,084)	(61,431)	(63,996)
Net change in total OPEB liability	66,505	(752,291)	(128,414)	218,771	104,990	(245,153)	(317,054)
Total OPEB liability - ending	\$ 1,799,713	\$ 1,733,208	\$ 2,485,499	\$ 2,613,913	\$ 2,395,142	\$ 2,290,152	\$ 2,535,305
Covered-employee payroll	\$ 391,540	\$ 349,555	\$ 362,378	\$ 373,087	\$ 377,000	\$ 345,602	\$ 344,791
Total OPEB liability as a percentage of covered-employee payroll	459.6%	495.8%	685.9%	700.6%	635.3%	662.7%	735.3%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	7.5%-4.5%	7.5%-4.5%	8.0%-4.5%	7.5%-4.5%	8.0%-4.5%	8.5%-5.5%	9.0%-5.0%
Salary increases	1.84%-12.31%	1.76%-10.00%	1.76%-10.00%	1.76%-10.30%	1.76%-10.30%	1.76%-10.30%	1.76%-10.30%
Discount rate	4.13%	4.09%	2.19%	2.66%	3.51%	3.87%	3.56%
Inflation	1.30%	1.30%	1.30%	1.30%	1.30%	2.50%	1.30%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2017	MP-2015

Data prior to 2017 is unavailable.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Supplementary Information
Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2023

	Food Service	Special Activities	Permanent	Total Nonmajor Governmental Funds	
				2023	2022
Assets					
Cash and cash equivalents	\$ 300	\$ 180,130	\$ -	\$ 180,430	\$ 182,930
Cash held by the City of Buffalo	36,547,974	-	-	36,547,974	33,107,626
Cash and cash equivalents - restricted	-	-	312,437	312,437	309,814
Accounts receivable	605,235	-	-	605,235	76,697
State and federal aid receivable	2,570,646	-	-	2,570,646	6,134,733
Inventory	978,725	-	-	978,725	837,244
Total assets	\$ 40,702,880	\$ 180,130	\$ 312,437	\$ 41,195,447	\$ 40,649,044
Liabilities					
Accounts payable	\$ 1,331,168	\$ -	\$ -	\$ 1,331,168	\$ 936,432
Accrued liabilities	267,891	-	-	267,891	588,340
Total liabilities	1,599,059	-	-	1,599,059	1,524,772
Fund Balances					
Nonspendable	978,725	-	312,437	1,291,162	1,147,058
Restricted	-	180,130	-	180,130	182,630
Assigned	38,125,096	-	-	38,125,096	37,794,584
Total fund balances	39,103,821	180,130	312,437	39,596,388	39,124,272
Total liabilities and fund balances	\$ 40,702,880	\$ 180,130	\$ 312,437	\$ 41,195,447	\$ 40,649,044

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Supplementary Information
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds

For the year ended June 30, 2023

	Food Service	Special Activities	Permanent	Total Nonmajor Governmental Funds	
				2023	2022
Revenues					
Use of money and property	\$ -	\$ -	\$ 2,893	\$ 2,893	\$ 29
Miscellaneous	55,611	1,215,691	-	1,271,302	154,438
State sources	1,513,331	-	-	1,513,331	1,570,073
Federal sources	34,645,889	-	-	34,645,889	36,570,901
Sales	1,057,382	-	-	1,057,382	600,270
Total revenues	37,272,213	1,215,691	2,893	38,490,797	38,895,711
Expenditures					
General support	33,682,054	-	-	33,682,054	28,704,480
Community service	-	1,218,191	270	1,218,461	8,568
Employee benefits	2,607,988	-	-	2,607,988	2,423,254
Debt service					
Principal	370,233	-	-	370,233	352,602
Interest	58,578	-	-	58,578	76,209
Capital outlay	576,490	-	-	576,490	58,212
Total expenditures	37,295,343	1,218,191	270	38,513,804	31,623,325
Excess revenues (expenditures)	(23,130)	(2,500)	2,623	(23,007)	7,272,386
Other financing sources					
Operating transfers, net	495,123	-	-	495,123	871,390
Net change in fund balances	471,993	(2,500)	2,623	472,116	8,143,776
Fund balances - beginning	38,631,828	182,630	309,814	39,124,272	30,980,496
Fund balances - ending	\$ 39,103,821	\$ 180,130	\$ 312,437	\$ 39,596,388	\$ 39,124,272

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Supplementary Information
Schedule of Change from Original to Final Budget

For the year ended June 30, 2023

Original expenditure budget	\$ 1,020,100,000
Encumbrances carried over from prior year	7,942,807
Budget amendments:	
Cancelled encumbrances	<u>(1,678,986)</u>
Revised expenditure budget	<u>\$ 1,026,363,821</u>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2023

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Partial Refunding Savings Phase IV	\$ 11,063,175	11,230,675	\$ 11,027,056	\$ 114,895	\$ 11,141,951	\$ 88,724
Refunding Savings Phase III A&B	25,936,750	26,076,750	25,859,978	73,955	25,933,933	142,817
Consolidated Capital Funds	-	4,329,018	1,026,190	2,267,817	3,294,007	1,035,011
Partial Refunding 2 Savings Phase IV	17,676,113	17,851,469	16,304,000	696,915	17,000,915	850,554
Refunding Savings 2 Phase II	13,680,688	14,129,614	5,562,288	4,709,187	10,271,475	3,858,139
Capital Outlay 2023	10,000,000	6,916,869	-	-	-	6,916,869
Smart Schools Bond Act	10,000,000	55,442,938	42,468,863	3,271,167	45,740,030	9,702,908
JSCB Local Share Yr. 2	13,683,975	13,683,975	-	300,972	300,972	13,383,003
All High Phase III	5,000,000	5,000,000	-	-	-	5,000,000
School 8 - DaVinci Swing School	12,000,000	12,000,000	-	2,425,119	2,425,119	9,574,881
School 86 - Emergency Project	-	3,083,131	-	2,347,011	2,347,011	736,120
	\$ 119,040,701	\$ 169,744,439	\$ 102,248,375	\$ 16,207,038	\$ 118,455,413	\$ 51,289,026

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Grant Title	Assistance Listing Number	Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 8,532,760
National School Lunch Program	10.555	N/A	21,644,897
Summer Food Service Program for Children	10.559	N/A	<u>1,651,522</u>
			31,829,179 ¹
Farm to School Grant Program	10.575	N/A	28,804
Pandemic EBT Administrative Costs	10.649	N/A	66,543
Child Nutrition Discretionary Grants Limited Availability	10.579	0005-21-0042	31,940
Child Nutrition Discretionary Grants Limited Availability	10.579	0005-22-0075	17,057
Passed Through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	1,508,437 ¹
Fresh Fruit and Vegetable Program	10.582	N/A	<u>1,241,730</u>
Total U.S. Department of Agriculture			<u>34,723,690</u>
U.S. Department of Defense			
ROTC Language and Culture Training Grants	12.357	N/A	<u>203,237</u>
U.S. Department of Education			
Direct programs			
Title I Grants to Local Educational Agencies	84.010	N/A	50,564
Indian Education Grants to Local Educational Agencies	84.060	S060A211033	9,993
Indian Education Grants to Local Educational Agencies	84.060	S060A221033	54,737
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-21-0202	(1,418)
Special Education Grants to States	84.027	0032-22-0202	278,921
Special Education Grants to States	84.027	0032-23-0202	12,152,204
COVID-19 Special Education Grants to States	84.027	5532-22-0202	1,194,978
Special Education Preschool Grants	84.173	0033-22-0202	28,629
Special Education Preschool Grants	84.173	0033-23-0202	558,174
COVID-19 Special Education Preschool Grants	84.173	5533-22-0202	<u>171,050</u>
Total Special Education Cluster			14,382,538

¹ Total Child Nutrition Cluster - \$33,337,616

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Grant Title	Assistance Listing Number	Grantor Number	Federal Expenditures
U.S. Department of Education, continued			
Passed Through New York State Education Department, continued			
Adult Education - Basic Grants to States	84.002	0040-22-2096	\$ 4,597
Adult Education - Basic Grants to States	84.002	0040-23-2096	(354)
Adult Education - Basic Grants to States	84.002	0138-22-2059	8,177
Adult Education - Basic Grants to States	84.002	0138-23-5302	150,312
Adult Education - Basic Grants to States	84.002	2338-22-3132	13,309
Adult Education - Basic Grants to States	84.002	2338-22-3223	(3,338)
Adult Education - Basic Grants to States	84.002	2338-22-3224	4,974
Adult Education - Basic Grants to States	84.002	2338-22-3225	2,161
Adult Education - Basic Grants to States	84.002	2338-23-5102	481,966
Adult Education - Basic Grants to States	84.002	2338-23-5406	111,842
Adult Education - Basic Grants to States	84.002	2338-23-5407	119,855
Adult Education - Basic Grants to States	84.002	2338-23-5408	122,188
Title I Grants to Local Educational Agencies	84.010	0011-22-1002	75,080
Title I Grants to Local Educational Agencies	84.010	0011-23-1002	79,719
Title I Grants to Local Educational Agencies	84.010	0011-21-2002	(6)
Title I Grants to Local Educational Agencies	84.010	0011-22-2002	116,128
Title I Grants to Local Educational Agencies	84.010	0011-23-2002	1,688,229
Title I Grants to Local Educational Agencies	84.010	0011-22-4002	110,967
Title I Grants to Local Educational Agencies	84.010	0011-20-5030	(4,292)
Title I Grants to Local Educational Agencies	84.010	0011-20-5032	139
Title I Grants to Local Educational Agencies	84.010	0011-22-6002	88,122
Title I Grants to Local Educational Agencies	84.010	0011-23-6002	413,634
Title I Grants to Local Educational Agencies	84.010	0011-23-8002	157,376
Title I Grants to Local Educational Agencies	84.010	0016-22-0740	32,362
Title I Grants to Local Educational Agencies	84.010	0016-23-0740	149,817
Title I Grants to Local Educational Agencies	84.010	0021-21-0740	(244)
Title I Grants to Local Educational Agencies	84.010	0021-22-0740	7,590,634
Title I Grants to Local Educational Agencies	84.010	0021-23-0740	27,678,113
Career and Technical Education - Basic Grants to States	84.048	8000-22-0075	14,102
Career and Technical Education - Basic Grants to States	84.048	8000-23-0075	570,535
Career and Technical Education - Basic Grants to States	84.048	8000-21-9002	466
Career and Technical Education - Basic Grants to States	84.048	8000-22-9002	58,420
Career and Technical Education - Basic Grants to States	84.048	8000-23-9002	394,587
English Language Acquisition State Grants	84.365	0149-22-0740	450,872
English Language Acquisition State Grants	84.365	0149-23-0740	24,927
English Language Acquisition State Grants	84.365	0293-22-0740	242,740
English Language Acquisition State Grants	84.365	0293-23-0740	612,668

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK
(A Component Unit of the City of Buffalo, New York)

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Grant Title	Assistance Listing Number	Grantor Number	Federal Expenditures
U.S. Department of Education, continued			
Passed Through New York State Education Department, continued			
Supporting Effective Instruction State Grants	84.367	0145-21-1005	(13,736)
Supporting Effective Instruction State Grants	84.367	0147-20-0740	64
Supporting Effective Instruction State Grants	84.367	0147-22-0740	254,948
Supporting Effective Instruction State Grants	84.367	0147-23-0740	2,165,348
Student Support and Academic Enrichment Program	84.424	0204-22-0740	118,171
Student Support and Academic Enrichment Program	84.424	0204-23-0740	2,389,668
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	N/A	1,724
Governor's Emergency Education Relief Fund	84.425C	5895-21-0740	90,223
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	28,359
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0740	755,529
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5891-21-0740	60,958,062
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0740	92,416,392
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	84.425W	5212-21-3120	18,298
American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth Fund	84.425W	5218-21-0740	90,439
Total Education Stabilization Fund			154,359,026
Total U.S. Department of Education			215,332,105
U.S. Department of Homeland Security			
Passed Through New York State Division of Homeland Security and Emergency Services			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	152378	210,289
U.S. Department of Health and Human Services			
Direct programs			
Teenage Pregnancy Prevention Program	93.297	N/A	25,489
Passed Through New York State Education Department			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	0164-22-1001	111,637
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	0164-23-1001	328,639
Total U.S. Department of Health and Human Services			465,765
Total Expenditures of Federal Awards			\$ 250,935,086

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, an entity as defined in Note 1 to the Board's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The Board uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the Board's financial reporting system.

Indirect Costs

The Board does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The Board is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2023, the Board used \$1,508,437 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Education
Board of Education, City of Buffalo, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 18, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lynden & McCormick, LLP

October 18, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Board of Education, City of Buffalo, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Board of Education, City of Buffalo, New York's (the Board), a component unit of the City of Buffalo, New York, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2023. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Szymaden & McCormick, LLP

October 18, 2023

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	\$ 154,359,026
Title I Grants to Local Educational Agencies	84.010	38,226,342
Special Education Cluster		
Special Education Grants to States	84.027	13,624,685
Special Education Preschool Grants	84.173	757,853
		<u>206,967,906</u>

Dollar threshold used to distinguish between type A and type B programs: \$7,528,053

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2023

Finding 2022-001:

Assistance Listing #84.425U Education Stabilization Fund: American Rescue Plan Elementary and Secondary School Emergency Relief Fund

(Internal Control over Major Programs under The Uniform Guidance)

Condition: The Board implemented new payroll procedures at the beginning of the year ended June 30, 2022 to attempt to reduce the amount of manual recordkeeping required. As a result, they were unable to provide timesheets for four employees for the July 16, 2021 pay period.

Current Status: The District immediately reverted to its prior recordkeeping process after that pay period and the issue has therefore been rectified.

JOINT SCHOOLS CONSTRUCTION BOARD INFORMATION

Information Regarding Joint Schools Construction Board Debt

For the year ended June 30, 2023

The Program

Authorization

The Program was developed by the Joint Schools Construction Board (JSCB) in conjunction with the Program Provider pursuant to the Buffalo Schools Act, the resolutions of the Board of Education and the Common Council, and the Charter of the City, and encompassed a comprehensive redevelopment program for the reconstruction of existing public schools and the construction of new public schools for the Buffalo City School District (Buffalo CSD). Prior to the Program, few new public schools had been built in the City and many elementary and secondary schools in the City were in need of substantial improvement, renovation, and reconstruction. The Buffalo Schools Act was enacted to encourage the City and the Buffalo CSD to cooperatively undertake new and innovative ways of renovating, building, and financing public schools within the City.

Program Overview

To date, \$1.304 billion aggregate principal amount of Project Bonds (excluding Project Bonds issued for refunding purposes) have been issued and are dedicated to the Program. Each phase of the Program has been completed. Currently no additional phases are anticipated to be undertaken for the Program.

In September 2003, the Erie County Industrial Development Agency (the Agency) issued its Series 2003 Bonds to provide funds for Phase I of the Program (the "Series 2003 Project"). The Series 2003 Project provided for the general reconstruction of nine school facilities and included site work, exterior and interior building improvements, mechanical and electrical upgrades, and the renovation and improvement of Buffalo CSD's telecommunications system and an energy program on a district-wide basis. Phase I was completed in April 2005. The Series 2003 Bonds were refunded in whole from proceeds of the sale of the Series 2011B Bonds, which were subsequently refunded in whole from proceeds of the sale of Series 2021B Bonds on May 19, 2021.

In December 2004, the Agency issued its Series 2004 Bonds to provide funds for a portion of the cost of Phase II of the Program (the "Series 2004 Project"). The Series 2004 Project provided for the reconstruction of 13 existing schools, continued the construction of the district-wide technology and energy upgrades to create a state of the art educational environment, and provided for renovation of an outdoor sports facility for use district-wide. A portion of the proceeds of the Series 2007A Bonds was applied to finance additional costs relating to Phase II of the Program. Phase II of the Program was completed in July 2008. The Series 2004 Bonds were refunded in whole from proceeds of the sale of the Series 2012A bonds, which were subsequently refunded in whole from proceeds of the sale of Series 2022A Bonds on May 18, 2022.

In August 2007, the Agency issued its Series 2007A Bonds to provide funds for a portion of the cost of Phase II of the Program and a portion of the cost of Phase III of the Program (the "Series 2007 Project"). The Series 2007 Project provided for the general reconstruction of four school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades begun with the Series 2003 Project. The technology portion of the Series 2004 Project and of the Series 2007 Project included an ongoing program known as E-RATE to renovate and improve the Buffalo CSD's telecommunications system on a district-wide basis.

In February 2008, the Agency issued its Series 2008A Bonds to provide funds for the balance of the cost of Phase III of the Program (the “Series 2008 Project”). The Series 2008 Project provided for the general reconstruction of five school facilities including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2008 Project included E-RATE to renovate and improve the Buffalo CSD’s telecommunications system on a district-wide basis. These improvements are designed to deliver the flexible educational spaces, instructional technology, and social support necessary to enhance student achievement. Phase III of the Program is complete. The Series 2007A and 2008A Bonds were fully refunded from proceeds of the sale of the Series 2015A Bonds on June 24, 2015.

In November 2009, the Issuer issued its Series 2009A Bonds to provide funds for Phase IV of the Program (the “Series 2009 Project”). The Series 2009 project provided for the general reconstruction of 10 school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2009 Project includes expanded security cameras and an access control system on a district-wide basis. These improvements were designed to deliver the flexible educational spaces, instructional technology, and social support necessary to enhance student achievement. Phase IV of the Program is complete. The Series 2009A Bonds were refunded in part from proceeds of the sale of the Series 2013A Bonds and partially from the proceeds of the Series 2016A Bonds.

In July 2011, the Issuer issued its Series 2011A Bonds to provide funds for Phase V of the Program (the “Series 2011 Project”). The Series 2011 Project provided for the general reconstruction of seven school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2011 project includes the creation of data server hubs for the Buffalo CSD at two school locations and improved network technology and access on a district-wide basis. Phase V of the Program is complete. The Series 2011A Bonds were refunded in whole from proceeds of the sale of the Series 2021A Bonds on May 19, 2021.

The Buffalo City School District and Board of Education

The Buffalo CSD is dependent on funding from the City, the County, the State, and the Federal government. It is governed by an independently elected nine-member Board of Education and operates pursuant to the New York State Education Law (the Education Law). The administration of the schools is the responsibility of the Superintendent of Schools who is appointed by the Board of Education of the Buffalo CSD. The school system operates 20 secondary schools, 38 elementary and intermediate schools, and 2 special schools. There are 22 charter schools that operate independently from the Buffalo CSD. All charter schools receive the same per pupil tuition rate for Buffalo Resident pupils, regardless of their location.

The following table sets forth information relating to the size of the school system:

Years ended June 30,	Size of Buffalo School System									
	2024 ⁽⁴⁾	2023	2022	2021	2020	2019	2018	2017	2016	2015
Enrollment	29,778	30,500	30,441	30,850	33,290	33,286	33,512	33,834	34,174	34,402
Schools ⁽¹⁾	60	59	59	59	61	61	61	61	61	62
Instructional staff ⁽²⁾	3,854	3,595	3,648	3,643	3,626	3,631	3,624	3,542	3,489	3,416
Administrative personnel ⁽²⁾	303	262	247	255	258	262	257	240	243	241
Non-certified personnel ⁽²⁾⁽³⁾	1,890	1,607	1,537	1,504	1,523	1,561	1,531	1,545	1,525	1,521

Source: Buffalo CSD, Finance Office

- ⁽¹⁾ Includes active schools (with student enrollment)
- ⁽²⁾ Paid from Buffalo CSD General, Grants, and Food Service Funds
- ⁽³⁾ Includes clerical, custodial, transportation, maintenance, instructional aides, exempt personnel, and other full-time non-certified personnel
- ⁽⁴⁾ Projected as of September 30, 2023

State Aid

State Aid (All Funds)	
Buffalo CSD	
Years ended June 30,	(in Millions)
2024 ⁽¹⁾	\$ 975.7
2023	895.1
2022	833.2
2021	783.0
2020	830.2
2019	822.1
2018	811.8
2017	764.7
2016	721.9
2015	697.9

Source: City of Buffalo Board of Education
⁽¹⁾ Projected as of September 30, 2023

Buffalo City School District Bargaining Units

All 11 bargaining units representing the employees of the Buffalo CSD had employee contracts in place for the 2022-23 fiscal year, and have contracts in place for the 2023-24 fiscal year.

The following chart describes the Buffalo CSD unions, approximate number of employees represented, and the present agreement expiration dates. The number of employees is effective as of September 30, 2023.

Union	Number of Employees ⁽¹⁾	Present Agreement Expires
BTF (Teachers)	3,737	06/30/2026
BCSA (Administrators)	295	06/30/2026
PCTEA (White Collar)	476	06/30/2026
Local 264 (Blue Collar)	62	06/30/2025
Local 264 (Cook Managers)	25	06/30/2026
Local 264 (Food Service)	Variable	06/30/2027
BEST (Teachers Aides & Assistants)	945	06/30/2025
Substitutes United (Substitute Teachers)	Variable	06/30/2024
BASA (Substitute Administrators)	Variable	06/30/2025
TAB (Bus Aides)	Variable	06/30/2024
Local 409 (Engineers)	36	06/30/2026
Trades	39	N/A
Exempt (includes Board)	50	N/A

Source: Buffalo CSD, Finance Office
⁽¹⁾ Includes General, Grants, and Food Service Funds as of September 30, 2023

APPENDIX B

CERTAIN DEFINITIONS

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APPENDIX B
CERTAIN DEFINITIONS

As used in this Official Statement, the following terms shall have the meanings set forth below:

Act or IDA Act shall mean, collectively, the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York), as amended, and Chapter 293 of the 1970 Laws of New York, as amended.

Additional Bonds shall mean one or more series of additional bonds issued, executed, authenticated and delivered under the Indenture, including the Series 2013A Bonds, the Series 2016A Bonds and the Series 2023A Bonds.

Additional Facilities shall mean any “educational facilities” of the City and/or the Buffalo CSD as shall after the Closing Date become subject to a Series Facilities Agreement other than the Installment Sale Agreement; provided, however, that to the extent that only items of machinery, equipment, furniture, furnishings or fixtures located within an “educational facility” owned by or leased to the City and/or the Buffalo CSD shall be financed in whole or in part from a Series of Project Bonds, then “Additional Facilities” shall mean only such items so financed and all replacements, repairs or additions thereto.

Additional Payments shall mean all amounts payable by the District under the Installment Sale Agreement, other than for Installment Purchase Payments.

Agency shall mean the Erie County Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall succeed to the powers, duties, obligations and functions thereof.

Agency’s Reserved Rights shall mean, collectively,

(i) the right of the Agency to exercise in its own behalf its rights under the Installment Sale Agreement with respect to the payment and/or collection of Additional Payments due to the Agency in its own behalf under the Installment Sale Agreement;

(ii) the right of the Agency in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Agency under the Installment Sale Agreement;

(iii) the right of the Agency to grant or withhold any consents or approvals required of the Agency under the Installment Sale Agreement;

(iv) the right of the Agency to enforce or otherwise exercise in its own behalf all agreements of the District with respect to ensuring that the Facilities shall always constitute a qualified “project” and “educational facility” for “educational activities” as defined in and as contemplated by the IDA Act and the Buffalo Schools Act;

(v) the right of the Agency in its own behalf to enforce, receive Additional Payments payable under or otherwise exercise its rights under certain specified provisions of the Installment

Sale Agreement, including those relating to Agency fees and expenses, indemnification, liability insurance and compliance with laws;

(vi) the right of the Agency to enforce the Environmental Compliance Agreement; and

(vii) the right of the Agency in its own behalf to enforce the Agency's Reserved Rights upon the occurrence of an Event of Default or an Event of Nonappropriation.

Bankruptcy Code shall mean Title 11 of the United States Code, as it is amended from time to time.

Base Facilities Agreement Payment Certificate shall have the meaning ascribed thereto in the State Aid Trust Agreement.

Beneficial Owner shall mean, whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by the respective systems of DTC and each of the Participants of DTC.

Beneficial Ownership Interest shall mean the beneficial right to receive payments and notices with respect to the Bonds which are held by the Securities Depository under a book-entry system.

Bond Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Bondholder, Holder of Bonds, Holder or holder shall mean any Person who shall be the registered owner of any Bond or Bonds.

Bond Registrar shall mean the Trustee acting as registrar as provided in the Indenture.

Bond Resolution shall mean, as applicable, the resolution of the Agency adopted on September 11, 2002, as amended on October 16, 2002 and on June 11, 2003, and as amended and restated on November 10, 2004, and as further amended on April 11, 2005, June 11, 2007, July 9, 2007, January 17, 2008, October 19, 2009 and May 16, 2011, March 26, 2012, March 25, 2013, May 20, 2015, August 24, 2016, April 28, 2021, April 27, 2022 and October 25, 2023, authorizing the Series 2009 Project and the issuance of the Series 2009A Bonds, the Series 2013A Bonds, the Series 2016A Bonds and the Series 2023A Bonds.

Bonds shall mean, as applicable, the Series 2013A Bonds, the Series 2016A Bonds, the Series 2023A Bonds and any other Series of Additional Bonds issued under the Indenture.

Bond Service Charges shall mean the principal, interest and redemption premium, if any, required to be paid on the Bonds when and as the same become due, whether by scheduled maturity or prior redemption.

Bond Year shall mean each period of twelve months commencing on November 2 and ending on the succeeding November 1.

District shall mean the City School District of the City of Buffalo, a school district of the State of New York, acting by and through the Board of Education of the City School District of Buffalo, and any body, board, authority, agency or other governmental agency or instrumentality which shall succeed to the powers, duties, obligations and functions thereof.

Buffalo Schools Act shall mean chapter 605 of the Laws of 2000 of the State, as amended by chapter 59 of the Laws of 2003 of the State, as further amended by chapter 421 of the Laws of 2004 of the

State, as further amended by chapter 283 of the Laws of 2006 of the State, as further amended by chapter 403 of the Laws of 2008 of the State, as further amended by chapter 492 of the Laws of 2008 of the State, as further amended by chapter 497 of the Laws of 2008 of the State, and as further amended by Chapter 209 of the Laws of 2009 of the State, as the same may be further amended from time to time.

Buffalo Schools Reconstruction Project shall mean the acquisition, renovation, construction, reconstruction, equipping and/or furnishing of public schools of the City and/or the District as an authorized project of the Agency pursuant to the Buffalo Schools Act.

Business Day shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which banks in the State of New York, or in the cities in which the corporate trust office of the Trustee is located, are authorized or required by law to close, or (iii) a day on which the New York Stock Exchange, Inc. is closed.

Cede & Co. shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to Bonds in book-entry-only form.

City shall mean the City of Buffalo, New York.

Closing Date shall mean the date of the original issuance and delivery of the Series 2023A Bonds.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder.

Costs of Issuance shall mean issuance costs with respect to Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: underwriter's spread (whether realized directly or derived through purchase of such Bonds at a discount below the price at which they are expected to be sold to the public); counsel fees (including bond counsel, underwriter's counsel, Trustee's counsel, Agency's counsel, District's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Agency or the District incurred in connection with the issuance of the Bonds; professional consultant's fees; Rating Agency fees; Trustee, Paying Agent and Depository Bank fees; Credit Facility fees and the fees and expenses of counsel to the provider of the Credit Facility; accountant fees and other expenses related to the issuance of such Bonds; printing and reproduction costs; filing and recording fees; costs of Rating Agencies; fees and expenses of the Agency incurred in connection with the issuance of such Bonds; Blue Sky fees and expenses; and any other charges, fees, costs or expenses related to the issuance of such Bonds.

County shall mean Erie County, New York.

Credit Facility shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Agency or the District and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Bonds.

Defeasance Obligations shall mean only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated "AAA" and "Aaa"

by S&P and Moody's, respectively, or (5) securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof.

Depository Bank shall mean Manufacturers and Traders Trust Company, Buffalo, New York, acting as depository bank pursuant to the State Aid Trust Agreement, and shall include its successors and assigns in such capacity.

District shall mean the City School District of the City of Buffalo, a school district of the State of New York, acting by and through the Board of Education of the City School District of Buffalo, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

DTC shall mean The Depository Trust Company, a limited purpose trust company, New York, New York.

"educational activity" or "educational facility" shall have the meanings assigned to such terms by the Buffalo Schools Act.

Event of Default shall have the meaning specified in the Indenture or the Installment Sale Agreement, as applicable.

Event of Nonappropriation shall mean failure by the District, as a result of a nonappropriation of funds, to pay or cause to be paid, when due, the Installment Purchase Payments or Additional Payments to be paid under the Installment Sale Agreement.

Facility or Facilities shall mean, as applicable, each public school owned by the City and/or the District, and described in the Description of Facilities in the Installment Sale Agreement, including the land upon which such school is located and all rights or interests therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures and other improvements now or at any time made, erected or situated thereon (including the improvements made pursuant to the Installment Sale Agreement and the Master Construction Agreement), and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto, together with all items of machinery, equipment, furniture, furnishings and fixtures located and used therein from time to time

Fiscal Year shall mean a year commencing on July 1 and ending on the next succeeding June 30.

Ground Lease shall mean the Ground Lease (Series 2009 Project) dated as of November 1, 2009, between the City and District, as lessors, and the Agency, as lessee, with respect to the Facilities (other than School #84), as amended or supplemented.

Ground Sublease shall mean the Ground Sublease (Series 2009 Project) dated as of November 1, 2009 between the District, as sublessor, and the Agency, as sublessee, with respect to School #84, as amended or supplemented.

Indenture shall mean the Indenture of Trust (Series 2009 Project), dated as of November 1, 2009, as supplemented and amended by the First Supplemental Indenture of Trust (Series 2009 Project) dated as of April 1, 2013, as further supplemented and amended by the Second Supplemental Indenture of Trust (Series 2009 Project) dated as of October 1, 2016, as further supplemented and amended by the Third Supplemental Indenture of Trust (Series 2009 Project) dated as of November 1, 2023, each between the Agency and the Trustee, as from time to time further amended or supplemented by Supplemental Indentures in accordance with the Indenture.

Installment Purchase Payments shall mean those installment purchase payments payable by the District pursuant to the Installment Sale Agreement with respect to principal of and interest on the Series 2023A Bonds.

Installment Purchase Payment Date shall mean, as applicable, (i) with respect to the Series 2013A Bonds, April 1 of each year commencing April 1, 2014, (ii) with respect to the Series 2016A Bonds, April 1 of each year commencing April 1, 2017 and (iii) with respect to the Series 2023A Bonds, April 1 of each year commencing April 1, _____, all as set forth in the schedule of Installment Purchase Payments attached to the Installment Sale Agreement, subject, however, to modification as provided in the Installment Sale Agreement.

Installment Sale Agreement shall mean the Installment Sale Agreement (Series 2009 Project), dated as of November 1, 2009, as amended and supplemented by a First Amendment to Installment Sale Agreement (Series 2009 Project) dated as of April 1, 2013, as amended and supplemented by a Second Amendment to Installment Sale Agreement (Series 2009 Project) dated as of October 1, 2016, as amended and supplemented by a Third Amendment to Installment Sale Agreement (Series 2009 Project), dated as of November 1, 2023, each between the Agency and the District, and shall include any and all amendments and supplements thereto made in conformity with the Indenture.

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

Interest Payment Date shall mean, (i) with respect to the Series 2013A Bonds, May 1 and November 1 of each year, commencing November 1, 2013 and the maturity date of the Series 2013A Bonds, (ii) with respect to the Series 2016A Bonds, May 1 and November 1 of each year, commencing May 1, 2017 and the maturity date of the Series 2016A Bonds, and (iii) with respect to the Series 2023A Bonds, May 1 and November 1 of each year, commencing May 1, 2024 and the maturity date of the Series 2023A Bonds.

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Nationally Recognized Bond Counsel shall mean Hodgson Russ LLP or other counsel acceptable to the Agency and the Trustee experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Base Facilities Agreement Payment shall mean the Installment Purchase Payment as reduced by any credits from amounts available in the Bond Fund.

Notice Parties shall mean the Agency, the District, the Paying Agent and the Trustee.

Opinion of Counsel shall mean a written opinion of counsel who may (except as otherwise expressly provided in the Installment Sale Agreement or any other Security Document) be counsel for the District or the Agency and who shall be acceptable to the Trustee.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

- (i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with the defeasance provisions of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund either:

(A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, together with that documentation required under the defeasance provisions of the Indenture, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice: and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under the Indenture,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the District shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded, Bonds which have been pledged in good faith to a Person may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the District.

Participants shall mean those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Permitted Encumbrances shall mean and include:

(i) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance filed on record which are being contested in good faith and have not proceeded to judgment;

(ii) the liens of taxes and assessments which are not delinquent;

(iii) the liens of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless thereby any of the affected Facilities or the interest of the City or the District therein may be in danger of being lost or forfeited;

(iv) minor defects and irregularities in the title to any Facility which do not in the aggregate materially impair the use of the affected Facility for the purposes for which it is or may reasonably be expected to be held;

(v) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of the affected Facility for the purposes for which it is or may reasonably be expected to be held;

(vi) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of a Facility which do not materially impair the use of the affected Facility for the purposes for which it is or may reasonably be expected to be held;

(vii) any obligations or duties affecting any portion of a Facility of any municipality or governmental or other public authority with respect to any right, power, franchise, grant, license or permit;

(viii) present or future valid zoning laws or ordinances;

(ix) the Installment Sale Agreement, the Ground Lease, the School #84 Prime Lease, the Ground Sublease and the Indenture;

(x) the liens of any Series Ground Lease, Series Facilities Agreement or Series Indenture; and

(xi) any other lien which, in the opinion of counsel to the District delivered and addressed to the Agency and the Trustee, will not have a material adverse effect upon the obligations of the District under the Installment Sale Agreement.

Plans and Specifications shall mean, as to a particular Facility, the plans and specifications for the acquisition, construction, reconstruction, renovation, improvement, equipping and/or furnishing of such Facility, prepared by the PPDS Provider and approved by the District and the State Education Department, including site plans, as the same may be amended from time to time.

PPDS Agreement shall mean the Comprehensive Program Packaging and Development Services Provider Agreement, dated June 5, 2002, by and among LPCiminelli, Inc., a corporation organized pursuant to the Delaware Corporation Law, and the Joint School Construction Board, created pursuant to Sections 18-59, 18-60 and 18-61 of the City of Buffalo Charter and the Buffalo School Act and resolutions of the Board of Education of the City School District of the City of Buffalo and the Common Council of the City of Buffalo, to act for itself and as agent and on behalf of the City and the District, and shall include any and all amendments thereof and supplements made in conformity therewith.

PPDS Provider shall mean LPCiminelli, Inc., a corporation organized pursuant to the Delaware Corporation Law, and its successors and assigns under the PPDS Agreement.

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

Project Bonds shall mean the Bonds and any series of bonds of the Agency or any other public entity issued under the Indenture to finance all or a portion of the costs of the Buffalo Schools Reconstruction Project.

Project Documents shall mean, as applicable, the Security Documents, the Ground Lease, the Ground Sublease, the State Aid Trust Agreement, the Master Construction Agreement, the PPDS Agreement and the Environmental Compliance Agreement.

Project Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Qualified Investments shall mean, to the extent permitted by applicable law, the following:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures which are unconditionally guaranteed as to payment of principal and interest by an agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America.

(3) Collateralized (but such collateralization, if any, shall only be to the extent required by, and acceptable to, the District as determined by the Comptroller of the City) Certificates of Deposit issued by a commercial bank or trust company authorized to do business in the State and Time Deposit, Demand Deposit, and Money Market Accounts in a bank or trust company authorized to do business in the State.

(4) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.

(5) Commercial paper (having original maturities of not more than 270 days) rated “A-1+” by S&P and “Prime-1” by Moody’s.

(6) Money market funds rated “AAm” or “AAm-G” by S&P, or better.

(7) “State Obligations”, which means:

(A) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(B) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A-1+” by S&P and “MiG-1” by Moody’s.

(C) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or better by S&P and “Aa” or better by Moody’s.

(8) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity, or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(B) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(C) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(D) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(E) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(F) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by S&P and Moody’s, provided that:

(A) The market value of the collateral and the type of the collateral are approved by the Comptroller of the City;

(B) The Trustee or a third party acting solely as agent therefor or for the Agency (the “Holder of the Collateral”) has possession of the collateral or the collateral

has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(C) The repurchase agreement shall state and an opinion of counsel to the provider addressed to the Agency and the Trustee shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(D) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Trustee (who shall give such direction if so directed by the Comptroller of the City), within ten (10) days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Agency or the Trustee.

(10) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Project Fund, construction draws) on the Bonds;

(B) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Trustee agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(C) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(D) the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Agency and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Agency and the Trustee;

(E) the investment agreement shall provide that if during its term

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively (but not below "A-" or "A3", respectively), the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (a) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Agency, the Trustee or a third

party acting solely as agent therefor (the “Holder of the Collateral”) collateral (of the type and having a market value as approved by the Comptroller of the City) free and clear of any third-party liens or claims, provided, however, that the provider can only exercise its option under this clause (a) if the Trustee shall receive a Rating Confirmation with respect thereto; or (b) repay the principal of and accrued but unpaid interest on the investment with no penalty or premium to the Agency or the Trustee, and

(ii) the provider’s rating by either S&P or Moody’s is withdrawn or suspended or falls below “A-” or “A3”, respectively, the provider must, at the direction of the Agency or the Trustee (who shall give such direction, if so directed by the Comptroller of the City), within ten (10) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Agency or the Trustee, and

(F) the investment agreement shall state and an opinion of counsel to the provider addressed to the Agency and the Trustee shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of the Collateral is in possession): and

(G) the investment agreement must provide that if during its term:

(i) the provider shall default in its payment obligations, the provider’s obligations under the investment agreement shall, at the direction of the Agency or the Trustee (who shall give such direction, if so directed by the Comptroller of the City), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Agency or the Trustee, as appropriate, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. (“event of insolvency”), the provider’s obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Agency or the Trustee, as appropriate.

(11) Any other investment, whether similar or dissimilar to any of the foregoing, to the extent that the Trustee (if so directed by the Comptroller of the City) shall receive a Rating Confirmation with respect thereto.

Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) which is entered into by the Agency or the District with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Bonds of the Agency as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Agency or the District for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed or variable interest rate Bonds on a synthetic basis or otherwise, (iii) which has been designated in writing

to the Trustee by an Authorized Representative of the District as a Qualified Swap with respect to such Obligations, and (iv) which provides that any termination or like payment thereunder shall be subordinated to the payment of the Bonds.

Qualified Swap Provider shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

Rating Agency shall mean S&P or Moody's and such other nationally recognized securities rating agency as shall have awarded a rating to the Bonds at the request of the Agency.

Rating Category shall mean one of the generic rating categories of either Moody's or S&P without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation shall mean written evidence from each Rating Agency that no Outstanding Bond rating then in effect from such Rating Agency will be withdrawn, reduced or suspended solely as a result of an action to be taken as described or referred to therein.

Rebate Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Record Date shall mean, with respect to the Series 2013A Bonds, the Series 2016A Bonds and the Series 2023A Bonds, the fifteenth (15th) day of the month immediately preceding an Interest Payment Date.

Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Refunded Bonds shall mean, with respect to a Series of Refunding Bonds, the Bonds refunded by such Refunding Bonds pursuant to the Indenture.

Refunding Bonds shall mean one or more series of Refunding Bonds, including the Series 2023A Bonds, issued, executed, authenticated and delivered under the Indenture.

Refunding Escrow Trust Agreement shall mean the Refunding Escrow Trust Agreement, dated as of November 1, 2023, among the Agency, the District and the Trustee, as escrow agent, and shall include any and all amendments thereof and supplements thereto made in conformity therewith.

Related Security Documents shall mean all Security Documents other than the Indenture.

Representation Letter shall mean the Blanket Agency Letter of Representations from the Agency and the Trustee to DTC.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee

customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in the Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

S&P shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

School #84 shall mean the Erie County Health Care Center for Children #84, located at 462 Grider Street, Buffalo, New York.

School #84 Prime Lease shall mean that certain Lease Agreement dated as of June 1, 2007, as extended by a First Lease Extension Agreement dated as of November 1, 2009 between the County, as landlord, and the District, as tenant, as the same may be further extended, amended or supplemented.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Security Documents shall mean the Installment Sale Agreement, the Indenture and the Tax Compliance Certificate.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series Ground Lease shall mean, collectively, the Ground Lease and each other lease or sublease by the City and/or the Buffalo CSD to the Issuer or other public entity of Additional Facilities to be financed in whole or in part with a Series of Project Bonds.

Series Trustee shall mean, collectively, the Series 2016A Trustee, the Trustee and each financial institution acting as Trustee under a Series Indenture (other than the Indenture).

Series 2009 Bonds shall mean the \$294,905,000 School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2009 of the Agency authorized, issued, executed, authenticated and delivered under the Indenture.

Series 2009 Project shall mean the acquisition, construction, renovation, reconstruction, improvement, equipping and furnishing of each Facility in accordance with the Plans and Specifications.

Series 2013A Bonds shall mean the \$62,540,000 School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2013A of the Agency authorized, issued, executed, authenticated and delivered under the Indenture.

Series 2013A Project shall mean the refunding in part of the Series 2009 Bonds.

Series 2013A Trustee shall mean Manufacturers and Traders Trust Company, Buffalo, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns appointed in the manner provided in the Indenture.

Series 2016A Bonds shall mean the \$133,580,000 School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2016A of the Agency authorized, issued, executed, authenticated and delivered under the Indenture.

Series 2016A Project shall mean the refunding of the Series 2009 Bonds.

Series 2016A Trustee shall mean Manufacturers and Traders Trust Company, Buffalo, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns appointed in the manner provided in the Indenture.

Series 2023A Bonds shall mean the \$ _____ School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2023A of the Agency authorized, issued, executed, authenticated and delivered under the Indenture.

Special Record Date shall mean such date as may be fixed for the payment of defaulted interest in accordance with the Indenture.

State shall mean the State of New York.

State Aid Revenues shall mean the total amount of State aid to education annually appropriated by the New York State Legislature and paid to the District or the City or any officer thereof, for the provision of public educational instruction in the City together with earnings on the investment thereof while in the custody of the Depository Bank.

State Aid Trust Agreement shall mean the Third Amended and Restated State Aid Trust Agreement, dated as of May 1, 2022, among the District, the Depository Bank, the City and the Trustee, and shall include any and all further amendments thereof and supplements thereto made in conformity therewith.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Agency and the Trustee in accordance with the Indenture.

Tax Compliance Certificate shall mean the Tax Compliance Certificate of the District and the Agency relating to such Bonds.

Trustee shall mean Manufacturers and Traders Trust Company.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a combined summary of certain provisions of the Indenture of Trust (Series 2009 Project), dated as of November 1, 2009, as amended and supplemented by the First Supplemental Indenture of Trust (Series 2009 Project) dated as of April 1, 2013, as amended and supplemented by a Second Supplemental Indenture of Trust (Series 2009 Project) dated as of October 1, 2016, and as amended and supplemented by the Third Supplemental Indenture of Trust (Series 2009 Project) dated as of November 1, 2023 (as so amended and supplemented, the “Indenture”) relating to the Series 2023A Bonds. References to “Indenture”, “Installment Sale Agreement”, “Bonds”, “Additional Bonds”, “Facilities”, “Ground Lease”, “Ground Sublease”, “Installment Purchase Payments”, “Tax Compliance Certificate”, “Trustee”, any “Fund”, any “Account” or other related defined terms shall mean only such terms which are related to the Series 2023A Bonds and not such terms collectively. This summary is qualified in its entirety by reference to the Indenture.

Additional Bonds. So long as the Installment Sale Agreement is in effect and no Event of Default exists thereunder, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) financing Facilities in connection with the Buffalo Schools Reconstruction Project, (ii) providing funds to repair, relocate, replace, rebuild or restore an affected Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions, improvements or facilities to one or more Facilities, the purpose of which shall be to constitute a “project” and an “educational facility” within the meaning of the IDA Act and the Buffalo Schools Act, or (iv) refunding Outstanding Bonds. Such Series of Additional Bonds shall be payable from the Installment Purchase Payments under the Installment Sale Agreement. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the City, the District and the Agency shall enter into an amendment to the Ground Lease or the Ground Sublease, as applicable, and if necessary, to subject the Facility(ies) to the leasehold estate thereof, and the Agency and the District shall enter into an amendment to the Installment Sale Agreement to subject the Facility(ies) to the Installment Sale Agreement and to provide, among other things, that the Installment Purchase Payments payable under the Installment Sale Agreement shall be increased and computed so as to amortize in full the principal of and interest on the Bonds including such Series of Additional Bonds. In addition, the District and the Agency shall enter into an amendment to the Tax Compliance Certificate.

Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

- (1) a copy of the resolution, duly certified by the Secretary or Assistant Secretary of the Agency, authorizing, issuing and awarding the Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Ground Lease or the Ground Sublease, as applicable, and the Installment Sale Agreement;
- (2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Ground Lease or the Ground Sublease, as applicable, and the Installment Sale Agreement, expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Ground Lease or the Ground Sublease, as applicable, and the Installment Sale Agreement, the Facilities referred to therein and the premises subleased or leased

pursuant to the Ground Lease or the Ground Sublease, as applicable, and sold under the Installment Sale Agreement, shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Additional Bonds being issued as well as the Bonds now being issued and any Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Additional Bonds and the execution thereof have been duly authorized, that all conditions precedent to the delivery thereof have been fulfilled, and that the issuance of the Additional Bonds will not cause the interest on any Series of Bonds Outstanding to become includable in gross income for federal income tax purposes;

(4) except in the case of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the District to the effect that the Ground Lease, the Ground Sublease, the Tax Compliance Certificate and the Installment Sale Agreement continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;

(5) to the extent applicable, those documents required under the Installment Sale Agreement;

(6) an original, executed counterpart of the amendment, if any, to the Tax Compliance Certificate; and

(7) a written order to the Trustee executed by an Authorized Representative of the Agency to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any.

Upon the request of the District, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund ("Refunding Bonds") all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this heading of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with the Indenture.

Refunding Bonds may be authenticated and made available for delivery only upon receipt by the Trustee (in addition to the receipt by it of the documents required by the second paragraph under this heading, as may be applicable) of:

(A) Irrevocable instructions from the Agency to the Trustee, satisfactory to it, to give due notice of redemption pursuant to the Indenture to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(B) Either:

(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be

held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Indenture, and any moneys required pursuant to such defeasance provisions (with respect to all Outstanding Bonds or any part of one or more series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in such defeasance provisions.

The District shall furnish to the Trustee and the Agency at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

Each Series of Additional Bonds issued pursuant to this heading shall be equally and ratably secured under the Indenture with the Bonds and all other Series of Additional Bonds, if any, issued pursuant to the provisions under this heading, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture.

Notwithstanding anything in the Indenture to the contrary, no Series of Additional Bonds shall be issued unless the Ground Lease, the Ground Sublease, the State Aid Trust Agreement, the Tax Compliance Certificate and the Installment Sale Agreement are in effect and at the time of issuance there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Creation of Funds and Accounts. The Agency establishes and creates the following special trust Funds and Accounts comprising such Funds under the Indenture: (1) Project Fund with (a) Series 2009A Bonds Account, (b) Series 2013A Additional Bonds Account, (c) Series 2016A Additional Bonds Account and (d) Series 2023A Additional Bonds Account; (2) Bond Fund with (a) Principal Account, (b) Interest Account and (c) Redemption Account; and (3) Rebate Fund.

All of the Funds and Accounts created under the Indenture shall be held by the Trustee. Additional Accounts, including Accounts within the Project Fund, may be established upon the issuance of a Series of Additional Bonds. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of the Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee shall constitute part of the Trust Estate and be subject to the lien of the Indenture, subject to the provisions of the Granting Clauses of the Indenture.

The amounts deposited in the Funds and Accounts created under the Indenture shall be subject to a security interest, lien and charge in favor of the Trustee (for the benefit of the Holders of the Bonds) until disbursed as provided in the Indenture, subject to the provisions of the Granting Clauses of the Indenture.

Project Fund. There shall be deposited in the appropriate Account of the Project Fund any and all amounts required to be deposited therein pursuant to the Indenture or otherwise required to be deposited therein pursuant to the Installment Sale Agreement or the Indenture. The amounts in the Project Fund shall be subject to a security interest, lien and charge in favor of the Trustee, for the benefit of the Bondholders, until disbursed as provided in the Indenture. The Trustee shall apply the amounts on deposit in each

Account of the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the District or the Agency, of Project Costs.

The Trustee is authorized to disburse from each Account of the Project Fund the amount required for the payment of Project Costs and is directed to issue its checks (or make wire transfers if requested by the District) for each disbursement from each Account of the Project Fund, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the PPDS Provider and approved by an Authorized Representative of the District.

In the event the District shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Installment Sale Agreement (other than in connection with a refunding in whole of the Bonds), the balance in the Project Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Compliance Certificate as described under the heading "Payments into Rebate Fund; Application of Rebate Fund" below, shall be deposited in the Bond Fund for redemption of Bonds.

All earnings on amounts held in any Account of the Project Fund, excluding earnings required no less frequently than quarterly to be transferred to the Rebate Fund in compliance with the Tax Compliance Certificate and as described under the heading "Payments into Rebate Fund; Application of Rebate Fund" below, shall be maintained within the respective Account of the Project Fund and made available for Project Costs.

Upon the occurrence and during the continuance of an Event of Default, the balance in the Project Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Compliance Certificate and as described under the heading "Payments into Rebate Fund; Application of Rebate Fund" below, shall be deposited in the Bond Fund to be applied toward payment of the Bonds as provided under the heading "Application of Revenues and Other Moneys After Default" below.

Payments into Bond Fund. On or before November 10 of each Fiscal Year (as defined in the State Aid Trust Agreement), commencing November 10, 2010, the Trustee shall deliver a Base Facilities Agreement Payment Certificate (computed as of the immediately preceding last Business Day of October of such Fiscal Year) to the Depository Bank in accordance with the State Aid Trust Agreement. The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) Proceeds of the Series 2009A Bonds, in the amount specified in the Indenture, shall be deposited in the Interest Account of the Bond Fund pursuant to the Indenture. Upon the issuance of any Series of Additional Bonds (including the Series 2023A Bonds), there shall be deposited in the Interest Account of the Bond Fund such amount, if any, of the proceeds of such Series of Additional Bonds as may be set forth in the related Supplemental Indenture.

(b) Moneys received from the Depository Bank pursuant to the disbursement provisions of the State Aid Trust Agreement shall be deposited into the Bond Fund and applied first, to the payment of interest (and deposited in the Interest Account), second, to the payment of principal (and deposited in the Principal Account), and third, to the payment of sinking fund payments (and deposited in the Redemption Account).

(c) Moneys received from the State Comptroller pursuant to the State Aid intercept provisions of the Indenture in respect of Installment Purchase Payments and available for the payment of interest on the Bonds, which, subject to the priority for the application of such moneys so received set forth below under "State Aid Intercept", shall be placed in the Interest Account of the Bond Fund and applied, together with amounts available in the Interest Account, to the payment of interest on the Bonds.

(d) Moneys received from the State Comptroller pursuant to the State Aid intercept provisions of the Indenture in respect of Installment Purchase Payments and available for the payment of principal of the Bonds, which, subject to the priority for the application of such moneys so received set forth below under “State Aid Intercept”, shall be placed in the Principal Account of the Bond Fund and applied, together with amounts available in the Principal Account, to the payment of principal of the Bonds.

(e) Moneys received from the State Comptroller pursuant to the State Aid intercept provisions of the Indenture in respect of Installment Purchase Payments and available for the payment of the Redemption Price of Bonds to be redeemed in whole or in part, which, subject to the priority for the application of such moneys so received set forth below under “State Aid Intercept”, shall be placed in the Redemption Account of the Bond Fund and applied, together with amounts available in the Redemption Account, to the payment of the Redemption Price of Bonds to be redeemed in whole or in part.

(f) The excess amounts on deposit in the Redemption Account of the Bond Fund and not applied within twelve (12) months of their deposit to the purchase or redemption of Bonds, which shall be credited to the Interest Account of the Bond Fund.

(g) Moneys transferred by the Trustee from the Redemption Account of the Bond Fund which shall be deposited in either the Interest Account or Principal Account of the Bond Fund, as so directed by an Authorized Representative of the District.

(h) All other receipts when and if required by the State Aid Trust Agreement, by the Installment Sale Agreement, by the Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided under the heading “Application of Revenues and Other Moneys After Default” below) to the Redemption Account of the Bond Fund and applied as provided in the Indenture.

In the event that any Installment Purchase Payment received by the Trustee shall be an amount insufficient to pay the interest, principal and sinking fund payments next coming due on the Bonds, such amount shall be applied first, to the payment of interest, second, to the payment of principal, and third, to the payment of sinking fund payments.

State Aid Intercept. Pursuant to the Buffalo Schools Act, in the event the District shall fail (for any reason, including the failure of the appropriate legislative body of the District to appropriate moneys for such purpose) to make a payment under the Installment Sale Agreement in the amount and by the date the same is due, of which failure the Trustee has actual knowledge in the case of a failed Installment Purchase Payment (or other failed payment payable to the Trustee in its capacity as Trustee), or, in the case of any other failed payment of which the Trustee has received written notice from the party to whom such failed payment is owed under the Installment Sale Agreement, the Agency irrevocably appoints the Trustee to act as its agent for the purpose of delivering a certificate to the State Comptroller (in substantially the form set forth in the appendices attached to the Indenture) by no later than the next Business Day following the Trustee obtaining such actual knowledge or such notice of such failed payment, certifying as to such failure and setting forth the amount of such deficiency, and the State Comptroller, upon receipt of such certificate, shall, in accordance with the Buffalo Schools Act, withhold from the District such State Aid Revenues as are payable to the District to the extent of the amount so stated in such certificate of the Trustee as not having been made, and the State Comptroller shall immediately pay over to the Trustee on behalf of the Agency, the amount of such State Aid Revenues so withheld. All State Aid Revenues so received shall be applied, first, to deposit in the Interest Account of the Bond Fund to the extent of any deficiency therein, *second*, to deposit in the Principal Account of the Bond Fund to the extent of any deficiency therein, *third*,

to deposit in the Redemption Account of the Bond Fund to the extent of any deficiency therein, *fourth*, to satisfy any obligation of the District under certain indemnification provisions of the Installment Sale Agreement and *fifth*, to satisfy any other obligations of the District under the Installment Sale Agreement.

The appointment by the Agency of the Trustee as agent as above-described shall be deemed a non-exclusive but irrevocable appointment (coupled with an interest) and the Agency may appoint any other Series Trustee to similar purpose under the related Series Indenture. The Trustee accepts such agency and agrees so to act on behalf of the Agency. Any amounts of such State Aid Revenues received by the Trustee from the State Comptroller shall, subject to the priority set forth in the preceding paragraph, be deemed to satisfy the District's obligation to make such defaulted payment to the extent of the amount received. Any amounts of such State Aid Revenues received by the Trustee from the State Comptroller that are not in respect of Installment Purchase Payments shall forthwith be forthwith paid to or upon the order of the Agency.

The Agency covenants and agrees that it shall enter into no agreement, Indenture or other instrument, including any Series Indenture or Series Facilities Agreement, in connection with the issuance of a Series of Project Bonds under a Series Indenture which shall have the effect, directly or indirectly, of providing a greater priority or preference to the intercept of State Aid Revenues under the Buffalo Schools Act than the pledge effected pursuant to the Indenture; provided, however, that nothing contained in the Indenture shall be deemed (y) to limit or deny the ability of the Agency or any other public entity, in connection with the issuance of another Series of Project Bonds, to pledge State Aid Revenues under the Buffalo Schools Act on a parity with the pledge effected under the Indenture, or (z) to require that any Series of Project Bonds issued under any other Series Indenture have the same payment dates or amortize principal on a schedule comparable to that of the Bonds Outstanding under the Indenture, or that any payment dates under a Series Facilities Agreement be the same as those under the Installment Sale Agreement.

Application of Bond Fund. The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the Interest Account in the Bond Fund the interest due on the Bonds, and (ii) further pay out of the Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any redemption of Bonds.

The Trustee shall on each principal payment date for the Bonds pay or cause to be paid to the respective Paying Agents therefor out of the Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than as shall be due by mandatory sinking fund redemption), upon the presentation and surrender of the requisite Bonds (such presentation and surrender not being required if Cede & Co. is the Holder of the Bonds).

There shall be paid from the Redemption Account of the Bond Fund to the Paying Agents on each sinking fund payment date in immediately available funds the amounts required for the sinking fund payment due and payable with respect to Bonds which are to be redeemed from sinking fund payments on such date (accrued interest on such Bonds being payable from the Interest Account of the Bond Fund). Such amounts shall be applied by the Paying Agents to the payment of such sinking fund payment when due. The Trustee shall call for redemption, in the manner provided in the Indenture, Bonds for which sinking fund payments are applicable in a principal amount equal to the sinking fund payment then due with respect to such Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Redemption Account of the Fund.

Amounts in the Redemption Account of the Bond Fund shall be applied, at the written direction of the District, as promptly as practicable, to the purchase of Bonds of a Series as directed by the District at

prices not exceeding the Redemption Price thereof applicable on the earliest date upon such Series of Bonds are next subject to optional redemption, plus in each case accrued interest to the date of redemption (accrued interest on such Bonds being payable out of the Interest Account of the Bond Fund). Any Bonds purchased in lieu of a mandatory redemption shall be surrendered to the Trustee for cancellation. Any amount in the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date; provided that if such amount aggregates less than \$5,000, it need not be then applied to such redemption. Any amounts deposited in the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held in accordance with the defeasance provisions of the Indenture) shall be transferred to the Interest Account. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date (accrued interest on such Bonds being payable from the Interest Account of the Bond Fund). Upon the purchase of any Bonds subject to sinking fund payments, or upon the redemption of any Bonds subject to sinking fund payments, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future sinking fund payments in such order as an Authorized Representative of the District shall direct, or, in the absence of any such direction, in chronological order of the due dates of such sinking fund payments, until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such sinking fund payment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such sinking fund payment for the purposes of any calculation thereof under the Indenture.

Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the Interest Account or the Principal Account of the Bond Fund, as directed by an Authorized Representative of the District.

In the event of the issuance of a Series of Refunding Bonds pursuant to the provisions under the heading "Additional Bonds" above, the Trustee shall, upon the written direction of the District, withdraw from the specified Accounts of the Bond Fund those amounts deposited in each such Account so specified held for the payment of the principal, sinking fund payments, Redemption Price and interest on the Series of Bonds or principal portion thereof to be refunded, provided, however, that such withdrawal shall not be made unless (i) immediately thereafter, the Series of Bonds or principal portion thereof being refunded shall be deemed to have been paid pursuant to the defeasance provisions of the Indenture, and (ii) the amount remaining in each Account of the Bond Fund after such withdrawal shall not be less than that amount otherwise then required to be on deposit in each such Account to pay the principal, sinking fund payments, Redemption Price and interest of those Series of Bonds or principal portions thereof not being refunded.

Investment of Funds and Accounts. Amounts in the Bond Fund, the Project Fund and the Rebate Fund, may, if and to the extent then permitted by law, be invested only in Qualified Investments. Any investment authorized by the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the District accompanied by a certificate to the effect that the related investment constitutes a Qualified Investment. Any investment under the Indenture shall be made in accordance with the Tax Compliance Certificate, and the District shall so certify to the Trustee with each such investment direction as referred to in the Indenture. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such

investments shall, in the case of the Project Fund or the Bond Fund, be credited and losses charged to such Fund, as applicable, subject, however, in each case as described under the heading “Payments into Rebate Fund; Application of Rebate Fund” below.

Upon timely request of an Authorized Representative of the District, the Trustee shall notify the District ten (10) days prior to each Installment Purchase Payment Date under the Installment Sale Agreement of the amount of such net investment income or gain received and collected subsequent to the last such installment purchase payment and the amount then available in the Project Fund and in each Account of the Bond Fund.

Upon the written direction of an Authorized Representative of the District, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of the Indenture.

In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee on the last Business Day of each October.

The fair market value of Qualified Investments shall be determined as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

(iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of “fair market value” shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

Neither the Trustee nor the Agency shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested. The investments authorized by the Indenture shall at all times be subject to the provisions of applicable law, as amended from time to time.

Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of the Indenture (excluding the Rebate Fund) and all investments made therewith shall be held by the Trustee in trust for the benefit of the Bondholders and while held by the Trustee constitute part of the Trust Estate, and be subject to the lien of the Indenture, but subject to the Granting Clauses thereof. Moneys held by the Depository Bank under the State Aid Trust Agreement are not part of the Trust Estate unless and until the same are transferred to the Trustee for deposit

in the Bond Fund in accordance with the State Aid Trust Agreement. Moneys held by the Trustee in the Rebate Fund are not part of the Trust Estate nor subject to the lien of the Indenture.

Repayment to the District from the Funds. After payment in full of the Bonds (in accordance with the defeasance provisions of the Indenture) and the payment of all fees, charges and expenses of the Agency, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid under the Indenture and under each of the Security Documents, and the payment of any amounts which the District is required to rebate to the federal government pursuant to the Indenture and the Tax Compliance Certificate, all amounts remaining in the Project Fund and the Bond Fund shall be paid to the District upon the expiration or sooner or later termination of the term of the Installment Sale Agreement.

Payments into Rebate Fund; Application of Rebate Fund. The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Bondholder or any other Person.

The Trustee, following the receipt of a certificate of written direction from an Authorized Representative of the District pursuant to the Tax Compliance Certificate, shall deposit in the Rebate Fund that amount from the Project Fund, to the extent available, as shall be so specified in such certificate of written direction as necessary to satisfy the requirements of the Tax Compliance Certificate. In the case of the Project Fund, the District shall so direct the Trustee no less frequently than quarterly.

In the event that the amount on deposit in the Rebate Fund exceeds the Rebate Amount as determined in accordance with the Tax Compliance Certificate, the Trustee, upon the receipt of written instructions from an Authorized Representative of the District, shall withdraw such excess amount and deposit it (i) to any Account of the Project Fund or (ii) to the Interest Account of the Bond Fund, as the District shall determine.

The Trustee, upon the receipt of written instructions from an Authorized Representative of the District, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the date of original issuance of each Series of the Bonds, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to such Series of Bonds as of the date of such payment and (ii) notwithstanding the defeasance provisions of the Indenture, not later than thirty (30) days after the date on which all Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

The Trustee shall have no obligation under the Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the District to make such transfer.

Payment of Principal and Interest. The Agency covenants that it will from the sources contemplated by the Indenture promptly pay or cause to be paid the principal of and interest on the Bonds, and the Redemption Price, if any, together with interest accrued thereon to the date of redemption, at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof. All covenants, stipulations, promises, agreements and obligations of the Agency contained in the Indenture shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer, director, employee or agent thereof in his individual capacity, and no resort shall be had for the payment of the principal of, redemption premium, if any, or interest on the Bonds or the Redemption Price, if any, together with interest accrued thereon to the date of redemption or for any claim based thereon against any such member, officer, director, employee or agent or against any natural person executing the Bonds. Neither the Bonds, the principal thereof, the interest thereon, nor the Redemption Price thereof, if any, together with interest accrued thereon to the date

of redemption, shall ever constitute a debt of the State or of the County and neither the State nor the County shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Agency other than those pledged therefor. The Agency shall not be required under the Indenture or the Installment Sale Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the Installment Purchase Payments pledged to the payment of the Bonds and (iii) any income or gains therefrom.

Performance of Covenants; Authority. The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings pertaining thereto. The Agency covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the IDA Act, to issue the Bonds authorized by the Indenture and to execute the Indenture, to sell its leasehold interest in the Facilities (other than School #84) under the Ground Lease, and its subleasehold interest in School #84, all pursuant to the Installment Sale Agreement, to assign the Installment Sale Agreement and to pledge the Installment Purchase Payments pledged in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special obligations of the Agency according to the import thereof.

Creation of Liens; Indebtedness; Sale of Facilities. Except to the extent contemplated in the last paragraph under the heading "State Aid Intercept" with respect to the issuance of Project Bonds under a Series Indenture other than the Indenture, the Agency shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by the Indenture, the Ground Lease, the Ground Sublease and the Installment Sale Agreement. The Agency further covenants and agrees not to sell (except pursuant to the Installment Sale Agreement), convey, transfer, lease, sublease, mortgage or encumber the real property constituting part of the Facilities or any of them or any part of such real property, except for Permitted Encumbrances or as specifically permitted under the Indenture, the Ground Lease, the Ground Sublease and the Installment Sale Agreement, so long as any of the Bonds are Outstanding. The Agency shall have no pecuniary liability for its covenants set forth in the Indenture, including those described in this paragraph.

Agency Tax Covenant. The Agency covenants that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the District or the Trustee, which would cause the interest on the Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Agency and the only remedy to which the Agency shall be subject shall be specific performance.

Events of Default; No Acceleration of Due Date. Each of the following events shall constitute an "Event of Default":

- (1) Failure to duly and punctually pay the interest on any Bond when the same shall become due and payable;
- (2) Failure to duly and punctually pay the principal or redemption premium, if any, of any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;
- (3) Failure of the Agency to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in subparagraphs

(1) or (2) above) and (A) continuance of such failure for a period of thirty (30) days after receipt by the Agency and the District of written notice specifying the nature of such default from the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such default the same can be remedied, but not within the said thirty (30) days, the Agency or the District fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same; and

(4) The occurrence of an “Event of Default” under the Installment Sale Agreement.

In no event shall the principal of any Bond be declared due and payable in advance of its final stated maturity, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

Enforcement of Remedies. Subject to the last paragraph of the immediately preceding heading, upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and, upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the IDA Act, the Buffalo Schools Act, the Bonds, the Installment Sale Agreement, the Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity (including mandamus) or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in any other Security Document or in aid of the execution of any power granted in the Indenture or in any other Security Document or in the IDA Act or the Buffalo Schools Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable, to the extent permitted by law.

In the enforcement of any right or remedy under the Indenture, under any other Security Document, under the IDA Act or under the Buffalo Schools Act, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Agency, for principal, interest, Redemption Price, or otherwise, under any of the provisions of the Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Agency, but solely as provided in the Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the District or the Agency or their creditors or property.

Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall 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 Indenture or under any other Security Document by any acts which may be unlawful or in violation of the Indenture or of such other Security Document or of any resolution authorizing any Bonds,

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; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Application of Revenues and Other Moneys After Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including legal fees and expenses) incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to the provisions of the Indenture relating to compensation of the Trustee, the Bond Registrar and the Paying Agents, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

After payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including legal fees and expenses) incurred or made by the Trustee, the funds realized following the occurrence of an Event of Default shall be applied, first, as provided in paragraph First and Second under the heading, *second*, to pay any amounts which the District is required to rebate to the federal government pursuant to the Indenture and the Tax Compliance Certificate, *third*, to satisfy any obligation of the District regarding indemnification of the Agency and the Trustee under the Installment Sale Agreement, and *fourth*, to satisfy any other obligations of the District under the Installment Sale Agreement. Nothing outlined under the heading shall be deemed to modify the application of State Aid Revenues pursuant to the provisions outlined above under the heading "State Aid Intercept".

Whenever moneys are to be applied pursuant to the above provisions, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such written notice to all Bondholders promptly upon receipt of the deposit with it of any such moneys of such deposit and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Actions by Trustee. All rights of actions under the Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding

instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions outlined above under the heading “Application of Revenues and Other Moneys After Default”, be for the equal benefit of the Holders of the Outstanding Bonds.

Majority Bondholders Control Proceedings. The Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Individual Bondholder Action Restricted. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provisions of the Indenture or of any other Security Document or the execution of any trust under the Indenture or for any remedy under the Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the 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 the Indenture or in such other Security Document or by the IDA Act or the Buffalo Schools Act or by the laws of the State 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 satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions described under the headings “Application of Revenues and Other Moneys After Default” and “Majority Bondholders Control Proceedings” above, be for the equal benefit of all Holders of the Outstanding Bonds, to the extent permitted by law.

Nothing in the Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, and interest on any Bond at and after the maturity thereof, or the obligation of the Agency to pay the principal or Redemption Price, if applicable, of, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner provided in the Indenture and in said Bonds expressed.

Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Agency, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or existing at law or in equity or by statute.

Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Notice of Default. The Trustee shall promptly mail to the Agency, to registered Holders of Bonds and to the District by registered or certified mail, postage prepaid, return receipt requested, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required under this heading.

Waivers of Default. The Trustee shall waive any default under the Indenture and its consequences only upon the written request of the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee and reasonable legal fees and expenses in connection with such default shall have been paid or provided for, and in case of any such waiver, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other default, or impair any right consequent thereon.

Indemnity. The Trustee shall be under no obligation to institute any suit, or to take any remedial action under the Indenture or under any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created or in the enforcement of any rights and powers under the Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct, unlawful conduct or gross negligence.

Approvals or Consents by Trustee. The Trustee shall grant no approval, request or consent under the Security Documents except upon a Rating Confirmation or at the direction of the Holders of a majority in aggregate principal amount of the Bonds Outstanding.

Defeasance. If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in the Indenture, and all fees and expenses and other amounts due and payable under the Indenture and the Installment Sale Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Compliance Certificate or the Indenture, shall be paid in full or duly provided for, then the pledge of the Installment Purchase Payments under the Indenture and the estate and rights thereby granted, and all covenants, agreements and other obligations of the Agency to the Bondholders under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided below. At the time of such cessation, termination, discharge and satisfaction, the Trustee and the Paying Agents shall pay over or deliver to the District or on its order all moneys or securities held by them pursuant to the Indenture which are not required

(i) for the payment of principal or Redemption Price, if applicable, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents or (iii) for the payment of any amounts to the federal government under the Tax Compliance Certificate or the Indenture.

Bonds or interest installments for the payment or redemption of which moneys (and/or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph under this heading, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of the Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds upon surrender thereof of the full amount to which they would be entitled by way of principal or Redemption Price and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment.

Prior to any defeasance becoming effective as provided in the immediately preceding paragraph, there shall have been delivered to the Agency and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel addressed to, and acceptable in form and substance to, the Agency and the Trustee, to the effect that interest on any Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and that the Bonds being defeased are no longer "Outstanding" under the Indenture, (B) a verification report from an independent certified public accountant or firm of independent certified public accountants or other recognized consultant or verification agent (in each case reasonably acceptable to the Agency and to the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, interest on, and redemption premium, if any, of the Bonds to be defeased on the maturity or redemption date, as applicable, (C) an escrow deposit agreement (reasonably acceptable to the Agency and the Trustee), and (D) a certificate of discharge of the Trustee with respect to the Bonds being defeased.

Supplemental Indentures Without Bondholders' Consent. The Agency and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without consent of the Bondholders, for any of the following purposes:

- (1) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien of the Indenture, if such action is not materially adverse to the interests of the Bondholders.
- (2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect.
- (3) To add to the covenants and agreements of the Agency in the Indenture other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(4) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Installment Purchase Payments or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

(6) To modify or amend such provisions of the Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure the federal tax exemption of the interest on the Bonds.

(7) To authorize the issuance of a Series of Additional Bonds and prescribe the terms, forms and details thereof not inconsistent with the Indenture.

(8) To effect any other change in the Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(9) To effect the delivery of a Credit Facility and/or a Qualified Swap for a Series of Bonds.

(10) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of either thereof under the Trust Indenture Act of 1939 or any similar federal statute in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(11) To permit the appointment of a co-trustee under the Indenture.

(12) To effect any other amendment or supplement (except for which the written consents of one hundred percent (100%) of the Holders of the Outstanding Bonds, or affected Series of Bonds, are required as provided in the next heading) provided that the Trustee shall receive, in connection therewith, a Rating Confirmation.

Before the Agency and the Trustee shall enter into any Supplemental Indenture pursuant to the Indenture, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Agency in accordance with its terms.

Supplemental Indentures With Consent of Bondholders. Subject to the terms and provisions contained in the Indenture, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, to consent to and approve the entering into by the Agency and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture: provided, however, that if any such Supplemental Indenture would affect only the Holders of a single Series of Bonds then Outstanding, then only the consent of the Holders of a majority in aggregate principal amount of the Bonds Outstanding of such affected Series shall be required. Nothing contained in the Indenture shall permit, or be construed as permitting, (i) a

change in the times, amounts or currency of payment of the principal of, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, or a change in the method of determining the rate of interest on any Bond, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of Installment Purchase Payments other than the liens or pledge created by the Indenture, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this paragraph, without, in the case of items (ii) through and including (v) of this paragraph, the written consents of one hundred percent (100%) of the Holders of the Outstanding Bonds.

If at any time the Agency shall determine to enter into any Supplemental Indenture for any of the purposes of this heading, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to S&P, Moody's and all Bondholders at least ten (10) days prior to the effective date thereof. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

Within one year after the date of such notice, the Agency and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or, as provided in the first paragraph under this heading if applicable, the Holders of 100% in aggregate principal amount of the Bonds Outstanding) (or, if such Supplemental Indenture shall affect only a single Series of Bonds, the written consents of the Holders of not less than a majority in aggregate principal amount of such affected Series of Bonds Outstanding) and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Agency in accordance with its terms. Each valid consent 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. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of 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 such revocation with the Trustee prior to the execution of such Supplemental Indenture.

If the Holders of not less than the percentage of Bonds required above shall have consented to and approved the execution thereof as provided in the Indenture, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Agency from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Indenture pursuant to the provisions of this heading, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Agency, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Rights of District. Any Supplemental Indenture which materially and adversely affects any rights, powers and authority of the District under the Installment Sale Agreement or requires a revision of the Installment Sale Agreement shall not become effective unless and until the District shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the District.

Amendments of Related Security Documents Not Requiring Consent of Bondholders. Subject to the heading below, the Agency and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to provide for the issuance of a Series of Additional Bonds; (v) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (vi) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; (vii) to make any change if, in connection therewith, the Trustee shall receive a Rating Confirmation (except for which the written consents of one hundred percent (100%) of the Holders of the Outstanding Bonds, or affected Series of Bonds, are required as provided in clause (i) of the heading below); and (viii) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this heading. Before the Agency or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not adversely affect the exclusion from federal income taxation of interest on any Series of Bonds Outstanding.

Amendments of Related Security Documents Requiring Consent of the Bondholders. Except as provided in the immediately preceding heading, the Agency and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Holders of a majority in aggregate principal amount of the Bonds Outstanding given and procured as provided in the Indenture (or, if such amendment, change or modification shall only affect one Series of Bonds, the consent of the Holders of not less than a majority in aggregate principal amount of the affected Series of Bonds Outstanding); provided, however, there shall be no amendment, change or modification to (i) the obligation of the District to make Installment Purchase Payments under the Installment Sale Agreement (except as provided therein or in connection with the issuance of a Series of Additional Bonds), without the prior written approval of the Holders of 100% in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Indenture (or, if such amendment, change or modification shall affect only one Series of Bonds, the consent of the Holders of 100% in aggregate principal amount of the affected Series of Bonds Outstanding), or (ii) the Tax Compliance Certificate without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on the related Series of Bonds to become includable in gross income for Federal income tax purposes. If at any time the District shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed to the same Persons and in the same manner as is provided in the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the

effect that such amendment, change or modification will not adversely affect the exemption from federal income taxation of interest on any Series of Bonds Outstanding.

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APPENDIX D

**SUMMARY OF CERTAIN PROVISIONS OF THE
INSTALLMENT SALE AGREEMENT**

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT SALE AGREEMENT

The following is a combined summary of certain provisions of the Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2009, as amended and supplemented by the First Amendment to Installment Sale Agreement (2009 Project) dated as of April 1, 2013, as amended and supplemented by the Second Amendment to Installment Sale Agreement (Series 2009 Project) dated as of October 1, 2016, and as amended and supplemented by the Third Amendment to Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2023 (as so amended and supplemented, the “Installment Sale Agreement”), relating to the Series 2023A Bonds. References to “Installment Sale Agreement”, “Indenture”, “Bonds”, “Additional Bonds”, “Facilities”, “Ground Lease”, “Ground Sublease”, “Installment Purchase Payments”, “Tax Compliance Certificate”, “Trustee” or other related defined terms shall mean only such terms which are related to the Series 2023A Bonds, and not such terms collectively. This summary is qualified in its entirety by reference to the Installment Sale Agreement.

Sale of the Facilities. The Agency sells to the District, and the District purchases from the Agency, the Agency’s leasehold interest in the Facilities (other than School #84) pursuant to the Ground Lease, and the Agency’s subleasehold interest in School #84 pursuant to the Ground Sublease, in their “as is”, “where is” and “subject to all faults condition” and upon and subject to the terms and conditions set forth in the Installment Sale Agreement. The District shall at all times during the Agreement Term occupy, use and operate each of the Facilities, or cause each of the Facilities to be occupied, used and operated, as an “educational facility” for “educational activities” in accordance with the provisions of the Buffalo Schools Act and the IDA Act and for the general purposes specified in the recitals to the Installment Sale Agreement. The District shall not occupy, use or operate any of the Facilities or allow any of the Facilities or any part thereof to be occupied, used or operated for any unlawful purpose or in violation of any certificate of occupancy affecting any of the Facilities or which may constitute a nuisance, public or private.

It is the intention of the Agency and the District under the Installment Sale Agreement that the sale by the Agency thereunder of its leasehold interest in the Facilities (other than School #84) under the Ground Lease shall not result in (i) a merger of the leasehold estates and interests of the District and the Agency under the Ground Lease, (ii) a termination or any other impairment of the Ground Lease on the basis of merger or any other grounds, or (iii) the granting to the District of any contractual rights of the Agency under the Ground Lease; and until the termination of the Ground Lease in accordance with its terms or the expiration of the Installment Sale Agreement, the Ground Lease shall continue in full force and effect to the same extent as if the Agency had not sold its leasehold interest in the Facilities (other than School #84) to the District pursuant to the Installment Sale Agreement.

It is the intention of the Agency and the District under the Installment Sale Agreement that the sale by the Agency thereunder of its subleasehold interest in School #84 under the Ground Sublease shall not result in (i) a merger of the leasehold estates and interests of the District and the Agency under the Ground Sublease, (ii) a termination or any other impairment of the Ground Sublease on the basis of merger or any other grounds, or (iii) the granting to the District of any contractual rights of the Agency under the Ground Sublease; and until the termination of the Ground Sublease in accordance with its terms or the expiration of the Installment Sale Agreement, the Ground Sublease shall continue in full force and effect to the same extent as if the Agency had not sold its leasehold interest in School #84 to the District pursuant to the Installment Sale Agreement.

The Installment Sale Agreement does not constitute an “Installment purchase contract” as referred to under Section 11 of the Buffalo Schools Act or under Section 109-b of the New York General Municipal Law.

Agreement Term. The Agreement Term of the Installment Sale Agreement commenced on November 19, 2009 and shall expire on midnight (New York City time) on May 1, 2031 (but in no event sooner than the date upon which the Bonds shall cease to be Outstanding and the lien of the Indenture shall have been discharged) or such earlier date as the Bonds shall cease to be Outstanding and all amounts payable by the District under the Installment Sale Agreement have been paid in full. Upon any termination of the Ground Lease with respect to a Facility (other than School #84), the Installment Sale Agreement shall concurrently terminate at such time with respect to the affected Facility. Upon any termination of the Ground Sublease with respect to School, the Installment Sale Agreement shall concurrently terminate at such time with respect to the affected School #84. The Agency delivers to the District and the District accepts sole and exclusive possession of the Facilities, subject to the terms and conditions set forth in the Installment Sale Agreement. The Agency makes no representations whatsoever in connection with the condition of any of the Facilities, and the Agency shall not be liable for any defects therein.

Incorporation of Ground Lease Provisions. The Installment Sale Agreement is subject and subordinate to the Ground Lease, and all provisions thereof. In connection with the sale of the Agency’s leasehold interest in the Facilities (other than School #84) under the Ground Lease, the Agency delegates to the District all Ground Lease Promises (as defined in the Ground Lease) of the Agency contained in the Ground Lease, and the District assumes all of the Ground Lease Promises. All terms, covenants and provisions of the Ground Lease applicable to the “Lessee” therein are incorporated into the Installment Sale Agreement by reference, and the District agrees to comply with the same and be responsible therefor. The delegation and assumption within the Installment Sale Agreement by the District shall not create a merger of the estates of the Agency and the District under the Ground Lease.

Incorporation of Ground Sublease Provisions. The Installment Sale Agreement is subject and subordinate to the Ground Sublease, and all provisions thereof. In connection with the sale of the Agency’s leasehold interest in School #84 under the Ground Sublease, the Agency delegates to the District all Ground Sublease Promises (as defined in the Ground Sublease) of the Agency contained in the Ground Sublease, and the District assumes all of the Ground Sublease Promises. All terms, covenants and provisions of the Ground Sublease applicable to the “Sublessee” therein are incorporated into the Installment Sale Agreement by reference, and the District agrees to comply with the same and be responsible therefor. The delegation and assumption within the Installment Sale Agreement by the District shall not create a merger of the estates of the Agency and the District under the Ground Sublease.

The Series 2009 Project. Pursuant to the Ground Lease, the City and the District have vested the Agency with a valid leasehold estate in the Facilities (other than School #84), and pursuant to the Ground Sublease, the District has vested the Agency with a valid subleasehold estate in School #84, which leasehold and subleasehold estates the Agency has sold to the District, subject to the terms and conditions set forth in the Installment Sale Agreement.

The District, as agent for and on behalf of the Agency, effected and completed the acquisition, construction, renovation, reconstruction, improvement, equipping and/or furnishing of those Facilities financed in whole or in part from the proceeds of sale of the Series 2009 Bonds.

Pursuant to the Installment Sale Agreement, as between the Agency and the District, the District shall pay (i) all of the costs and expenses in connection with the preparation of any instruments of conveyance and transfer of a leasehold interest in the Facilities (other than School #84) to the Agency pursuant to the Ground Lease, and a subleasehold interest in School #84 to the Agency pursuant to the

Ground Sublease, together with the delivery of any instruments and documents and their filing and recording, if required, (ii) all taxes and charges payable, if any, in connection with such conveyance and transfer, or attributable to periods prior to such conveyance and transfer, and (iii) all expenses or claims incurred in connection with the Series 2009 Project and not funded from the proceeds of sale of the Series 2009A Bonds (or of any Series of Additional Bonds).

Additional Facilities. The Agency and the District recognize that, under the provisions of and subject to the conditions set forth in the Indenture or a related Series Indenture, a Series of Additional Bonds or additional Series of Project Bonds may be issued from time to time pursuant to separate Series Indentures to finance the costs of the acquisition, construction, renovation, reconstruction, improvement, equipping and/or furnishing of Facilities and/or Additional Facilities.

Payment of Installment Purchase Payments. Subject to the provisions described under the heading “Nature of Obligations of the District” below, the District agrees to pay or cause to be paid, the Installment Purchase Payments for the Facilities in the amounts and on April 1 of the years as set forth in a schedule to the Installment Sale Agreement (the “Installment Purchase Payment Schedule”). Notwithstanding the Installment Purchase Payment Schedule, in the event the District shall have failed to appropriate by November 1, commencing November 1, 2010 under the Installment Sale Agreement, that amount of State Aid Revenues required to make (less any amount on deposit in the Bond Fund on such November 1 and available on such date), and for the stated purpose of making, the Installment Purchase Payment due on the immediately succeeding April 1 (as set forth in the Installment Purchase Payment Schedule), then, (y) the District shall promptly deliver written notice of such failure to appropriate to the Agency and the Trustee, and (z) that Installment Purchase Payment next due on such immediately succeeding April 1 (less any amount on deposit in the Bond Fund on such November 1 and available on such date) shall instead be due on the November 15 immediately following such November 1 as if that November 15 were the originally scheduled Installment Purchase Payment Date. Installment Purchase Payments must be deposited by or on behalf of the District, as provided in the State Aid Trust Agreement, with the Trustee by no later than each Installment Purchase Payment Date; provided, however, that there shall be credited against any Installment Purchase Payments any amounts available for such purpose and on deposit in the Bond Fund, including any amounts deposited to the Bond Fund under the State Aid intercept provisions of the Indenture (such net amount being the “Net Base Facilities Agreement Payment”).

The District shall have the option to make from time to time prepayments in part of payments due as aforesaid of Installment Purchase Payments, together with interest accrued and to accrue and premium, if any, to be paid on a Series of Bonds, if, but only if, such prepayment is to be used for the redemption or defeasance of such Series of Bonds. The Trustee shall apply such prepayments in such manner consistent with the provisions of the Indenture as may be specified in writing by an Authorized Representative of the District at the time of making such prepayment. Upon any such prepayment, the Trustee shall, if necessary, recalculate the Installment Purchase Payment Schedule in accordance with the Indenture and deliver a revised Installment Purchase Payment Schedule to the District and the Agency, and such revised Installment Purchase Payment Schedule shall be deemed to replace the then-existing Installment Purchase Payment Schedule attached to the Installment Sale Agreement.

Direction as to Payment of Installment Purchase Payments. Installment Purchase Payments shall be paid to the Trustee for credit to the Bond Fund.

Indemnification of the Agency and Trustee and Limitation on Liability. The District shall, to the maximum extent permitted by law, at all times protect, defend and hold the Agency, the Trustee, the Bond Registrar, the Paying Agents and the Depository Bank and their respective officers, members, directors, employees and agents (collectively, the “Indemnified Parties”) harmless of, from and against any and all claims (whether in tort, contract or otherwise), demands, expenses and liabilities for losses, damage, injury

and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), other than, with respect to any Indemnified Party, losses arising from the gross negligence or willful misconduct of such Indemnified Party, arising upon or about any of the Facilities or resulting from, arising out of, or in any way connected with (i) pursuant to the Installment Sale Agreement, the financing of the costs of the Series 2009 Project and the marketing, remarketing, issuance and sale of the Bonds from time to time such purpose, (ii) the planning, design, acquisition, site preparation, construction, renovation, equipping, furnishing, installation or financing of the Facilities or any part of any thereof or the effecting of any work done in or about any of the Facilities, (iii) any defects (whether latent or patent) in any of the Facilities, (iv) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of any of the Facilities or any portion thereof, or (v) the Installment Sale Agreement, the Indenture or any other Project Document or other document or instrument delivered in connection therewith or the enforcement of any of the terms or provisions thereof or the transactions contemplated thereby. Except as provided above, no Indemnified Party shall be liable for any damage or injury to the person or property of the District or its directors, officers, employees, agents or servants or persons under the control or supervision of the District, or any other person who may be about any of the Facilities, due to any act or negligence of any person other than for the gross negligence or willful misconduct of such Indemnified Party.

The District releases each Indemnified Party from, and agrees, to the maximum extent permitted by law, that no Indemnified Party shall be liable for and agrees to defend, indemnify and hold each Indemnified Party harmless against any expense, loss, damage, injury or liability incurred because of any lawsuit commenced as a result of action taken by such Indemnified Party with respect to any of the matters set forth in the Installment Sale Agreement or at the direction of the District with respect to any of such matters above referred to; provided, however, that such indemnification by the District shall not extend to any Indemnified Party whose gross negligence or willful misconduct resulted in such expense, loss, damage, injury or liability. An Indemnified Party shall promptly notify the District in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the District pursuant to the Installment Sale Agreement; such notice shall be given in sufficient time to allow the District to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense under the Installment Sale Agreement nor in any way impair the obligations of the District under the Installment Sale Agreement, except that if (i) the Indemnified Party shall have had knowledge or notice of such claim or action but shall not have timely notified the District of any such claim or action, (ii) the District shall have had no knowledge or notice of such claim or action, and (iii) the District's ability to defend or participate in such claim or action is materially impaired by reason of not having received timely notice thereof from the Indemnified Party, then the District's obligation to so defend and indemnify such Indemnified Party shall be qualified to the extent (and only to the extent) of such material impairment.

The indemnifications and protections set forth in the Installment Sale Agreement shall be extended, with respect to each Indemnified Party, to its members, directors, officers, employees, agents and servants and persons under its control or supervision.

Anything to the contrary in the Installment Sale Agreement notwithstanding, the indemnification, hold harmless and release covenants of the District contained in the Installment Sale Agreement shall remain in full force and effect after the termination of the Installment Sale Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions therein specified.

Nature of Obligations of the District. Except as otherwise provided under this heading, the obligation of the District to pay Installment Purchase Payments and Additional Payments shall be absolute and unconditional, and such Installment Purchase Payments and Additional Payments shall be payable without any rights of set-off, recoupment or counterclaim or deduction and without any right of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Trustee, any purchaser of any Bond or any other person, and whether or not the Facilities or any of them are used or occupied by the District or available for use or occupancy by the District.

The obligation of the District to pay Installment Purchase Payments shall be deemed executory only to the extent of State Aid Revenues appropriated and available to the District for the purpose of the Installment Sale Agreement and the State Aid Trust Agreement, and moneys appropriated by the District for such purpose, and no liability on account thereof shall be incurred by the District beyond the amount of such moneys; provided, however, that the failure of the District for any reason (including a failure by the State or the District to appropriate State Aid Revenues) to make an Installment Purchase Payment or an Additional Payment shall be deemed a failure to make a payment for purposes of the Installment Sale Agreement and the Buffalo Schools Act, and in such event, the Agency has appointed the Trustee to act as its agent for purposes of taking action under the State Aid intercept provisions of the Indenture. Further, the obligation of the District to pay Installment Purchase Payments is not a general obligation of the City or the District. Neither the full faith and credit nor the taxing power of the City or the District are pledged to the payment of any Installment Purchase Payment or Additional Payment due under the Installment Sale Agreement. However, the obligations of the District under the Installment Sale Agreement to pay Additional Payments shall be a general obligation of the District, executory, however, only to the extent of moneys appropriated therefor by the District. It is understood that neither the Installment Sale Agreement nor any representation by any public employee or officer creates any legal or moral obligation to appropriate or make moneys available for the purposes of the Installment Sale Agreement.

The obligations of the District under the Installment Sale Agreement, including its obligation to pay the Installment Purchase Payments and Additional Payments in any Fiscal Year for which the Installment Sale Agreement is in effect, shall constitute a current expense of the District for such Fiscal Year and shall not constitute an indebtedness of the City or the District within the meaning of any constitutional or statutory provision or other laws of the State. The only source of moneys available to the District for the payment of any Installment Purchase Payment coming due under the Installment Sale Agreement shall be moneys comprising State Aid Revenues lawfully appropriated by the State and available therefor from time to time to or for the benefit of the District, and appropriated for such purpose by the District.

The District agrees that its proposed expense budget for each ensuing Fiscal Year commencing with the Fiscal Year ending June 30, 2011 shall include, either as a separate unit of appropriation or as an expenditure within a unit of appropriation, the amount of Installment Purchase Payments and Additional Payments to come due in such next Fiscal Year, provided, however, that any such appropriation (y) of Installment Purchase Payments shall only be payable by the District to the extent of State Aid Revenues available therefor and appropriated by the District for such purpose, and (z) of Additional Payments shall only be payable by the District to the extent appropriated for such purpose by the District.

Subject to the limitations contained in the second paragraph under this heading, the District will not terminate the Installment Sale Agreement (other than such termination as is provided for therein) or be excused from performing its obligations therein for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, failure of title, or frustration of purpose, or any damage to or destruction of any of the Facilities, or the taking by eminent domain of title to or the right of temporary use of all or any part of any of the Facilities, or the failure of the

Agency to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with the Installment Sale Agreement.

The District intends to continue the Installment Sale Agreement for its entire term and to pay all Installment Purchase Payments specified in the Installment Purchase Payment Schedule as such Installment Purchase Payments come due under the terms and provisions of the Installment Sale Agreement.

No provision contained above shall be deemed to limit, impair or modify the State Aid Revenues intercept provisions of the Buffalo Schools Act or the application of the implementing provisions of the Indenture.

Directed State Aid Revenues. Pursuant to instructions, the Comptroller of the City and the Superintendent of the District have directed the State Comptroller's Office to deposit all State Aid Revenues into the State Aid Depository Fund established under the State Aid Trust Agreement, and the Comptroller of the City and the Superintendent of the District have further instructed the Depository Bank, pursuant to the terms and provisions of the State Aid Trust Agreement, to transfer State Aid Revenues to the Trustee and each other Series Trustee in accordance with the State Aid Trust Agreement for the purpose of, in the case of the Indenture, making deposits in the Bond Fund with respect to amounts due on the Bonds. The District agrees not to modify the procedures set forth in the State Aid Trust Agreement for the collection, deposit or disbursement of State Aid Revenues, except as and to the extent permitted under the State Aid Trust Agreement.

The District acknowledges that, pursuant to the State Aid intercept provisions of the Indenture (and the Buffalo Schools Act), in the event it shall fail (for any reason, including the failure of the appropriate legislative body of the District to appropriate moneys for such purpose) to make a payment under the Installment Sale Agreement in the amount and by the date the same is due, the Agency has appointed the Trustee to act as its agent under the Indenture for the purpose of delivering a certificate to the State Comptroller certifying as to such failure and setting forth the amount of such deficiency, and the State Comptroller, upon receipt of such certificate, shall be authorized to withhold from the District such State Aid Revenues as is payable to the District to the extent of the amount so stated in such certificate of the Trustee as not having been made, and the State Comptroller shall immediately pay over to the Trustee on behalf of the Agency, the amount of such State Aid Revenues so withheld. Notwithstanding anything to the contrary contained in the Installment Sale Agreement, amounts of such State Aid Revenues received by the Trustee on behalf of the Agency and applied to the Installment Purchase Payments or Additional Payments shall be deemed to satisfy the District's obligation to make such defaulted payment to the extent of the amount received.

Operation, Maintenance and Repair. During the Agreement Term, the District shall be responsible for, and pay all costs of, operating the Facilities, maintaining the same in good and safe condition, and making all necessary repairs and replacements, interior and exterior, structural and non-structural. All replacements, renewals and repairs shall be equal in quality, class and value to the original work and be made and installed in compliance with the requirements of all governmental bodies. The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of any of the Facilities, to effect the replacement of any inadequate, obsolete, worn-out or unsuitable parts of any of the Facilities, or to furnish any utilities or services for any of the Facilities and the District agrees to assume full responsibility therefor.

Utilities, Taxes and Governmental Charges. The District will pay or cause to be paid all charges for water, electricity, light, heat or power, sewage, telephone and other utility service, rendered or supplied upon or in connection with the Facilities during the Agreement Term.

In addition, the District shall (i) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any Federal, state or any municipal government upon the Agency or the District with respect to or upon any of the Facilities or any part thereof or upon any payments under the Installment Sale Agreement when the same shall become due; (ii) duly observe and comply with all valid requirements of any governmental authority relative to the Facilities; (iii) not create or suffer to be created any lien or charge upon any of the Facilities or any part of any thereof, except Permitted Encumbrances, or upon the payments in respect thereof under the Installment Sale Agreement; and (iv) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same shall come into force, any lien or charge upon any of the Facilities or any part of any thereof, except Permitted Encumbrances, or upon any payments under the Installment Sale Agreement and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon any payments under the Installment Sale Agreement.

Additions, Enlargements and Improvements. The District shall have the right at any time and from time to time during the Agreement Term, at its own cost and expense, to make such additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, any of the Facilities, as the District shall deem necessary or desirable in connection with the use of such Facilities. All such additions, enlargements, improvements, expansions, repairs, reconstruction and restorations when completed shall be of such character as not to reduce or otherwise adversely affect the value of the related Facility or the rental value thereof. The cost of any such additions, enlargements, improvements, expansions, repairs, reconstruction or restorations shall be promptly paid or discharged so that the affected Facility shall at all times be free of liens for labor and materials supplied thereto other than Permitted Encumbrances. All additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, a Facility shall be and become a part of such Facility, and become subject to the Installment Sale Agreement and, in the case of School #84, the Ground Sublease, and in the case of all other Facilities, the Ground Lease.

Additional Rights of District. The Agency agrees that the District shall have the right, option and privilege of erecting, installing and maintaining at its own cost and expense equipment (not constituting part of the Series 2009 Project as set forth in the Installment Sale Agreement) in or upon any Facility as may in the District's judgment be necessary for its purposes, it is further understood and agreed that any equipment erected or installed under the provisions described under this heading shall be and remain the personal property of District and, if not constituting part of the Series 2009 Project as set forth in the Installment Sale Agreement, shall not become subject to the Ground Lease or the Ground Sublease, as applicable, or the Installment Sale Agreement, and may be removed, altered or otherwise changed, upon or before the termination of the Installment Sale Agreement.

Damage or Destruction. The District agrees to notify the Agency and the Trustee immediately in the case of damage to or destruction of any Facility or any portion thereof in an amount exceeding \$100,000 resulting from fire or other casualty, and shall state the plans of the District with respect to the repair, reconstruction and restoration of the affected Facility.

Condemnation. If any Facility or portion thereof shall be condemned or taken by eminent domain, the Installment Sale Agreement (with respect to the affected Facility or portion thereof) and the interest of the District under the Installment Sale Agreement shall terminate when title to such Facility or portion thereof vests in the party condemning or taking the same (hereinafter referred to as the "termination date"), and the District will promptly give notice thereof to the Agency and the Trustee, and shall state the plans of the District with respect to the replacement or restoration of the affected Facility.

Compliance with the IDA Act and the Buffalo Schools Act. The District covenants and agrees to operate each of the Facilities or cause each of the Facilities to be operated in accordance with (i) the Installment Sale Agreement, and (ii) as a qualified “project” and “educational facility” for “educational activities” in accordance with and as defined under each of the IDA Act and the Buffalo Schools Act.

Compliance with Laws and Regulations. The District will, at its own cost and expense, promptly comply with, or cause to be complied with, all laws, rules, regulations and other governmental requirements, whether or not the same require structural repairs or alterations, which may be applicable to the District and any of the Facilities or the use or manner of use of any of the Facilities; provided, however, the District’s obligation to comply with any such law, rule, regulation or governmental requirement shall be suspended during any contest thereof in good faith by the District, which contest is being diligently prosecuted. The District will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force with respect to the Facilities.

Assignment and Sale by District. The District will not sell, sublease, sub-sublease or otherwise dispose of or encumber its interest in any of the Facilities except in the case of Permitted Encumbrances or pursuant to the Ground Lease or the Ground Sublease, as applicable, or as provided in the Installment Sale Agreement as described under the headings “Subletting” and “Release of Facilities” below; provided, however, that the District may sublet part of any Facility (x) for a purpose and use consistent with the Ground Lease or the Ground Sublease, as applicable, (y) upon delivery to the Trustee of an Opinion of Counsel to the District to the effect that such sublease shall neither limit nor impair the obligations of the District under the Installment Sale Agreement, and (z) upon delivery to the Trustee of an opinion of Nationally Recognized Bond Counsel to the effect that such sublet will not cause interest on any of the Bonds to become includable in gross income for federal income tax purposes. The Installment Sale Agreement may be assigned in whole or in part by the District upon written consent of the Agency and the Trustee (which consents of the Agency or the Trustee may be unreasonably withheld) but no assignment shall relieve the District from primary liability for any of its obligations under the Installment Sale Agreement, and in the event of any such assignment the District shall continue to remain primarily liable for the payments specified in the Installment Sale Agreement and for performance and observance of the other agreements provided on its part in the Installment Sale Agreement.

Subletting. The District may use, rent, sublease or sub-sublease space, as applicable, in any Facility, in excess of the space required for its purposes, as determined by an Authorized Representative of the District. No such use, lease, sublease or sub-sublease shall have any adverse effect upon the Installment Sale Agreement or affect or reduce the District’s obligations under the Installment Sale Agreement. No sublease or sub-sublease to the Agency shall become merged in the District’s fee or beneficial title or leasehold interest. The District shall not rent, sublease, sub-sublease or otherwise dispose of all or any portion of any Facility if such rental, sublease, sub-sublease or disposition would cause the interest on any of the Bonds then Outstanding to lose their exemption from Federal income taxation. Any such use, rental, sublet or sub-sublet shall be for a use consistent with the limitations thereon set forth in the Installment Sale Agreement and the Ground Lease or, in the case of School #84, the Ground Sublease.

Covenant not to Affect the Tax Exempt Status of the Bonds. The District agrees that throughout the Agreement Term, it will comply with the Tax Compliance Certificate and it will take no action, or permit any action to be taken, with respect to any Facility which will impair the exemption of interest on any Outstanding Bonds from Federal income taxes.

Covenants as to State Aid Trust Agreement. The District agrees not to revoke the instructions furnished to the State Comptroller’s office to forward all State Aid Revenues payments to the Depository Bank. The District also agrees to comply with, and not to terminate, the State Aid Trust Agreement or materially modify the terms and provisions thereof in a manner which would materially adversely affect

the owners of any Project Bonds, except as may be permitted under the terms of the State Aid Trust Agreement.

Release of Facilities. So long as there exists no event of default under the Installment Sale Agreement, nor any event which upon the giving of notice or the passage of time or both, would constitute an event of default, the District may, upon written notice to the Agency and the Trustee and compliance with the following, effect the release of a Facility, to no longer be used by the District as a public school, or the costs with respect to which have been financed with the Bonds which are no longer Outstanding, from the Installment Sale Agreement and the leasehold estate of the Ground Lease or, in the case of School #84, the subleasehold estate of the Ground Sublease. Upon receipt of such notice, the Agency and the Trustee shall, at the sole cost and expense of the District, execute and deliver any and all instruments necessary or appropriate to so release and remove such Facility from the Facilities subject to the Installment Sale Agreement and the leasehold estate of the Ground Lease or, in the case of School #84, the subleasehold estate of the Ground Sublease; provided, however, that in the event the release is of the last remaining Facility, the District must further pay Installment Purchase Payments necessary to effect the redemption in whole of the Bonds.

No conveyance or release effected under the provisions described under this heading shall entitle the District to any abatement or diminution of the Installment Purchase Payments or the Additional Payments required to be made by the District under the Installment Sale Agreement.

Compliance with Requirements for State Aid Revenues. The District will comply with all requirements necessary to ensure receipt of State Aid Revenues over the term of the Installment Sale Agreement.

No Impairment of Pledge of State Aid Revenues. The District covenants and agrees that it shall enter into no agreement, indenture or other instrument, including any Series Facilities Agreement, in connection with a Series of Project Bonds under a Series Indenture, which shall have the effect, directly or indirectly, of providing a greater priority or preference to the intercept of State Aid Revenues under the Buffalo Schools Act than the pledge effected pursuant to the Indenture; provided, however, that nothing contained in the Installment Sale Agreement shall be deemed (y) to limit or deny the ability of the Agency of a Series of Project Bonds to pledge State Aid Revenues on a parity with the pledge effected by the Agency under the Indenture, or (z) to require that any Series of Project Bonds issued under a Series Indenture have the same payment dates or amortize principal on a schedule comparable to that of the Bonds Outstanding under the Indenture, or that any lease rental payment dates or installment purchase payment dates, as applicable, under a Series Facilities Agreement be the same as provided for under the Installment Sale Agreement.

Events of Default. An “event of default” or a “default” shall mean any one or more of the following events:

- (1) Failure by the District to pay or cause to be paid when due (other than failure to pay as a result of an Event of Nonappropriation) the Installment Purchase Payments to be paid under the Installment Sale Agreement;
- (2) Failure by the District to pay or to cause to be paid when due any Additional Payment required to be made under the Installment Sale Agreement, which failure shall continue for a period of thirty (30) days after payment thereof was due;
- (3) Failure by the District to observe and perform the covenants set forth in the fourth, fifth and sixth paragraphs under the heading “Nature of Obligations of the District” above or as

described under the headings “Covenant as to State Aid Trust Agreement” or “Compliance with Requirements for State Aid Revenues” above;

(4) Failure of the District to observe and perform its covenants set forth in “Indemnification of the Agency and Trustee and Limitation on Liability” above and the continuation of any such failure for a period of thirty (30) days after receipt by the District of written notice specifying the nature of such default from the Agency or the Trustee;

(5) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraphs (1), (2), (3) and (4) under this heading, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the District by the Agency, the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, unless by reason of the nature of such failure the same cannot be remedied within such thirty (30) day period and the District has within such period commenced to take appropriate actions to remedy such failure and is diligently prosecuting such actions;

(6) The District shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the District seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it for any substantial part of its property; or the District shall authorize any of the actions set forth above in this subparagraph or

(7) The entering of an order or decree appointing a receiver of the Facilities or any thereof with the consent or acquiescence of the District or the entering of such order or decree without the acquiescence or consent of the District if it shall not be vacated, discharged or stayed within ninety (90) days after entry.

Notwithstanding anything contained under this heading to the contrary, a failure by the District to pay when due any payment required to be made under the provisions of the Installment Sale Agreement or a failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under the provisions of the Installment Sale Agreement, resulting from a failure by the Board of Education of the District to appropriate moneys for such purposes, shall not constitute an event of default under the provisions of the Installment Sale Agreement. However, the failure by the District to pay when due any payment required to be made by it under the Installment Sale Agreement shall constitute a failure to make a payment under the Installment Sale Agreement for purposes of the Buffalo Schools Act, and in such event the Agency has appointed the Trustee to act as its agent for purposes of taking action under the State Aid intercept provisions of the Indenture. The District agrees to provide written notice to the Trustee indicating either (i) the Superintendent of the District submitted a budget to the Board of Education that fails to include a separate line item representing the full amount of Installment Purchase Payments payable during the applicable Fiscal Period or (ii) the Board of Education adopted a District budget that fails to include such a separate line item.

Remedies. Whenever any event of default as provided above shall have happened and be continuing, or whenever an Event of Nonappropriation shall have occurred and be continuing, the Agency (with the prior written consent of the Trustee) or the Trustee, subject in all respects to the provisions under

the heading “Nature of Obligations of the District” above, may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the District under the Installment Sale Agreement. For so long as any of the Bonds are Outstanding or any amounts remain due and payable by the District under the Installment Sale Agreement, neither the Agency nor the Trustee shall take any action which shall have the effect of terminating the Installment Sale Agreement or the interest in or rights of possession of the District in the Facilities, provided, however, that in addition to any other rights or remedies granted by the Installment Sale Agreement as described under this heading to the Agency, the Agency may enforce any of the Agency’s Reserved Rights without the consent of the Trustee or any other person, by an action for damages, injunction or specific performance.

No action taken pursuant to provisions under this heading shall relieve the District from the District’s obligations under the Installment Sale Agreement, all of which shall survive any such action.

Cure. Notwithstanding any remedy taken by the Agency or the Trustee pursuant to the provisions described under the immediately preceding heading, if all arrears of Installment Purchase Payments, and all other Additional Payments, shall have been paid, all other things shall have been performed in respect of which there was an event of default or Event of Nonappropriation and there shall have been paid the reasonable fees and expenses, including expenses of the Trustee (including reasonable attorneys’ fees paid or incurred), then the event of default or Event of Nonappropriation shall be waived without further action by the Trustee or the Agency.

No Remedy Exclusive. Subject to the provisions of the second sentence under the heading “Remedies” above, no remedy conferred in the Installment Sale Agreement upon or reserved to the Agency or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given in the Installment Sale Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency or the Trustee to exercise any remedy reserved to it in the Installment Sale Agreement it shall not be necessary to give any notice, other than such notice as may be expressly required in the Installment Sale Agreement.

Effect on Discontinuance of Proceedings. In case any proceeding taken by the Trustee under the Indenture or the Installment Sale Agreement or under any other Security Document on account of any event of default or Event of Nonappropriation under the Installment Sale Agreement or the Indenture shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then, and in every such case, the Agency, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights thereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Limitations on Termination of Agreement. Neither the Agency, the Trustee nor the District shall take or fail to take any action which would cause the Installment Sale Agreement to terminate while any Bonds remain Outstanding or any amounts remain due and payable under the Installment Sale Agreement or prior to the discharge of the lien of the Indenture.

Limitation on Liability of the Agency, the State and the County. The liability of the Agency to the District under the Installment Sale Agreement and to the Trustee and the Holders of the Bonds shall be enforceable only out of, and limited to, the Agency’s interest under the Installment Sale Agreement and under the Ground Lease and the Ground Sublease and the security interest created by the Indenture. There shall be no other recourse against the Agency, its members, directors, officers, agents, servants and

employees and persons under the Agency's control or supervision, past, present or future, or against any of the property now or hereafter owned by it or them. Any obligation the Agency may incur for the payment of money in the performance of the Installment Sale Agreement shall not create a debt of the State or of the County, and neither the State nor the County shall be liable on any obligation so incurred. Any such obligation shall be payable solely out of any payments or other proceeds or funds derived from the Installment Sale Agreement. All obligations of the Agency under the Installment Sale Agreement shall be deemed to be the obligation of the Agency, and not of any member, director, officer, servant, employee or agent of the Agency or person under the Agency's control or supervision, past, present or future, in his individual capacity. No recourse shall be had against any such persons, or against any natural person executing the Bonds, for any claim against the Agency arising under the Installment Sale Agreement, including, without limitation, any claim for the payment of the principal of, redemption premium, if any, or interest on the Bonds.

No Merger. During the Agreement Term, there shall be no merger of the Installment Sale Agreement and the interest sold thereby with the leasehold or fee interests of the City and/or the District in the Facilities, as applicable, by reason of the fact that the District both holds such leasehold or fee interest, as applicable, and is the purchaser of the Agency's leasehold interest in the Facilities (other than School #84) under the Ground Lease or subleasehold interest in School #84 under the Ground Sublease, pursuant to the Installment Sale Agreement.

APPENDIX E

**FORM OF BOND COUNSEL OPINION FOR THE
SERIES 2023A BONDS**

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APPENDIX E

FORM OF BOND COUNSEL OPINION FOR THE SERIES 2023A BONDS

[CLOSING DATE]

Erie County Industrial Development Agency
95 Perry Street – Suite 303
Buffalo, New York 14203

Re: \$_____ Erie County Industrial Development Agency
School Facility Refunding Revenue Bonds
(City School District of the City of Buffalo Project), Series 2023A

Ladies and Gentlemen:

We have acted as bond counsel to the Erie County Industrial Development Agency (the “Agency”), a public benefit corporation organized and existing under the laws of the State of New York, in connection with the issuance by the Agency of its School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2023A in the aggregate principal amount of \$_____ (the “Series 2023A Bonds”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the hereinafter defined Indenture.

The Series 2023A Bonds are issued under and pursuant to (a) the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of the State of New York), as amended, and Chapter 293 of the 1970 Laws of New York, as amended (collectively, the “Act”), (b) Chapter 605 of the 2000 Laws of New York, as amended by Chapter 59 of the 2003 Laws of New York, by Chapter 421 of the 2004 Laws of New York, by Chapter 283 of the Laws of 2006 of New York, by Chapter 403 of the Laws of 2008 of New York, by Chapter 492 of the Laws of 2008 of New York, by Chapter 497 of the Laws of 2008 of New York, and by Chapter 209 of the Laws of 2009 of New York (collectively, the “Buffalo Schools Act”), (c) a certain Indenture of Trust (Series 2009 Project) dated as of November 1, 2009 (the “Original Indenture”), as amended and supplemented by a certain First Supplemental Indenture of Trust dated as of April 1, 2013 (the “First Supplemental Indenture”), as amended and supplemented by a certain Second Supplemental Indenture of Trust dated as of October 1, 2016 (the “Second Supplemental Indenture”) and as amended and supplemented by a certain Third Supplemental Indenture of Trust dated as of November 1, 2023 (the “Third Supplemental Indenture”) (the Original Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, being referred to hereinafter as the “Indenture”), each by and between the Agency and Manufacturers and Traders Trust Company, as trustee (the “Trustee”) and (d) a resolution of the Agency adopted on September 11, 2002, as amended on October 16, 2002 and on June 11, 2003, as amended and restated on November 10, 2004, and as further amended on April 11, 2005, June 11, 2007, July 9, 2007, January 17, 2008, October 19, 2009, May 16, 2011, March 26, 2012, March 25, 2013, May 20, 2015, August 24, 2016, April 28, 2021, April 27, 2022 and October 25, 2023 authorizing the Series 2023A Bonds (collectively, the “Agency Resolution”).

The Series 2023A Bonds shall be dated, shall mature, shall bear interest and shall be payable as set forth in the Indenture. The Series 2023A Bonds are subject to redemption prior to maturity, all in the manner and upon the terms and conditions set forth in the Indenture.

The Series 2023A Bonds are being issued to refinance the Agency's School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2013A (the "Series 2012A Bonds"), which Series 2013A Bonds were issued on April 25, 2013 in the aggregate principal amount of \$62,540,000 to refund the Agency's School Facility Revenue Bonds (City School District of the City of Buffalo Project), Series 2009A (the "Series 2009A Bonds"), which Series 2009A Bonds were issued on November 19, 2009 in the aggregate principal amount of \$294,905,000 to finance a project consisting of the acquisition, construction, renovation, reconstruction, improvements, equipping and furnishing of certain facilities of the District (collectively, the "Phase IV Facilities").

Each of the District, the City, Manufacturers and Traders Trust Company, as depository bank (the "Depository Bank") and the Trustee has entered into a certain Third Amended and Restated State Aid Trust Agreement dated as of May 1, 2022 (the "State Aid Trust Agreement"), pursuant to and with respect to which each of the Comptroller of the City and the District has instructed the New York State Comptroller to pay all New York State building and operating aid appropriated by the State of New York for the District directly to the State Aid Depository Fund established with and held by the Depository Bank pursuant to the State Aid Trust Agreement.

The City and the District have leased their respective interests in the Phase IV Facilities (other than School #84 as defined herein) to the Agency pursuant to a certain Ground Lease (Series 2009 Project) dated as of November 1, 2009 (the "Ground Lease") from the City and the District, as lessors, to the Agency, as lessee.

One of the Phase IV Facilities, being the Erie County Health Care Center for Children #84 ("School #84"), is the subject of a certain Lease Agreement dated as of June 1, 2007, as extended by a First Lease Extension Agreement dated as of November 1, 2009, each by and between the County of Erie, New York, as landlord, and the District, as tenant. The District subleased its interest in School #84 to the Agency pursuant to a certain Ground Sublease (Series 2009 Project) dated as of November 1, 2009 (the "Ground Sublease") from the District, as sublessor, to the Agency, as sublessee.

The Agency has sold its leasehold interest under the Ground Lease in the Phase IV Facilities (other than School #84) and its subleasehold interest under the Ground Sublease in School #84, respectively, to the District pursuant to a certain Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2009 (the "Original Installment Sale Agreement"), as amended and supplemented by a certain First Amendment to Installment Sale Agreement (Series 2009 Project) dated as of April 1, 2013 (the "First Amendment to Installment Sale Agreement"), as amended and supplemented by a certain Second Amendment to Installment Sale Agreement (Series 2009 Project) dated as of October 1, 2016 (the "Second Amendment to Installment Sale Agreement"), and as amended and supplemented by a certain Third Amendment to Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2023 (the "Third Amendment to Installment Sale Agreement") (the Original Installment Sale Agreement, as amended and supplemented by the First Amendment to Installment Sale Agreement, the Second Amendment to Installment Sale Agreement and the Third Amendment to Installment Sale Agreement, being referred to hereinafter as the "Installment Sale Agreement"), each by and between the Agency, as vendor, and the District, as purchaser. Pursuant to the Installment Sale Agreement, the District has agreed to pay scheduled installment purchase payments in amounts equal to the principal of and interest on the Series 2023A Bonds; *provided, however*, that such installment purchase payment obligation of the District is executory only to the extent of State Aid Revenues (as defined in the State Aid Trust Agreement) being available for such

payment from the State Aid Depository Fund and transferred therefrom to the Trustee by the Depository Bank, and is further subject to appropriation by the District.

Pursuant to the Indenture, the Agency has assigned to the Trustee substantially all of the Agency's right, title and interest in, to and under the Installment Sale Agreement, including the foregoing installment purchase payments to be made by the District.

It is provided in the Indenture that, upon satisfying certain conditions, the Agency may issue one or more series of additional bonds (the "Additional Bonds") from time to time on the terms and conditions and for the purposes stated in the Indenture, and the Additional Bonds, if issued, will be equally and ratably secured under the Indenture with the Series 2023A Bonds. The Indenture further provides that the amount of installment purchase payments required to be paid under the Installment Sale Agreement shall be re-calculated so as to provide money for the full and timely payment of the principal of and interest on the Series 2023A Bonds and any such series of Additional Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2023A Bonds in order that, for federal income tax purposes, interest on the Series 2023A Bonds be excluded from gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Series 2023A Bond proceeds, restrictions on the investment of Series 2023A Bond proceeds prior to expenditure, and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2023A Bonds to become included in gross income for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is discovered.

On the date of delivery of the Series 2023A Bonds, the District will execute a Tax Regulatory Agreement dated the date hereof (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the District covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2023A Bonds will, for federal income tax purposes, be excluded from gross income under Section 103 of the Code.

Based upon the foregoing, it is our opinion that:

(i) The Agency is a duly created and validly existing corporate governmental agency constituting a public benefit corporation under the laws of the State.

(ii) The Agency has good right and lawful authority under the Act and the Buffalo Schools Act to acquire, renovate, reconstruct, improve, equip and furnish the Phase IV Facilities and sell its leasehold interest under the Ground Lease in the Phase IV Facilities (other than School #84) and its subleasehold interest under the Ground Sublease in School #84, respectively, to the District and collect revenues and installment purchase payments therefrom, in accordance with the terms of the Installment Sale Agreement and as provided in the Indenture.

(iii) The Agency has the right and power pursuant to the Act and the Buffalo Schools Act to enter into the Indenture, and the Indenture has been duly authorized, executed and delivered by the Agency, is in full force and effect, and is a valid and binding upon the Agency and enforceable against the Agency in accordance with its terms.

(iv) The Agency has the right and power pursuant to the Act and the Buffalo Schools Act to enter into the Installment Sale Agreement, and the Installment Sale Agreement has been duly authorized, executed and delivered by the Agency, is in full force and effect, and constitutes a valid and binding agreement of the Agency enforceable against the Agency in accordance with its terms.

(v) The Agency has and had the right and power pursuant to the Act and the Buffalo Schools Act to enter into the Ground Lease and the Ground Sublease, and the Ground Lease and the Ground Sublease have previously been duly authorized, executed and delivered by the Agency, remain in full force and effect, and constitute valid and binding agreements of the Agency enforceable against the Agency in accordance with their terms.

(vi) The Series 2023A Bonds have been duly authorized and issued by the Agency in accordance with law and in accordance with the Indenture, and are the valid and binding special limited obligations of the Agency, payable by the Agency solely from the installment purchase payments payable by the District under the Installment Sale Agreement and pledged under the Indenture. The Series 2023A Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefit of the Act and the Indenture. The Indenture creates the valid pledges which it purports to create of the Installment Purchase Payments and all Funds and Accounts established by the Indenture, including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Indenture permitting the application thereof to the purposes and on the terms and conditions set forth in the Indenture.

(vii) Interest on the Series 2023A Bonds is excluded from gross income for federal income tax purposes and is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals; provided, however, that (a) interest on the Series 2023A Bonds may be subject to a branch profits tax when held by certain foreign corporations, and (b) the United States Treasury Department has promulgated regulations which might have the effect of imposing a tax at ordinary income rates with respect to interest on the Series 2023A Bonds held by “S corporations” in certain cases.

(viii) Interest on the Series 2023A Bonds is, under existing statutes, exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York).

In rendering the opinions in paragraph (vii) above, we have relied upon and assumed (a) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the Series 2023A Bonds, and (b) compliance by the District with the procedures and covenants set forth in the Tax Regulatory Agreement and with the tax covenants set forth in the Indenture and the Installment Sale Agreement as to such tax matters.

Except as stated in paragraphs (vii) and (viii) above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2023A Bonds or the ownership or disposition thereof. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2023A Bonds, or the exclusion of interest on the Series 2023A Bonds from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The foregoing opinions are qualified only to the extent that the enforceability of the Series 2023A Bonds, the Indenture, the Tax Regulatory Agreement, the Installment Sale Agreement, the Ground Lease, the Ground Sublease and the State Aid Trust Agreement may be limited by bankruptcy,

moratorium or insolvency or other laws affecting creditors' rights generally and are subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering this opinion, we have relied, as to the Agency's leasehold interest under the Ground Lease and the Agency's subleasehold interest under the Ground Sublease, respectively, in the real property constituting part of the Phase IV Facilities, on the opinion of the Corporation Counsel to the City, dated the date hereof.

In rendering this opinion, with respect to (a) the due authorization, execution and delivery (or the prior delivery, as the case may be) of the Installment Sale Agreement, the Tax Regulatory Agreement and the State Aid Trust Agreement by the District, and the validity and enforceability of such documents against the District, and (b) the due authorization, execution and delivery (or the prior delivery, as the case may be) of the Ground Lease, the Ground Sublease and the State Aid Trust Agreement by the City, and the validity and enforceability of such documents against the City, we have relied upon the opinion of the Corporation Counsel to the City, dated the date hereof.

In rendering this opinion, with respect to (a) the due authorization, execution and delivery of the Indenture by the Trustee and the enforceability of the Indenture against the Trustee, and (b) the enforceability of the State Aid Trust Agreement against the Depository Bank, we have relied upon the opinion of Bond, Schoeneck & King, PLLC, counsel to the Trustee and the Depository Bank, dated the date hereof.

We express no opinion with respect to (a) title to all or any portion of the property of the District or the City, including title to or sufficiency of the description of the property or collateral set forth in the Ground Lease, the Ground Sublease, the Installment Sale Agreement or the Indenture, (b) the priority of any liens, charges, security interests or encumbrances affecting the property of the District or the City or any part thereof (or the effectiveness of any remedy which is dependent upon the existence of title to such property or the priority of any such lien, charge, security interest or encumbrance), (c) any laws, regulations, judgments, permits or orders with respect to zoning, subdivision matters or with respect to the requirement of filing or recording of any documents, or (d) the laws of any jurisdiction other than the State and other than the securities and tax laws of the United States of America.

The scope of our engagement has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. We have not been requested to examine and have not examined any documents or information other than specifically hereinabove referred to, and no opinion is expressed as to any other documents or any other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Series 2023A Bonds.

We have rendered this opinion solely for your benefit and this opinion may not be relied upon by, nor copies hereof delivered to, any other person without our prior written approval.

Very truly yours,

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APPENDIX F

**FORM OF CONTINUING DISCLOSURE AGREEMENT
FOR THE SERIES 2023A BONDS**

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE SERIES 2023A BONDS

This SERIES 2023A CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”) is entered into as of _____, 2023, by and between the CITY SCHOOL DISTRICT OF THE CITY OF BUFFALO (the “School District”) and MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee (the “Trustee”), in connection with the issuance by the Erie County Industrial Development Agency (the “Agency”) of \$_____ aggregate principal amount of Erie County Industrial Development Agency School Facility Refunding Revenue Bonds (City School District of the City of Buffalo Project), Series 2023A (the “Series 2023A Bonds”).

The Series 2023A Bonds will be secured by and issued pursuant to an Indenture of Trust (Series 2009 Project) dated as of November 1, 2009 (the “Original Indenture”) as supplemented and amended by the First Supplemental Indenture of Trust (Series 2009 Project) dated as of April 1, 2013 (the “First Supplemental Indenture”), the Second Supplemental Indenture of Trust (Series 2009 Project) dated as of October 1, 2016 (the “Second Supplemental Indenture”), and the Third Supplemental Indenture of Trust (Series 2009 Project) dated as of November 1, 2023 (the “Third Supplemental Indenture”, together with the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture, collectively referred to hereinafter as the “Indenture”), each by and between the Issuer and Trustee.

The Series 2023A Bonds will be issued pursuant to the Issuer’s enabling legislation, constituting Title I of Article 18 A of the General Municipal Law of the State of New York (the “State”), as amended (enacted into law as Chapter 1030 of the Laws of 1969 of the State), and Chapter 293 of the Laws of 1970 of the State, as amended (collectively, the “Act”); and Chapter 605 of the Laws of 2000 of the State, as amended by Chapter 59 of the Laws of 2003 of the State, as amended by Chapter 421 of the Laws of 2004 of the State, as amended by Chapter 283 of the Laws of 2006 of the State, as amended by Chapter 403 of the Laws of 2008 of the State, as amended by Chapter 492 of the Laws of 2008 of the State, as amended by Chapter 497 of the Laws of 2008 of the State and as amended by Chapter 209 of the Laws of 2009 of the State (collectively, as the same may further be amended, the “Buffalo Schools Act”); and resolutions of the Issuer adopted on September 11, 2002, as amended on October 16, 2002 and on June 11, 2003, and as amended and restated on November 10, 2004, and as further amended on April 11, 2005, June 11, 2007, July 9, 2007, January 17, 2008, October 19, 2009 and May 16, 2011, March 26, 2012, March 25, 2013, May 20, 2015, August 24, 2016, April 28, 2021, April 27, 2022 and October 25, 2023.

The Series 2023A Bonds are being issued under the Indenture for the purpose of (i) refunding all of the outstanding 2013A Refunded Bonds; and (ii) financing certain costs of issuance of the Series 2023A Bonds. The Series 2013A Bonds were originally issued pursuant to the Original Indenture and the First Supplemental Indenture. The Series 2023A Bonds will be special limited obligations of the Issuer payable from amounts due from the City School District of the City of Buffalo (the “Buffalo CSD”) under an Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2009 (the “Original Installment Sale Agreement”), as amended by the First Amendment to Installment Sale Agreement (Series 2009 Project) dated as of April 1, 2013 (the “First Amendment to Installment Sale Agreement”), as amended by the Second Amendment to Installment Sale Agreement (Series 2009 Project) dated as of October 1, 2016 (the “Second Amendment to Installment Sale Agreement”) and as further amended by the Third Amendment to Installment Sale Agreement (Series 2009 Project) dated as of November 1, 2023 (the “Third Amendment to Installment Sale Agreement”, together with the Original Installment Sale Agreement, the First Amendment to Installment Sale Agreement and the Second Amendment to Installment Sale Agreement, collectively referred to hereinafter as the “Installment Sale Agreement”), each between the Issuer and the Buffalo CSD.

In order to permit the Underwriters of the Series 2023A Bonds to comply with the provisions of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, in connection with the public offering of the Series 2023A Bonds, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree for the sole and exclusive benefit of the Bondholders, as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the School District and the Trustee for the benefit of Bondholders and Beneficial Owners (as defined below) of the Series 2023A Bonds and in order to assist the Underwriters in complying with the Rule (as defined below). The School District and the Trustee acknowledge that none of the Agency, the City of Buffalo or Erie County has undertaken responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and that none of the Agency, the City of Buffalo, or Erie County has liability to any person, including any Bondholder or Beneficial Owner, concerning the Rule.

SECTION 2. Definitions. Capitalized terms used but not defined in this Disclosure Agreement shall have the meanings ascribed to them in the Indenture.

“Annual Report” shall mean any annual report and related annual information to be provided by the School District pursuant to Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any beneficial owner of a security, including a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares investment power which includes the power to dispose, or to direct the disposition, of such security subject to certain exceptions as set forth in the Undertaking, as defined below. Any assertion of beneficial ownership must be filed with full documentary support, as part of the written request described in Section 10 of this Disclosure Agreement.

“Disclosure Representative” shall mean the Superintendent of the School District or his or her designee, or such other person as the School District shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the School District and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Fiscal Year” shall mean the period of twelve months beginning July 1, of each year and ending on June 30 of the same year, or any other twelve month period adopted by the School District as its fiscal year for accounting purposes.

“Listed Events” shall mean any of the events listed in Subsection 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Repository” shall mean the MSRB as the sole repository of information required to be provided pursuant to the Rule, in each instance through and in accordance with EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended, as such Rule may be amended from time to time.

“State” shall mean the State of New York.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Underwriters” shall mean collectively, Citigroup Global Markets Inc., on its own behalf and as Representative of the other Underwriters set forth on Schedule I attached hereto, as the original underwriters of the Series 2023A Bonds required to comply with the Rule in connection with the offering of the Series 2023A Bonds.

SECTION 3. Obligations to Provide Continuing Disclosure.

(a) On an annual basis, no later than 360 days after the end of each respective Fiscal Year, commencing with the Fiscal Year ending June 30, 2023, the School District shall provide, or shall cause the Dissemination Agent to provide, to the Repository, an Annual Report which is consistent with the Requirements of Sections 3 and 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information, as provided in Section 4(b) hereof. If the Fiscal Year changes, the School District shall give notice of such change in the same manner as required for a Listed Event. The School District shall provide sufficient copies of the Annual Reports to facilitate the Dissemination Agent’s carrying out its duties, as set forth under this Disclosure Agreement.

(b) If the Dissemination Agent has not received on or before the last Business Day of a Fiscal Year, an Annual Report from the School District for the preceding Fiscal Year, and the Dissemination Agent does not have actual knowledge that the Annual Report has been provided to the Repository, the Dissemination Agent shall send a notice to the Repository in substantially the form attached hereto as Exhibit A, with a copy to the School District.

(c) The Dissemination Agent shall file a report with the School District and (if the Dissemination Agent is not the Trustee) with the Trustee, certifying that the Annual Report has been provided to the Repository pursuant to this Disclosure Agreement, stating the date it was so provided.

SECTION 4. Content of Annual Report. The School District’s Annual Report shall contain or include by reference the following core financial information and operating data:

(a) Specified Information.

(i) The audited financial statements of the School District for the most recently ended Fiscal Year prepared in accordance with generally accepted accounting principles consistently applied, as promulgated from time to time by the Financial Accounting Standards Board. If the School District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Subsection 3(a) of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available;

(ii) Material historical quantitative data, including, but not limited to, information on State Aid to be received by the School District and all statutory intercepts applicable to the School District, not otherwise described in the Final Official Statement

dated _____, 2023 (“Final Official Statement”), as well as any other revenues, expenditures, financial operations and indebtedness with respect to the Series 2023A Bonds generally of the type discussed in the sections and subsections of the Final Official Statement entitled “PROGRAM PARTICIPANTS - The Buffalo CSD and Board of Education” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A BONDS- State Aid;” and

(iii) A report consolidating the information required from the School District under subsection 4(a)(i) above.

(b) Cross-Reference. All or any portion of the Annual Report may be incorporated in the Annual Report by cross-reference to any other documents which were and are being filed under the Rule with the Repository, through and in accordance with EMMA. The audited or unaudited financial statements of the School District may be provided in the same manner.

(c) Information Categories. The Requirements contained in this Disclosure Agreement under Section 4(a)(ii) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 4(a)(ii) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

SECTION 5. Reporting of Listed Events.

(a) The School District shall provide or shall cause the Dissemination Agent to provide in a timely manner (not in excess of ten (10) Business Days after the occurrence of the following significant events) to the Repository, written notice of any of the following significant events with respect to the Series 2023A Bonds (“Listed Events”):

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service (“IRS”) of proposed or final determinations of taxability, Notices of Proposed Issuer (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2023A Bonds or events affecting the tax status of the Series 2023A Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material;

9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2023A Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar proceeding of the School District or the Agency;¹
14. The consummation of a merger, consolidation, or acquisition involving the School District or the Agency or the sale of all or substantially all of the assets of the School District or the Agency, 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;
15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material; and
16. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or obligated person, any of which reflect financial difficulties.
18. Failure of the School District to comply with the Requirements of Sections 3 and 4 of this Disclosure Agreement.

Note: As used in numbers (16) and (17), the term financial obligation means a (i) debt obligation; (ii) 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) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Certain of the seven Listed Events subject to a materiality standard may not be applicable. Whenever the School District obtains knowledge of the occurrence of such a Listed Event, the

¹ For the purposes of the event identified in clause (a)(13), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

School District shall as soon as possible determine if such event would constitute material information for Bondholders of the Series 2023A Bonds.

(c) The School District shall provide or shall cause the Dissemination Agent to provide in a timely manner to the Repository, written notice of a failure of any officer or other person authorized by the School District to comply with Sections 3, 4 and/or 5 hereof.

(d) Notwithstanding the preceding, neither the School District nor the Dissemination Agent will undertake to provide any of the following:

1. Notice with respect to (i) credit enhancement if (A) the credit enhancement is added after the primary offering of the Series 2023A Bonds, (B) the School District does not apply for or participate in obtaining the enhancement, and (C) the School District does not apply for or participate in obtaining the enhancement and the enhancement is not described in the Final Official Statement or (ii) tax exemption other than pursuant to Section 103 of the Code;

2. The event notice, as described in Section 5(a)(8) above, with regard to a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Indenture, (ii) the only open issue is which Series 2023A Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the Series 2023A Bonds and (iv) public notice of the redemption is given pursuant to 1934 Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced by prior optional redemptions or Bond purchases; and

3. Updates or revisions to any forward-looking statements contained in the Final Official Statement, including, but not limited to, those that include the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes,” “structured,” “targets” or analogous expressions.

SECTION 6. Termination of Reporting Obligation. The School District’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2023A Bonds.

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the School District pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee. For so long as the Trustee shall be the Dissemination Agent, the School District shall pay the Dissemination Agent an annual fee of \$500.00 upon the execution of this Disclosure Agreement and on each anniversary thereof.

SECTION 8. Amendments. An amendment to the requirements set forth in this Disclosure Agreement (the “Requirements”) may only take effect if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the School

District, or type of business conducted; the Requirements, as amended, would have complied with the requirements of the Rule at the time of sale of the Series 2023A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders and/or Beneficial Owners, as determined by parties unaffiliated with the School District (such as, but without limitation, the School District's Financial Advisor or transaction counsel) and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the SEC staff to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) All or any part of the Rule, as interpreted by the staff of the SEC at the date of the Series 2023A Bonds, ceases to be in effect for any reason, and the School District elects that the Requirements shall be deemed terminated or amended (as the case may be) accordingly.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the School District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default; Venue. No Bondholder may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of the Requirements (the "Undertaking") or for any remedy for breach thereof, unless such Bondholder shall have filed with the School District evidence of ownership and a written notice of and request to cure such breach, and the School District shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in any federal or State court located in the State and for the equal benefit of all holders of the outstanding Series 2023A Bonds benefited by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the School District agrees to release the Dissemination Agent and the Trustee from any claim arising out of the discharge of any duties hereunder and to defend, indemnify and save the Trustee and the Dissemination Agent, 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 costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee and the Dissemination Agent's negligence or willful misconduct. The obligations of School District under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2023A Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the School District:

City School District of the City of Buffalo
City Hall, Room 708
Buffalo, New York 14202
Attention: Chief Financial Officer
Tel: (716) 816-3676
Fax: (716) 851-3650

With a copy to

Hodgson Russ LLP
677 Broadway, Suite 401
Albany, New York 12207
Attention: Christopher C. Canada, Esq.

To the Trustee:

Manufacturers and Traders Trust Company
Corporate Trust Administration - 7th Floor
One M&T Plaza
Buffalo, New York 14203-2399
Attention: Corporate Trust Department
E-mail address: rwhitley@wilmingtontrust.com
Tel: (716) 842-5602
Fax: (716) 842-4474

Any person may, by written notice to the other persons noted above, designate a different address, telephone, electronic transmission, or facsimile number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of Bondholders and Beneficial Owners (and the Trustee acting on behalf of Bondholders and/or Beneficial Owners), and shall create no rights in any other person or entity.

SECTION 14. Fiduciary Obligation. The Dissemination Agent agrees that it shall be bound by Section 9.3 of the Indenture as if it were a fiduciary under the Indenture.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Governing Law. THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK DETERMINED WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW. TO THE EXTENT THIS DISCLOSURE AGREEMENT ADDRESSES MATIERS OF FEDERAL SECURITIES LAW, THIS DISCLOSURE AGREEMENT SHALL BE GOVERNED BY FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

CITY SCHOOL DISTRICT OF THE CITY OF
BUFFALO

By: _____
Name: Sharon Belton-Cottman
Title: President, Board of Education

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Trustee

By: _____
Authorized Officer

SCHEDULE 1

Citigroup Global Markets Inc.

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Erie County Industrial Development Agency

Name of Board Issue: Erie County Industrial Development Agency School Facility
Refunding Revenue Bonds (City School District of the City of Buffalo
Project), Series 2023A (the "Series 2023A Bonds")

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that City School District of the City of Buffalo (the "School District") has not provided an Annual Report with respect to the above-named Series 2023A Bonds as required by the Series 2023A Continuing Disclosure Agreement, dated as of _____ between the School District and Manufacturers and Traders Trust Company as trustee. [The _____ anticipates that an Annual Report will be filed by _____]

Dated: _____

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APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE STATE AID TRUST AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE STATE AID TRUST AGREEMENT

The following is a summary of certain provisions of the Third Amended and Restated State Aid Trust Agreement dated as of May 1, 2022 (the "State Aid Trust Agreement"). This summary is qualified in its entirety by reference to the document itself.

Definitions. In the State Aid Trust Agreement, unless a different meaning clearly appears from the context:

"Aggregate" means, when used to qualify any other term in the State Aid Trust Agreement, the aggregate, of the relevant term, with respect to all then existing Project Bonds, and then existing Series Facilities Agreements;

"Amendment Date" means the date as of which the State Aid Trust Agreement was entered into;

"Annual Payment Obligations on MBBA 2022 Refunding Bonds" means the annual payments by the City to MBBA for debt service on the MBBA 2022 Refunding Bonds;

"Base Facilities Agreement Payment" means, with respect to any Series Facilities Agreement, the Base Lease Payment, the Base Installment Purchase Payment or other like payment obligations as so defined in such Series Facilities Agreement;

"Buffalo Schools Act" means the act of the Legislature of the State entitled: "AN ACT in relation to the construction of new educational facilities, the financing of such facilities, and the financing of the rehabilitation and reconstruction of existing facilities in the City of Buffalo", constituting Chapter 605 of the Laws of 2000 of the State, as amended by Chapter 59 of the Laws of 2003 of the State and by Chapter 421 of the Laws of 2004 of the State, and as the same may be further amended;

"Chief Fiscal Officer" means the comptroller of the City or such other officer of the City who may be designated chief fiscal officer of the City;

"City" means the City of Buffalo;

"Collection Percentage" means, with respect to each month of a Collection Period, the ratio, expressed as a percentage, of the amount of State Aid Revenues expected to be received during such month of such Collection Period to the total amount of State Aid Revenues expected to be received during such Collection Period;

"Collection Period" means the four month period from and including December 1 of a Fiscal Year through and including March 31 of such Fiscal Year;

"Collecting Officer" means the Superintendent of the District, the Chief Financial Officer of the District and any other official empowered to demand, collect and receive State Aid Revenues;

"Debt Service Reserve Fund" means, with respect to a Series of Project Bonds, the Debt Service Reserve Fund established for such Series of Project Bonds under the related Series Indenture;

"Depository Bank" means Manufacturers and Traders Trust Company or any trust company or bank having the powers of a trust company in the State, having reported capital and surplus of not less than \$100,000,000 and rated not lower than investment grade by any Rating Agency appointed by the District in the manner set forth in the State Aid Trust Agreement, and any successor trust company or bank having

the powers of a trust company in the State which may be substituted in its place pursuant to the provisions of the State Aid Trust Agreement. The Depository Bank shall be the same financial institution as each Series Trustee;

“District” means the City School District of the City of Buffalo;

“ECIDA” means the Erie County Industrial Development Agency;

“Facilities Agreement Payment Date” means, with respect to any Series Facilities Agreement, the date the Net Base Installment Purchase Payments or other base payment obligations for principal and interest are due under such Series Facilities Agreement;

“Facilities Payment Obligations” means, with respect to any Facilities Agreement, the Lease Payments, the Installment Purchase Payments or other like payment obligations as so defined in such Series Facilities Agreement;

“Fiscal Year” means the fiscal year of the City and the District;

“General Fund” means the bank account designated by the Chief Fiscal Officer in written instructions delivered to the Depository Bank on the date of issuance of the first Series of Project Bonds, as the same may be re-designated;

“Investment Securities” means any investments that the City would be permitted to invest in under the provisions of Section 11 of the General Municipal Law of the State, as amended from time to time;

“MBBA” means the State of New York Municipal Bond Bank Agency;

“MBBA 2022 Series Trustee” means Bank of New York Mellon, as Trustee under the MBBA Resolution, and any successor appointed pursuant to such Resolution;

“MBBA 2022 Refunding Bonds” means the Special Program (City of Buffalo) Refunding Revenue Bonds, 2022 Series A issued by MBBA;

“MBBA Resolution” means, collectively, the State Municipal Bond Bank Agency Special Program (City of Buffalo) Revenue Bond Resolution adopted by such Agency on September 13, 2012 and the 2022 Series A Special Program (City of Buffalo) Revenue Bond Series Resolution adopted by such Agency on March 10, 2022;

“MBBA Provisions” means, collectively, the provisions of the State Aid Trust Agreement relating to MBBA, the Special Program Agreement, the Annual Payment Obligations on MBBA 2022 Refunding Bonds, the certificate described in Section 202(g) of the State Aid Trust Agreement, and the MBBA 2022 Refunding Bonds;

“Net Base Facilities Agreement Payments” means, with respect to any Facilities Agreement, the Net Base Installment Purchase Payments or other net base payment obligations for principal and interest on the related Project Bonds (net of (y) any Scheduled Debt Service Reserve Fund Earnings to the extent that any such Scheduled Debt Service Reserve Fund Earnings shall not first be required when received under the related Series Indenture to satisfy any deficiency in the Debt Service Reserve Fund established for such Project Bonds, and (z) any amounts available in the Bond Fund established under the Series Indenture for such Project Bonds) as so defined in such Series Facilities Agreement;

“Project Bonds” means bonds issued by the ECIDA or some other public entity pursuant to Series Indentures and the Buffalo Schools Act;

“Qualified Debt Service Reserve Fund Investment Agreement” means, with respect to a Series of the Project Bonds, that investment agreement entered into by the Series Trustee with respect to the Debt Service Reserve Fund as such Agreement is so defined in the related Series Facilities Agreement or Series Indenture;

“Ratable Basis” means, ratably based on the ratio of the amount, at issue, owing to a Series Trustee to the Aggregate of such amounts, at issue, owing to all Series Trustees;

“Rating Agency” means any nationally recognized credit rating agency then rating any Series of the Project Bonds;

“Reserve Payment” means, with respect to any Facilities Agreement, the reserve payment obligation in respect of a deficiency in the amount on deposit in the Debt Service Reserve Fund established under a Series Indenture for a Series of Project Bonds;

“Scheduled Debt Service Reserve Fund Earnings” means, with respect to any Base Facilities Agreement Payment, those earnings scheduled to be received under a Series Indenture from a Qualified Debt Service Reserve Fund Investment Agreement, based on the amount on deposit in the related Debt Service Reserve Fund and subject to the Qualified Debt Service Reserve Fund Investment Agreement as of the last Business Day of October immediately preceding the Facilities Agreement Payment Date for such Base Facilities Agreement Payment under the related Series Facilities Agreement, for the period commencing on such Facilities Agreement Payment Date through and including the next following October 23rd (or, if such October 23rd shall not be a Business Day, then on the next preceding Business Day) provided that such earnings are required by the related Series Indenture to be deposited into the Bond Fund under such Series Indenture after receipt by the Series Trustee under such Series Indenture of a Project Fund Sufficiency Certificate (as defined in such Series Indenture);

“Series Facilities Agreement” means the Facilities Lease Agreement (Series 2003 Project), dated as of September 1, 2003, as amended by an Amendatory Installment Sale Agreement (Series 2003 Project), dated as of June 28, 2005, by and between the ECIDA and the District, the Installment Sale Agreement (Series 2004 Project), dated as of December 1, 2004, between the ECIDA and the District, and each other facilities lease agreement, facilities installment sale agreement or other facilities agreement, pursuant to which the ECIDA or some other public entity shall lease, sublease or sell its leasehold interest in facilities to the District, in connection with the issuance of Project Bonds, as the same may be amended or supplemented;

“Series Indenture” means the Indenture of Trust (Series 2003 Project) by and between the ECIDA and Manufacturers and Traders Trust Company, as Trustee, dated as of September 1, 2003, the Indenture of Trust (Series 2004 Project), by and between the ECIDA and Manufacturers and Traders Trust Company, as Trustee, dated as of December 1, 2004, and each other indenture of trust or bond resolution pursuant to which a series of Project Bonds shall be issued by ECIDA or some other public entity to finance all or a portion of the Buffalo Schools Reconstruction Project, as the same may be amended or supplemented;

“Series Trustee” means Manufacturers and Traders Trust Company, as Trustee under the Indenture of Trust (Series 2003 Bonds) and under the Indenture of Trust (Series 2004 Bonds) and each financial institution acting as trustee under another Series Indenture, and its respective successors, if any, appointed pursuant to such Series Indenture;

“Special Program Agreement” means the Special Program Agreement by and between the MBBA and the City dated as of May 1, 2022, as from time to time amended and supplemented;

“State” means the State of New York;

“State Aid Depository Fund” or “Fund” means the fund so entitled which is held by the Depository Bank and is described and provided for in the State Aid Trust Agreement;

“State Aid Revenues” means the total amount of annual aid to education appropriated by the New York State Legislature and paid by the State to the District or intercepted by the Comptroller of the State of New York and paid to the ECIDA or the related Series Trustee (acting on behalf of the ECIDA) pursuant to Chapter 59 of the Laws of 2003 of the State of New York, as amended, and earnings on the investment thereof while in the custody of the Depository Bank;

“Superintendent” means the Superintendent of the City School District of the City of Buffalo; and

Establishment of State Aid Depository Fund. In order to facilitate the purposes of the Buffalo Schools Act and the payment of the Aggregate Facilities Payment Obligations and of Annual Payment Obligations on MBBA 2022 Refunding Bonds, the State Aid Trust Agreement established the State Aid Depository Fund to be held by and maintained with the Depository Bank. The District agrees with the City, the Depository Bank, each Series Trustee and the MBBA 2022 Series Trustee that the District will duly and punctually pay or cause to be paid the Aggregate Facilities Payment Obligations and the Annual Payment Obligations on MBBA 2022 Refunding Bonds from amounts received in the Fund, and that the District will maintain the Fund with the Depository Bank, and will operate the Fund in the manner set forth in the State Aid Trust Agreement.

Operation of the Fund. Pursuant to written instructions to the New York State Comptroller, the Chief Fiscal Officer and the Collecting Officer have directed the New York State Comptroller’s Office to deposit all State Aid Revenues into the Fund except for any amount of State Aid Revenues withheld from the City or the District in accordance with the provisions of Chapter 59 of the Laws of 2003 of the State, as the same may be amended.

(a) Notwithstanding the following provisions outlined under this heading, if the Depository Bank receives written instructions from the Chief Fiscal Officer with an accompanying monthly payment schedule from the Chief Fiscal Officer indicating that, pursuant to applicable state law and if applicable any credit enhancement agreement to which the City is a party, State Aid Revenues must be set aside in a special bank account designated in such instructions to be used only for the payment in accordance with such payment schedule of outstanding revenue anticipation notes issued by the City (the “RAN Repayment Requirement”); then, each month, the Depository Bank shall immediately withdraw from the Fund all State Aid Revenues that are received and cause the amounts so withdrawn to be immediately paid, before any further withdrawal or payment under the State Aid Trust Agreement as described under this heading, to such special bank account, until the total amount of such withdrawals is equal to the portion of such RAN Repayment Requirement required, in accordance with such payment schedule, to be withdrawn and paid to such special bank account for such month or any prior month to the extent not yet paid.

(b) Commencing on September 16, 2003 through and including November 30, 2003, the Depository Bank shall immediately upon receipt of any payment of State Aid Revenues pay over to the General Fund all such State Aid Revenues.

(c) The Collecting Officer and the Chief Fiscal Officer shall prepare and deliver a certificate, substantially in the form attached to the State Aid Trust Agreement (the “State Aid Payment Certificate”)

to the Depository Bank, each Series Trustee and, for so long as any MBBA 2022 Refunding Bonds shall remain outstanding, the MBBA Series 2022 Trustee, on or before (i) November 1, 2022 (with any State Aid Payment Certificate so delivered on or before November 1, 2022 for the Fiscal Year ending June 30, 2023 replacing any State Aid Certificate previously delivered by the Collecting Officer and the Chief Fiscal Officer for such Fiscal Year), and (ii) July 15 of each subsequent Fiscal Year. The State Aid Payment Certificate shall set forth (i) a statement that the District has appropriated an amount of State Aid Revenues necessary to fund the District's Aggregate Facilities Payment Obligations and from and after the Amendment Date, the Annual Payment Obligations on MBBA 2022 Refunding Bonds for such Fiscal Year, (ii) the total amount of State Aid Revenues expected to be received during the next Collection Period and the Collection Percentage applicable to each month of such Collection Period, and (iii) a statement, developed with the assistance of the Financial Advisor of the District or a nationally recognized municipal securities underwriting firm, setting forth the long-term debt rating of each provider of a Qualified Debt Service Reserve Fund Investment Agreement by each of Fitch, Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. However, in the event that the District shall not have appropriated such amount of State Aid Revenues in its adopted budget for such Fiscal Year the State Aid Payment Certificate for such Fiscal Year shall set forth a statement to such effect, shall not include any information regarding the collection of State Aid Revenues during the Collection Period and shall be substantially in the form attached to the State Aid Trust Agreement. Thereafter and not later than the end of the third business day immediately preceding March 31 of such Fiscal Year, if circumstances warrant, the Collecting Officer and the Chief Fiscal Officer shall from time to time prepare and deliver to the Depository Bank a revised State Aid Payment Certificate setting forth, as appropriate (i) a statement that the District has, subsequent to adoption of its budget for such Fiscal Year, appropriated an amount of State Aid Revenues necessary to fund the Aggregate Facilities Payment Obligations of the District and Annual Payment Obligations on MBBA 2022 Refunding Bonds for such Fiscal Year, or (ii) a revised total amount of State Aid Revenues expected to be received during the Collection Period for such Fiscal Year and, in either case, if applicable, Collection Percentages or revised Collection Percentages applicable to the remainder of such Collection Period.

(d) On or before November 10 of each Fiscal Year, commencing November 10, 2003, each Series Trustee shall prepare and deliver to the Collecting Officer, the Chief Fiscal Officer and the Depository Bank a certificate (the "Base Facilities Agreement Payment Certificate") setting forth the Net Base Facilities Agreement Payment (computed as of the immediately preceding last business day of October of such Fiscal Year) portion of the Facilities Payment Obligations due on the following April 1.

(e) On or before November 10 of each Fiscal Year, commencing November 10, 2003, each Series Trustee shall, in accordance with the provisions of the Series Indenture pursuant to which such Series Trustee has been appointed, prepare and deliver to the Collecting Officer, the Chief Fiscal Officer and the Depository Bank a certificate (the "Reserve Payment Certificate") setting forth the Reserve Payment (as defined in each Series Facilities Agreement and computed as of the immediately preceding last business day of October of such Fiscal Year) portion of the Facilities Payment Obligations due and the amount of the Debt Service Reserve Deficiency as of the date of such certificate.

(f) On or before November 10 of each Fiscal Year, commencing November 10, 2012, the Collecting Officer and the Chief Fiscal Officer shall, in accordance with the provisions of the MBBA Special Program Agreement, prepare and deliver to the Depository Bank a certificate setting forth the Annual Payment Obligations on MBBA 2022 Refunding Bonds (computed as of the immediately preceding last business day of October of such Fiscal Year) due for such Fiscal Year as of the date of such certificate (the "Annual Payment Obligations on MBBA 2022 Refunding Bonds Certificate").

(g) During each Collection Period beginning after November 30, 2003 (or beginning after the Amendment Date with respect to the Annual Payments on MBBA 2022 Refunding Bonds), if the

Depository Bank has received a State Aid Payment Certificate with respect to such Collection Period that sets forth the statements required by clauses (i) and (ii) of the first sentence under paragraph (c) above, the Depository Bank shall, immediately upon receipt of any payment of State Aid Revenues, withdraw such State Aid Revenues from the Fund and cause the amounts so withdrawn to be immediately paid in the following order of priority:

(i) first, to each Series Trustee for deposit in the Bond Fund established pursuant to the related Series Indenture until the total amount of such withdrawals during each month of such Collection Period shall equal the sum of (A) the product of the Collection Percentage for such month multiplied by the Net Base Facilities Agreement Payment due the immediately following April 1 as set forth in the Base Facilities Agreement Payment Certificate most recently received by the Depository Bank, plus (B) during the months of January, February and March, the excess of the amount that should have been deposited in the Bond Fund in the immediately preceding month of the Collection Period pursuant to the provisions of this paragraph, over the amount in fact so deposited;

(ii) second, thereafter during each month of such Collection Period, to each Series Trustee for deposit in the Debt Service Reserve Fund established pursuant to the related Series Indenture until the total amount of such withdrawals is equal to the Reserve Payment due, if any, as set forth in the Reserve Payment Certificate most recently received by the Depository Bank,

(iii) third, thereafter during the month of March of such Collection Period (and only once the total amount of each such Base Facilities Agreement Payment and any such Reserve Payment has been paid in full to each Series Trustee), to the MBBA 2022 Series Trustee for deposit in the Revenue Fund established pursuant to the MBBA Resolution until the total amount of such withdrawals during such month shall equal the aggregate Annual Payment Obligations on MBBA 2022 Refunding Bonds due on the immediately following April 1 as set forth in the Annual Payments on MBBA 2022 Refunding Bonds Certificate most recently received by the Depository Bank, and

(iv) fourth, thereafter during each month of such Collection Period, to the General Fund.

In the event that any amount on deposit in the Fund in any month of the Collection Period, at any time, shall be less than the amount required to be paid to a Series Trustee under clauses (i) or (ii) above, the Depository Bank shall make payment to each Series Trustee on a Ratable Basis, in the priority indicated above. For purposes of the preceding sentence, "Ratable Basis" shall be first computed based on amounts payable to each Series Trustee under clause (i) above if there is not enough in the Fund to pay to each Series Trustee what is payable under clause (i) above, and, if the amounts payable under clause (i) have been paid in full, then computed based on the amount payable to each Series Trustee under clause (ii). No amounts shall be paid the MBBA 2022 Series Trustee until all amounts payable to each Series Trustee under clause (i) and (ii) above have been paid in full.

Thereafter from April 1 until the commencement of the next Collection Period, immediately upon receipt of any payment of State Aid Revenues, the Depository Bank shall withdraw such State Aid Revenues from the Fund and cause the amounts so withdrawn to be immediately paid to the General Fund.

If the Depository Bank has not received with respect to a Collection Period for any reason a State Aid Payment Certificate that includes the statements required by clauses (i) and (ii) of the second sentence of paragraph (d) above, the Depository Bank, both during and after such Collection Period until the next Collection Period, shall withdraw any State Aid Revenues from the Fund and cause the amounts so withdrawn to be immediately paid to the General Fund.

Procedure for Collection and Deposit of State Aid Revenues. The procedure set forth in the State Aid Trust Agreement for the operation of the Fund is related to the current procedure of the District for the collection, deposit and disbursement of State Aid Revenues. Nothing contained in the State Aid Trust Agreement shall prevent the City, the Depository Bank, the District or the Series Trustees from effecting any change by amendment to the State Aid Trust Agreement modifying the procedures for the collection, deposit and disbursement of State Aid Revenues, without the consent of any other party; provided, however, that the District agrees with the City, the Depository Bank, each Series Trustee and the MBBA 2022 Series Trustee that (i) prior to making any such change, the District shall notify each Rating Agency of such change and that prior to any such change there shall be delivered to the Depository Bank a rating confirmation of each Rating Agency that the then current unenhanced rating of the Project Bonds or MBBA 2022 Refunding Bonds will not be withdrawn or reduced as a result of such change and (ii) the District will not change or alter the procedure for the collection and deposit of State Aid Revenues which in any manner would result in insufficient State Aid Revenues being available to timely pay Facilities Payment Obligations or the MBBA 2022 Refunding Bonds in accordance with the terms of the State Aid Trust Agreement.

Moneys on Deposit with the Depository Bank in the Fund. The Depository Bank shall hold all moneys deposited in the Fund in trust for the benefit of the District and the City, and shall withdraw such moneys as provided in the State Aid Trust Agreement.

Investment of State Aid Depository Fund. Pending the withdrawals provided for under the heading “Operation of the Fund” above, moneys in the Fund shall be invested in Investment Securities maturing at such times and in such amounts as shall provide available moneys to make such withdrawals and payments from the Fund when required. Such investments shall be made for and on behalf of the District by the Depository Bank upon written instructions from the Chief Fiscal Officer or his authorized deputy.

Moneys held in Trust. All moneys held by the Depository Bank, as such, at any time pursuant to the terms of the State Aid Trust Agreement shall be and are assigned, transferred and set over unto such Depository Bank in trust for the purposes and under the terms and conditions of the State Aid Trust Agreement.

Regulations Regarding Investment of Fund. Investment Securities purchased as an investment of moneys in the Fund established under the State Aid Agreement shall be deemed at all times to be a part of the Fund, and the interest thereon and any profit arising on the sale thereof shall be credited to the Fund, and any loss resulting on the sale thereof shall be charged to the Fund. In computing the amount in the Fund for any purpose under the State Aid Trust Agreement, such Investment Securities shall be valued at the lower of cost or market price thereof, exclusive of accrued interest, such valuation to be completed by a valuation service selected by the Depository Bank.

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